UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended December 24, 2023

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number 0-12933

LAM RESEARCH CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	**94-2634797**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
4650 Cushing Parkway, Fremont, California	**94538**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (510) 572-0200

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, Par Value $0.001 Per Share	LRCX	The Nasdaq Stock Market (Nasdaq Global Select Market)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of January 25, 2024, the Registrant had 131,103 thousand shares of Common Stock outstanding.

LAM RESEARCH CORPORATION

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PART I. FINANCIAL INFORMATION

ITEM 1. *Financial Statements*

LAM RESEARCH CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)
(unaudited)

	Three Months Ended		Six Months Ended	
	December 24, 2023	December 25, 2022	December 24, 2023	December 25, 2022
Revenue	$ 3,758,259	$ 5,277,569	$ 7,240,321	$ 10,351,690
Cost of goods sold	1,985,847	2,901,220	3,805,267	5,638,506
Restructuring charges, net - cost of goods sold	14,957	—	22,897	—
Total cost of goods sold	2,000,804	2,901,220	3,828,164	5,638,506
Gross margin	1,757,455	2,376,349	3,412,157	4,713,184
Research and development	469,712	462,385	892,341	895,760
Selling, general, and administrative	228,843	233,802	435,866	439,422
Restructuring charges, net - operating expenses	1,688	—	3,709	—
Total operating expenses	700,243	696,187	1,331,916	1,335,182
Operating income	1,057,212	1,680,162	2,080,241	3,378,002
Other income (expense), net	29,839	(28,234)	32,440	(71,329)
Income before income taxes	1,087,051	1,651,928	2,112,681	3,306,673
Income tax expense	(132,785)	(183,421)	(271,017)	(412,287)
Net income	$ 954,266	$ 1,468,507	$ 1,841,664	$ 2,894,386
Net income per share:				
Basic	$ 7.25	$ 10.80	$ 13.94	$ 21.21
Diluted	$ 7.22	$ 10.77	$ 13.88	$ 21.16
Number of shares used in per share calculations:				
Basic	131,629	136,018	132,107	136,455
Diluted	132,220	136,339	132,693	136,774

See Notes to Condensed Consolidated Financial Statements

LAM RESEARCH CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)
(unaudited)

	Three Months Ended		Six Months Ended	
	December 24, 2023	December 25, 2022	December 24, 2023	December 25, 2022
Net income	$ 954,266	$ 1,468,507	$ 1,841,664	$ 2,894,386
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustment	14,530	41,470	(6,148)	7,861
Cash flow hedges:				
Net unrealized gains (losses) during the period	1,671	(18,618)	10,269	185
Net (gains) losses reclassified into net income	(12,826)	1,273	(21,743)	(8,024)
	(11,155)	(17,345)	(11,474)	(7,839)
Available-for-sale investments:				
Net unrealized gains during the period	102	490	284	570
Net gains reclassified into net income	—	—	(10)	(53)
	102	490	274	517
Defined benefit plans, net change in unrealized component	179	279	360	572
Other comprehensive income (loss), net of tax	3,656	24,894	(16,988)	1,111
Comprehensive income	$ 957,922	$ 1,493,401	$ 1,824,676	$ 2,895,497

See Notes to Condensed Consolidated Financial Statements

LAM RESEARCH CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except per share data)

	December 24, 2023	June 25, 2023
	(unaudited)	(1)
ASSETS		
Cash and cash equivalents	$ 5,623,289	$ 5,337,056
Investments	14,720	37,641
Accounts receivable, less allowance of $5,322 as of December 24, 2023, and $5,344 as of June 25, 2023	2,707,458	2,823,376
Inventories	4,429,906	4,816,190
Prepaid expenses and other current assets	279,239	214,149
Total current assets	13,054,612	13,228,412
Property and equipment, net	2,147,482	1,856,672
Goodwill	1,626,512	1,622,489
Intangible assets, net	151,081	168,454
Other assets	1,804,165	1,905,616
Total assets	$ 18,783,852	$ 18,781,643
LIABILITIES AND STOCKHOLDERS' EQUITY		
Trade accounts payable	$ 499,704	$ 470,702
Accrued expenses and other current liabilities	1,975,945	2,010,637
Deferred profit	1,792,955	1,695,221
Current portion of long-term debt and finance lease obligations	3,779	8,358
Total current liabilities	4,272,383	4,184,918
Long-term debt and finance lease obligations, less current portion	4,980,005	5,003,183
Income taxes payable	797,556	882,084
Other long-term liabilities	511,430	501,286
Total liabilities	10,561,374	10,571,471
Commitments and contingencies (refer to Note 13)		
Stockholders' equity:		
Preferred stock, at par value of $0.001 per share; authorized, 5,000 shares, none outstanding	—	—
Common stock, at par value of $0.001 per share; authorized, 400,000 shares as of December 24, 2023 and June 25, 2023; issued and outstanding, 131,278 shares as of December 24, 2023, and 133,297 shares as of June 25, 2023	131	133
Additional paid-in capital	7,997,251	7,809,002
Treasury stock, at cost; 163,472 shares as of December 24, 2023, and 161,380 shares as of June 25, 2023	(23,004,358)	(21,530,353)
Accumulated other comprehensive loss	(117,694)	(100,706)
Retained earnings	23,347,148	22,032,096
Total stockholders' equity	8,222,478	8,210,172
Total liabilities and stockholders' equity	$ 18,783,852	$ 18,781,643

(1) Derived from audited financial statements

See Notes to Condensed Consolidated Financial Statements

LAM RESEARCH CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands) (unaudited)

	Six Months Ended	
	December 24, 2023	December 25, 2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 1,841,664	$ 2,894,386
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	181,420	161,165
Deferred income taxes	(112,985)	(140,296)
Equity-based compensation expense	137,112	144,194
Other, net	4,032	9,978
Changes in operating assets and liabilities	353,760	(739,652)
Net cash provided by operating activities	2,405,003	2,329,775
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures and intangible assets	(192,268)	(303,441)
Business acquisitions, net of cash acquired	—	(119,955)
Proceeds from maturities of available-for-sales securities	23,116	32,438
Other, net	(7,489)	(4,092)
Net cash used for investing activities	(176,641)	(395,050)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on debt, including finance lease obligations	(254,095)	(18,936)
Treasury stock purchases	(1,488,696)	(566,055)
Dividends paid	(494,746)	(441,595)
Reissuance of treasury stock related to employee stock purchase plan	53,081	44,996
Proceeds from issuance of common stock	4,522	7,673
Other, net	(5,972)	764
Net cash used for financing activities	(2,185,906)	(973,153)
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(4,306)	953
Net change in cash, cash equivalents, and restricted cash	38,150	962,525
Cash, cash equivalents, and restricted cash at beginning of period (1)	5,587,372	3,773,535
Cash, cash equivalents, and restricted cash at end of period (1)	$ 5,625,522	$ 4,736,060
Schedule of non-cash transactions:		
Accrued payables for stock repurchases, including applicable excise tax	$ 37,263	$ 30,125
Accrued payables for capital expenditures	63,126	94,494
Dividends payable	263,133	233,977
Transfers of finished goods inventory to property and equipment	37,927	56,932

Reconciliation of cash, cash equivalents, and restricted cash	December 24, 2023	December 25, 2022
Cash and cash equivalents	$ 5,623,289	$ 4,484,716
Restricted cash and cash equivalents (1)	2,233	251,344
Total cash, cash equivalents, and restricted cash	$ 5,625,522	$ 4,736,060

(1) Restricted cash is reported within Other assets in the Condensed Consolidated Balance Sheets

See Notes to Condensed Consolidated Financial Statements

LAM RESEARCH CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands)
(unaudited)

	Three Months Ended December 24, 2023						
	Common Stock Shares	Common Stock	Additional Paid-in Capital	Treasury Stock	Accumulated Other Comprehensive Loss	Retained Earnings	Total
Balance at September 24, 2023	132,072	$ 132	$ 7,879,031	$ (22,365,872)	$ (121,350)	$ 22,655,389	$ 8,047,330
Issuance of common stock	32	—	1,704	—	—	—	1,704
Purchase of treasury stock	(976)	(1)	—	(644,952)	—	—	(644,953)
Reissuance of treasury stock	150	—	46,615	6,466	—	—	53,081
Equity-based compensation expense	—	—	69,901	—	—	—	69,901
Net income	—	—	—	—	—	954,266	954,266
Other comprehensive income	—	—	—	—	3,656	—	3,656
Cash dividends declared ($2.00 per common share)	—	—	—	—	—	(262,507)	(262,507)
Balance at December 24, 2023	131,278	$ 131	$ 7,997,251	$ (23,004,358)	$ (117,694)	$ 23,347,148	$ 8,222,478

	Six Months Ended December 24, 2023						
	Common Stock Shares	Common Stock	Additional Paid-in Capital	Treasury Stock	Accumulated Other Comprehensive Loss	Retained Earnings	Total
Balance at June 25, 2023	133,297	$ 133	$ 7,809,002	$ (21,530,353)	$ (100,706)	$ 22,032,096	$ 8,210,172
Issuance of common stock	73	—	4,522	—	—	—	4,522
Purchase of treasury stock	(2,242)	(2)	—	(1,480,471)	—	—	(1,480,473)
Reissuance of treasury stock	150	—	46,615	6,466	—	—	53,081
Equity-based compensation expense	—	—	137,112	—	—	—	137,112
Net income	—	—	—	—	—	1,841,664	1,841,664
Other comprehensive loss	—	—	—	—	(16,988)	—	(16,988)
Cash dividends declared ($4.00 per common share)	—	—	—	—	—	(526,612)	(526,612)
Balance at December 24, 2023	131,278	$ 131	$ 7,997,251	$ (23,004,358)	$ (117,694)	$ 23,347,148	$ 8,222,478

See Notes to Condensed Consolidated Financial Statements

	Three Months Ended December 25, 2022						
	Common Stock Shares	Common Stock	Additional Paid-in Capital	Treasury Stock	Accumulated Other Comprehensive Loss	Retained Earnings	Total
Balance at September 25, 2022	136,374	$ 136	$ 7,492,822	$ (19,591,249)	$ (133,765)	$ 19,644,623	$ 7,412,567
Issuance of common stock	31	—	877	—	—	—	877
Purchase of treasury stock	(1,133)	(1)	—	(486,312)	—	—	(486,313)
Reissuance of treasury stock	131	—	39,366	5,630	—	—	44,996
Equity-based compensation expense	—	—	73,084	—	—	—	73,084
Net income	—	—	—	—	—	1,468,507	1,468,507
Other comprehensive income	—	—	—	—	24,894	—	24,894
Cash dividends declared ($1.725 per common share)	—	—	—	—	—	(233,977)	(233,977)
Balance at December 25, 2022	135,403	$ 135	$ 7,606,149	$ (20,071,931)	$ (108,871)	$ 20,879,153	$ 8,304,635

	Six Months Ended December 25, 2022						
	Common Stock Shares	Common Stock	Additional Paid-in Capital	Treasury Stock	Accumulated Other Comprehensive Loss	Retained Earnings	Total
Balance at June 26, 2022	136,975	$ 137	$ 7,414,916	$ (19,481,429)	$ (109,982)	$ 18,454,724	$ 6,278,366
Issuance of common stock	116	—	7,673	—	—	—	7,673
Purchase of treasury stock	(1,819)	(2)	—	(596,132)	—	—	(596,134)
Reissuance of treasury stock	131	—	39,366	5,630	—	—	44,996
Equity-based compensation expense	—	—	144,194	—	—	—	144,194
Net income	—	—	—	—	—	2,894,386	2,894,386
Other comprehensive income	—	—	—	—	1,111	—	1,111
Cash dividends declared ($3.450 per common share)	—	—	—	—	—	(469,957)	(469,957)
Balance at December 25, 2022	135,403	$ 135	$ 7,606,149	$ (20,071,931)	$ (108,871)	$ 20,879,153	$ 8,304,635

See Notes to Condensed Consolidated Financial Statements

LAM RESEARCH CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
December 24, 2023
(Unaudited)

NOTE 1 — BASIS OF PRESENTATION

The accompanying unaudited Condensed Consolidated Financial Statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information and the instructions to Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting only of normal recurring adjustments) considered necessary for a fair presentation have been included. The accompanying unaudited Condensed Consolidated Financial Statements should be read in conjunction with the audited Consolidated Financial Statements of Lam Research Corporation ("Lam Research" or the "Company") for the fiscal year ended June 25, 2023, which are included in the Company's Annual Report on Form 10-K as of and for the year ended June 25, 2023 (the "2023 Form 10-K").

The condensed consolidated financial statements include the accounts of Lam Research and its wholly-owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation. The Company's reporting period is a 52/53-week fiscal year. The Company's current fiscal year will end June 30, 2024 and includes 53 weeks. The quarters ended December 24, 2023 (the "December 2023 quarter") and December 25, 2022 included 13 weeks.

Reclassification: Certain amounts for the June 25, 2023 Condensed Consolidated Balance Sheet and notes to the financial statements have been reclassified to conform to the current period presentation.

NOTE 2 — RECENT ACCOUNTING PRONOUNCEMENTS

Recently Adopted or Effective

The Company has not adopted any new accounting standards during the six months ended December 24, 2023 that have a material impact on the Company's Condensed Consolidated Financial Statements.

Updates Not Yet Effective

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures," which expands disclosures about a public entity's reportable segments and requires more enhanced information about a reportable segment's expenses, interim segment profit or loss, and how a public entity's chief operating decision maker uses reported segment profit or loss information in assessing segment performance and allocating resources. The guidance is effective for financial statements issued for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The Company is required to adopt this standard in the fiscal year 2025 for the annual reporting period ending June 29, 2025, with retrospective disclosure of prior periods presented. The Company is currently in the process of evaluating the impact of adoption on its Consolidated Financial Statements.

In December 2023, the FASB issued ASU 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures," which requires public entities to disclose consistent categories and greater disaggregation of information in the rate reconciliation and for income taxes paid. It also includes certain other amendments to improve the effectiveness of income tax disclosures. The guidance is effective for financial statements issued for annual periods beginning after December 15, 2024, with early adoption permitted. The Company is required to adopt this standard prospectively in fiscal year 2026 for the annual reporting period ending June 28, 2026. The Company is currently in the process of evaluating the impact of adoption on its Consolidated Financial Statements.

NOTE 3 — REVENUE

Disaggregation of Revenue

The Company operates in one reportable business segment: manufacturing and servicing of wafer processing semiconductor manufacturing equipment. The Company's material operating segments qualify for aggregation due to their customer base and similarities in economic characteristics, nature of products and services, and processes for procurement, manufacturing, and distribution.

The Company operates in seven geographic regions: United States, China, Europe, Japan, Korea, Southeast Asia, and Taiwan. For geographical reporting, revenue is attributed to the geographic location in which the customers' facilities are located. The Company serves three primary markets: memory, foundry, and logic/integrated device manufacturing.

The following table presents the Company's revenues disaggregated between system and its customer support-related revenue:

	Three Months Ended		Six Months Ended	
	December 24, 2023	December 25, 2022	December 24, 2023	December 25, 2022
	(In thousands)			
Systems revenue	$ 2,299,286	$ 3,547,518	$ 4,355,941	$ 6,729,505
Customer support-related revenue and other	1,458,973	1,730,051	2,884,380	3,622,185
	$ 3,758,259	$ 5,277,569	$ 7,240,321	$ 10,351,690

Systems revenue includes sales of new leading-edge equipment in deposition, etch and clean markets.

Customer support-related revenue includes sales of customer service, spares, upgrades, and non-leading-edge equipment from the Company's Reliant product line.

The following table presents the Company's revenues disaggregated by geographic region:

	Three Months Ended		Six Months Ended	
	December 24, 2023	December 25, 2022	December 24, 2023	December 25, 2022
	(In thousands)			
China	$ 1,493,395	$ 1,263,507	$ 3,180,706	$ 2,793,982
Korea	711,951	1,077,052	1,259,896	1,932,430
Japan	512,845	575,945	837,365	1,034,638
Taiwan	499,883	991,173	742,373	2,112,119
United States	218,789	503,238	501,013	808,215
Europe	175,767	337,818	414,236	600,406
Southeast Asia	145,629	528,836	304,732	1,069,900
	$ 3,758,259	$ 5,277,569	$ 7,240,321	$ 10,351,690

The following table presents the percentages of leading- and non-leading-edge equipment and upgrade revenue to each of the primary markets the Company serves:

	Three Months Ended		Six Months Ended	
	December 24, 2023	December 25, 2022	December 24, 2023	December 25, 2022
Memory	48 %	50 %	43 %	50 %
Foundry	38 %	31 %	37 %	33 %
Logic/integrated device manufacturing	14 %	19 %	20 %	17 %

Deferred Revenue

Revenue of $364.1 million and $925.8 million included in deferred profit at June 25, 2023 was recognized during the three and six months ended December 24, 2023, representing 20% and 50%, respectively, of the $1,837.9 million of deferred revenue as of June 25, 2023.

The following table summarizes the transaction price for contracts that have not yet been recognized as revenue as of December 24, 2023 and when the Company expects to recognize the amounts as revenue:

	Less than 1 Year	1-3 Years	More than 3 Years	Total
		(In thousands)		
Deferred revenue	$ 1,593,577	$ 289,311 (1)	$ 45,156 (1)	$ 1,928,044

(1) This amount is reported in Deferred profit on the Company's Condensed Consolidated Balance Sheets as the customers can demand the liability to be performed at any time.

NOTE 4 — EQUITY-BASED COMPENSATION PLANS

The Lam Research Corporation 2015 Stock Incentive Plan, as amended, provides for the grant of non-qualified equity-based awards of the Company's Common Stock to eligible employees and non-employee directors, including stock options, restricted stock units ("RSUs"), and market-based performance RSUs ("market-based PRSUs"). An option is a right to purchase Common Stock at a set price. An RSU award is an agreement to issue a set number of shares of Common Stock at the time of vesting. The Company's market-based PRSUs contain both a market condition and a service condition. The Company's option, RSU, and market-based PRSU awards typically vest over a period of three years. The Company also has an employee stock purchase plan that allows employees to purchase its Common Stock at a discount through payroll deductions.

The Company recognized the following equity-based compensation expense (including expense related to the employee stock purchase plan) and related income tax benefit in the Condensed Consolidated Statements of Operations:

	Three Months Ended		Six Months Ended	
	December 24, 2023	December 25, 2022	December 24, 2023	December 25, 2022
	(in thousands)			
Equity-based compensation expense	$ 69,901	$ 73,084	$ 137,112	$ 144,194
Income tax benefit recognized related to equity-based compensation expense	$ 9,354	$ 8,676	$ 18,918	$ 20,204

NOTE 5 — OTHER INCOME (EXPENSE), NET

The significant components of other income (expense), net, are as follows:

	Three Months Ended		Six Months Ended	
	December 24, 2023	December 25, 2022	December 24, 2023	December 25, 2022
	(in thousands)			
Interest income	$ 57,595	$ 26,125	$ 114,159	$ 41,181
Interest expense	(46,313)	(46,661)	(91,644)	(92,713)
Gains (losses) on deferred compensation plan-related assets, net	25,530	10,871	22,629	(1,855)
Foreign exchange (losses) gains, net	(568)	(10,114)	701	(3,293)
Other, net	(6,405)	(8,455)	(13,405)	(14,649)
	$ 29,839	$ (28,234)	$ 32,440	$ (71,329)

NOTE 6 — INCOME TAX EXPENSE

The Company's provision for income taxes and effective tax rate are as follows:

	Three Months Ended		Six Months Ended	
	December 24, 2023	December 25, 2022	December 24, 2023	December 25, 2022
	(in thousands, except percentages)			
Income tax expense	$ 132,785	$ 183,421	$ 271,017	$ 412,287
Effective tax rate	12.2 %	11.1 %	12.8 %	12.5 %

The difference between the U.S. federal statutory tax rate of 21% and the Company's effective tax rate for the three and six months ended December 24, 2023 and December 25, 2022 was primarily due to income in lower tax jurisdictions.

On August 16, 2022, the Inflation Reduction Act (the "IRA") was signed into law. In general, the provisions of the IRA are effective beginning with the Company's fiscal year 2024, with certain exceptions. The IRA includes a new 15% corporate minimum tax. The Company has evaluated the potential impacts of the IRA and does not expect it to have a material impact on the effective tax rate. However, the Company expects future guidance from the Treasury Department and will further analyze when the guidance is issued.

The Internal Revenue Service ("IRS") is examining the Company's U.S. federal income tax returns for the fiscal years ended June 30, 2019, and June 28, 2020. To date, no significant adjustments have been proposed by the IRS. The Company is unable to make a reasonable estimate as to when cash settlements, if any, with the IRS will occur.

The Company is in various stages of examinations in connection with all of its tax audits worldwide, and it is difficult to determine when these examinations will be settled. It is reasonably possible that over the next 12-month period the Company may experience an increase or decrease in its uncertain tax positions as a result of tax examinations or lapses of statutes of limitation. The change in uncertain tax positions as a result of lapses of statutes of limitation may range up to $12.4 million.

NOTE 7 — NET INCOME PER SHARE

Basic net income per share is computed by dividing net income by the weighted-average number of common shares outstanding during the period. Diluted net income per share is computed using the treasury stock method, for dilutive stock options, restricted stock units, and convertible notes. The following table reconciles the inputs to the basic and diluted computations for net income per share.

	Three Months Ended		Six Months Ended	
	December 24, 2023	December 25, 2022	December 24, 2023	December 25, 2022
	(in thousands, except per share data)			
Numerator:				
Net income	$ 954,266	$ 1,468,507	$ 1,841,664	$ 2,894,386
Denominator:				
Basic average shares outstanding	131,629	136,018	132,107	136,455
Effect of potential dilutive securities:				
Employee stock plans	591	321	586	319
Diluted average shares outstanding	132,220	136,339	132,693	136,774
Net income per share - basic	$ 7.25	$ 10.80	$ 13.94	$ 21.21
Net income per share - diluted	$ 7.22	$ 10.77	$ 13.88	$ 21.16

For purposes of computing diluted net income per share, weighted-average common shares do not include potentially dilutive securities that are anti-dilutive under the treasury stock method. The impact from potentially dilutive securities, including options and RSUs, was not material for the three and six months ended December 24, 2023 and December 25, 2022.

NOTE 8 — FINANCIAL INSTRUMENTS

The Company's investment strategies and investment and fair value policies are unchanged from those disclosed in Note 9, "Financial Instruments," to our Consolidated Financial Statements in Part II, Item 8 of our 2023 Form 10-K. As of December 24, 2023 and June 25, 2023 the fair value of mutual funds and debt and equity investments were not material. The financial statement impacts to the Condensed Consolidated Statement of Operations from debt and equity investments were not material as of and for the three and six months ended December 24, 2023 and December 25, 2022.

The financial instruments reported within Cash and Cash Equivalents in the Company's Condensed Consolidated Balance Sheets as of December 24, 2023, and June 25, 2023 consisted of the following:

	December 24, 2023	June 25, 2023
	(in thousands)	
Money market funds (fair value measured on a recurring basis, level 1)	$ 2,155,586	$ 2,223,642
Cash	1,718,520	2,132,522
Time deposits	1,749,183	980,892
Total	$ 5,623,289	$ 5,337,056

In addition, as of June 25, 2023 the Company had time deposits of $250.0 million reported within other assets in the Condensed Consolidated Balance Sheets.

Derivative Instruments and Hedging

The Company's hedging strategies and policies are unchanged from those disclosed in Note 9, "Financial Instruments," to our Consolidated Financial Statements in Part II, Item 8 of our 2023 Form 10-K. As of December 24, 2023 and June 25, 2023 the fair value of outstanding cash flow and balance sheet hedges were not material. The financial statement impacts to the Condensed Consolidated Statement of Operations from derivative instruments and hedging activities were not material as of and for the three and six months ended December 24, 2023 and December 25, 2022.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk and the Company's mitigation strategies are unchanged from those disclosed in Note 9, "Financial Instruments," to our Consolidated Financial Statements in Part II, Item 8 of our 2023 Form 10-K.

NOTE 9 — INVENTORIES

Inventories are stated at the lower of cost or net realizable value using standard costs that approximate actual costs on a first-in, first-out basis. System shipments to customers in Japan, for which title does not transfer until customer acceptance, are classified as finished goods inventory and carried at cost until title transfers. Inventories consist of the following:

	December 24, 2023	June 25, 2023
	(in thousands)	
Raw materials	$ 3,143,828	$ 3,196,988
Work-in-process	225,629	325,611
Finished goods	1,060,449	1,293,591
	$ 4,429,906	$ 4,816,190

NOTE 10 — GOODWILL AND INTANGIBLE ASSETS

Goodwill

The balance of goodwill is approximately $1.6 billion as of December 24, 2023 and June 25, 2023. As of December 24, 2023 and June 25, 2023, $65.4 million of the goodwill balance is tax deductible and the remaining balance is not tax deductible due to purchase accounting and applicable foreign law.

Intangible Assets

The following table provides the Company's intangible assets, other than goodwill:

	December 24, 2023			June 25, 2023		
	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
			(in thousands)			
Customer relationships	$ 644,126	$ (632,781)	$ 11,345	$ 644,138	$ (631,420)	$ 12,718
Existing technology	734,937	(680,302)	54,635	717,331	(674,549)	42,782
Patents and other intangible assets	200,063	(127,409)	72,654	199,532	(116,659)	82,873
Intangible assets subject to amortization	1,579,126	(1,440,492)	138,634	1,561,001	(1,422,628)	138,373
In process research and development	12,447	—	12,447	30,081	—	30,081
Total intangible assets	$ 1,591,573	$ (1,440,492)	$ 151,081	$ 1,591,082	$ (1,422,628)	$ 168,454

The Company recognized $12.8 million and $12.2 million in intangible asset amortization expense during the three months ended December 24, 2023 and December 25, 2022, respectively. The Company recognized $26.8 million and $23.8 million in intangible asset amortization expense during the six months ended December 24, 2023 and December 25, 2022, respectively.

The estimated future amortization expense of intangible assets as of December 24, 2023, is reflected in the table below. The table excludes $22.4 million of capitalized costs for intangible assets that have not been placed into service.

Fiscal Year	Amount
	(in thousands)
2024 (remaining 6 months)	$ 22,082
2025	30,938
2026	20,098
2027	15,200
2028	11,951
Thereafter	15,985
	$ 116,254

NOTE 11 — ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities consist of the following:

	December 24, 2023	June 25, 2023
	(in thousands)	
Accrued compensation	$ 571,517	$ 481,354
Warranty reserves	243,152	256,781
Income and other taxes payable	307,041	460,630
Dividend payable	263,133	231,267
Restructuring	3,269	8,014
Other	587,833	572,591
	$ 1,975,945	$ 2,010,637

NOTE 12 — LEASES

The Company elected to exercise purchase options available under its finance leases for certain improved properties in Fremont and Livermore, California (the “California Facility Leases”) in the three months ended September 24, 2023. As a result, the Company released cash collateral in an aggregate of approximately $250.0 million of restricted cash that was reported in Other assets in the Company’s Condensed Consolidated Balance Sheet. Additionally, guarantees made to the lessor that each property would have a certain minimum residual value totaling $298.4 million as of June 25, 2023 in the aggregate were eliminated with the extinguishment of the California Facilities Leases. As a result of the purchase of the improved properties, $250.5 million of additions were made to Property and Equipment, Net in the Company’s Condensed Consolidated Balance Sheets primarily comprised of land ($40.5 million) and buildings and improvements ($210.0 million).

NOTE 13 — COMMITMENTS AND CONTINGENCIES

Guarantees

The Company has issued certain indemnifications to its lessors for taxes and general liability under some of its agreements. The Company has entered into insurance contracts that are intended to limit its exposure to such indemnifications. As of December 24, 2023, the Company had not recorded any liability on its Condensed Consolidated Financial Statements in connection with these indemnifications, as it does not believe that it is probable that any material amounts will be paid under these guarantees.

Generally, the Company indemnifies, under pre-determined conditions and limitations, its customers for infringement of third-party intellectual property rights by the Company’s products or services. The Company seeks to limit its liability for such indemnity to an amount not to exceed the sales price of the products or services subject to its indemnification obligations. The Company does not believe that it is probable that any material amounts will be paid under these guarantees.

The Company provides guarantees and standby letters of credit to certain parties as required for certain transactions initiated during the ordinary course of business. As of December 24, 2023, the maximum potential amount of future payments that the Company could be required to make under these arrangements and letters of credit was $196.9 million. The Company does not believe, based on historical experience and information currently available, that it is probable that any material amounts will be required to be paid.

In addition, the Company has entered into indemnification agreements with its directors, officers, and certain other employees, consistent with its Bylaws and Certificate of Incorporation; and under local law, the Company may be required to provide indemnification to its employees for actions within the scope of their employment. Although the Company maintains insurance contracts that cover some of the potential liability associated with these indemnification agreements, there is no guarantee that all such liabilities will be covered. The Company does not believe, based on historical experience and information currently available, that it is probable that any material amounts will be required to be paid under such indemnification agreements or statutory obligations.

Warranties

The Company provides standard warranties on its systems. The liability amount is based on actual historical warranty spending activity by type of system, customer, and geographic region, modified for any known differences such as the impact of system reliability improvements. As of December 24, 2023, warranty reserves totaling $17.7 million were reported in other long-term liabilities, the remainder were included in accrued expenses and other current liabilities in the Company's Condensed Consolidated Balance Sheets.

Changes in the Company's product warranty reserves were as follows:

	Three Months Ended		Six Months Ended	
	December 24, 2023	December 25, 2022	December 24, 2023	December 25, 2022
	(in thousands)			
Balance at beginning of period	$ 265,374	$ 283,514	$ 286,663	$ 256,258
Warranties issued during the period	51,715	83,364	96,234	171,577
Settlements made during the period	(49,443)	(61,838)	(101,679)	(126,734)
Changes in liability for warranties issued during the period	(24)	3,210	(74)	1,941
Changes in liability for pre-existing warranties	(6,782)	10,719	(20,304)	15,927
Balance at end of period	$ 260,840	$ 318,969	$ 260,840	$ 318,969

Legal Proceedings

While the Company is not currently a party to any legal proceedings that it believes material, the Company is either a defendant or plaintiff in various actions that have arisen from time to time in the normal course of business, including intellectual property claims. The Company accrues for a liability when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. Significant judgment is required in both the determination of probability and the determination as to whether a loss is reasonably estimable. Based on current information, the Company does not believe that a material loss from known matters is probable and therefore has not recorded an accrual of any material amount for litigation or other contingencies related to existing legal proceedings.

NOTE 14 — STOCK REPURCHASE PROGRAM

In May 2022, the Board of Directors authorized the Company to repurchase up to an additional $5.0 billion of Common Stock; this authorization supplements the remaining balances from any prior authorizations. These repurchases can be conducted on the open market or as private purchases and may include the use of derivative contracts with large financial institutions, in all cases subject to compliance with applicable law. This repurchase program has no termination date and may be suspended or discontinued at any time.

Repurchases under the repurchase program were as follows during the periods indicated:

Period	Total Number of Shares Repurchased	Total Cost of Repurchase [1]	Average Price Paid Per Share [1]	Amount Available Under Repurchase Program
		(in thousands, except per share data)		
Available balance as of June 25, 2023				$ 3,537,217
Quarter ended September 24, 2023	1,257	$ 829,874	$ 660.01	$ 2,707,343
Quarter ended December 24, 2023	970	$ 640,267	$ 660.04	$ 2,067,076

(1) The Company's net share repurchases are subject to a 1% excise tax under the Inflation Reduction Act. Excise tax incurred reduces the amount available under the repurchase program, as applicable, and is included in the cost of shares repurchased in the Condensed Consolidated Statement of Stockholders' Equity and the calculation of the average price paid per share.

In addition to the shares repurchased under the Board-authorized repurchase program shown above, during the three and six months ended December 24, 2023, the Company acquired 6 thousand shares at a total cost of $4.5 million and 15 thousand shares at a total cost of $10.0 million, respectively, which the Company withheld through net settlements to cover minimum tax withholding obligations upon the vesting of restricted stock unit awards granted under the Company's equity compensation plans. The shares retained by the Company through these net share settlements are not a part of the Board-authorized repurchase program but instead are authorized under the Company's equity compensation plan.

NOTE 15 — RESTRUCTURING CHARGES, NET

The Company records employee severance and separation costs that meet the requirements for recognition in accordance with the relevant guidance of ASC 420, Exit or Disposal Cost Obligations, or ASC 712, Compensation - Non-retirement Post-employment Benefits, as applicable. For involuntary termination benefits that are not provided under the terms of an ongoing benefit arrangement, the liability for the current fair value of expected future costs associated with a management-approved restructuring plan is recognized in the period in which the plan is communicated to the employees and the plan is not expected to change significantly. For ongoing benefit arrangements, inclusive of statutory requirements, employee termination costs are accrued when the existing situation or set of circumstances indicates that an obligation has been incurred, it is probable the benefits will be paid, and the amount can be reasonably estimated. Termination benefits associated with employees that elected to voluntarily terminate as part of the restructuring plan are recorded when the employee irrevocably accepts the offer and the amount can be reasonably estimated. If applicable, the Company records such costs into operating expense over the terminated employees' future service period beyond any minimum or legally required retention period. The majority of restructuring charges that have been incurred but not yet paid are recorded in Accrued expenses and other current liabilities in the Condensed Consolidated Balance Sheets.

In the fiscal year ended June 25, 2023, the Company initiated a restructuring plan designed to better align the Company's cost structure with its outlook for the economic environment and business opportunities. Under the plan, through December 24, 2023, the Company terminated approximately 1,650 employees, incurring expenses related to employee severance and separation costs. Employee severance and separation costs primarily relate to severance, non-cash severance, including equity award compensation expense, pension and other termination benefits. Additionally, the Company made a strategic decision to relocate certain manufacturing activities to pre-existing facilities and incurred charges to move inventory and equipment and exit selected supplier arrangements.

During the three months ended December 24, 2023, net restructuring costs of $15.0 million and $1.7 million were recorded in restructuring charges, net - cost of goods sold, and restructuring charges, net - operating expenses, respectively, in the Condensed Consolidated Statements of Operations. During the six months ended December 24, 2023, net restructuring costs of $22.9 million and $3.7 million were recorded in restructuring charges, net - cost of goods sold, and restructuring charges, net - operating expenses, respectively. No restructuring charges were recognized during the three and six months ended December 25, 2022.

The restructuring plan is expected to be substantially completed by the June 2024 quarter, and cumulative costs as of December 24, 2023 total $146.9 million.

The following table is a summary of the activity related to the restructuring plan:

	Severance and Benefits	Other	Total
		(in thousands)	
Restructuring liability as of June 25, 2023	$ 7,989	$ 246	$ 8,235
Restructuring expense	7,256	19,350	26,606
Cash payments	(12,475)	(11,799)	(24,274)
Non-cash activities	53	(6,923)	(6,870)
Restructuring liability as of December 24, 2023	$ 2,823	$ 874	$ 3,697

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

With the exception of historical facts, the statements contained in this discussion are forward-looking statements, which are subject to the safe harbor provisions created by the Private Securities Litigation Reform Act of 1995. Certain, but not all, of the forward-looking statements in this report are specifically identified as forward-looking, by use of phrases and words such as "believe," "estimated," "anticipate," "expect," "probable," "intend," "plan," "aim," "may," "should," "could," "would," "will," "continue," and other future-oriented terms. The identification of certain statements as "forward-looking" does not mean that other statements not specifically identified are not forward-looking. Forward-looking statements include but are not limited to statements that relate to: trends and opportunities in the global economic environment; trends and opportunities in the semiconductor industry, including in the end markets and applications for semiconductors, and in device complexity; growth or decline in the industry and the market for, and spending on, wafer fabrication equipment; the anticipated levels of, and rates of change in, margins, market share, served available market, capital expenditures, research and development expenditures, international sales, revenue (actual and/or deferred), operating expenses and earnings generally; management's plans and objectives for our current and future operations and business focus; restructuring activities; business process improvements and initiatives; volatility in our quarterly results; the makeup of our customer base; customer and end user requirements and our ability to satisfy those requirements; customer spending and demand for our products and services, and the reliability of indicators of change in customer spending and demand; the effect of variability in our customers' business plans or demand for our products and services; our competition, and our ability to defend our market share and to gain new market share; the success of joint development and collaboration relationships with customers, suppliers, or others; outsourced activities; our supply chain and the role of suppliers in our business, including the impacts of supply chain constraints and material costs; our leadership and competency, and our ability to facilitate innovation; our research and development programs; our ability to create sustainable differentiation; technology inflections in the industry and our ability to identify those inflections and to invest in research and development programs to meet them; our ability to deliver multi-product solutions; the resources invested to comply with evolving standards and the impact of such efforts; changes in state, federal and international tax laws, our estimated annual tax rate and the factors that affect our tax rates; legal and regulatory compliance; the estimates we make, and the accruals we record, in order to implement our critical accounting policies (including but not limited to the adequacy of prior tax payments, future tax benefits or liabilities, and the adequacy of our accruals relating to them); hedging transactions; debt or financing arrangements; our investment portfolio; our access to capital markets; uses of, payments of, and impact of interest rate fluctuations on, our debt; our intention to pay quarterly dividends and the amounts thereof, if any; our ability and intention to repurchase our shares; credit risks; controls and procedures; recognition or amortization of expenses; our ability to manage and grow our cash position; our strategic relevance with our customers; our ability to scale our operations to respond to changes in our business; the value of our patents; the materiality of potential losses arising from legal proceedings; the probability of making payments under our guarantees; the impact of the COVID-19 pandemic; and the sufficiency of our financial resources or liquidity to support future business activities (including but not limited to operations, investments, debt service requirements, dividends, and capital expenditures). Such statements are based on current expectations and are subject to risks, uncertainties, and changes in condition, significance, value, and effect, including without limitation those discussed below under the heading "Risk Factors" within Part II Item 1A and elsewhere in this report and other documents we file from time to time with the Securities and Exchange Commission ("SEC"), such as our annual report on Form 10-K for the year ended June 25, 2023 (our "2023 Form 10-K"), our quarterly report on Form 10-Q for the fiscal quarter ended September 24, 2023, and our current reports on Form 8-K. Such risks, uncertainties, and changes in condition, significance, value, and effect could cause our actual results to differ materially from those expressed in this report and in ways not readily foreseeable. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof and are based on information currently and reasonably known to us. We do not undertake any obligation to release the results of any revisions to these forward-looking statements, which may be made to reflect events or circumstances that occur after the date of this report or to reflect the occurrence or effect of anticipated or unanticipated events.

Documents To Review In Connection With Management's Discussion and Analysis Of Financial Condition and Results Of Operations

For a full understanding of our financial position and results of operations for the three and six months ended December 24, 2023, and the related Management's Discussion and Analysis of Financial Condition and Results of Operations below, you should also read the Condensed Consolidated Financial Statements and notes presented in this Form 10-Q and the financial statements and notes in our 2023 Form 10-K.

EXECUTIVE SUMMARY

Lam Research Corporation is a global supplier of innovative wafer fabrication equipment and services to the semiconductor industry. We have built a strong global presence with core competencies in areas like nanoscale applications enablement, chemistry, plasma and fluidics, advanced systems engineering and a broad range of operational disciplines. Our products and services are designed to help our customers build smaller and better performing devices that are used in a variety of electronic products, including mobile phones, personal computers, servers, wearables, automotive vehicles, and data storage devices.

Our customer base includes leading semiconductor memory, foundry, and integrated device manufacturers that make products such as non-volatile memory, dynamic random-access memory, and logic devices. Their continued success is part of our commitment to driving semiconductor breakthroughs that define the next generation. Our core technical competency is integrating hardware, process, materials, software, and process control, enabling results on the wafer.

Semiconductor manufacturing, our customers' business, involves the complete fabrication of multiple dies or integrated circuits on a wafer. This involves the repetition of a set of core processes and can require hundreds of individual steps. Fabricating these devices requires highly sophisticated process technologies to integrate an increasing array of new materials with precise control at the atomic scale. Along with meeting technical requirements, wafer processing equipment must deliver high productivity and be cost-effective.

Demand from cloud computing, artificial intelligence, 5G, the Internet of Things, and other markets is driving the need for increasingly powerful and cost-efficient semiconductors. At the same time, there are growing technical challenges with traditional two-dimensional scaling. These trends are driving significant inflections in semiconductor manufacturing, such as the increasing importance of vertical scaling strategies like three-dimensional architecture as well as multiple patterning to enable shrinks.

We believe we are in a strong position with our leadership and expertise in deposition, etch, and clean to facilitate some of the most significant innovations in semiconductor device manufacturing. Our Customer Support Business Group provides products and services to maximize installed equipment performance, predictability, and operational efficiency. Several factors create opportunity for sustainable differentiation for us: (i) our focus on research and development, with several on-going programs relating to sustaining engineering, product and process development, and concept and feasibility; (ii) our ability to effectively leverage cycles of learning from our broad installed base; (iii) our collaborative focus with semi-ecosystem partners, including our close to customer focus; (iv) our ability to identify and invest in the breadth of our product portfolio to meet technology inflections; and (v) our focus on delivering our multi-product solutions with a goal to enhance the value of Lam's solutions to our customers.

Overall calendar year 2023 customer demand weakened due to wafer fabrication equipment spending reductions resulting primarily from weakness in the memory market. In addition, the U.S. government's restrictions on sales of equipment, parts and service for specific technologies and customers in China further impacted equipment demand in the year. As a result of the reduced business levels in calendar year 2023, we initiated a restructuring plan in the quarter ended March 26, 2023 designed to better align the Company's cost structure with our outlook. We incurred a charge for the workforce actions associated with the restructuring plan of approximately $107.1 million in the second half of fiscal year 2023 and $7.3 million in the first half of fiscal year 2024. We continue to work towards a number of business process improvements and initiatives throughout the 2024 fiscal year and expect to incur expenditures from these activities in the range of $300 million, inclusive of the restructuring activity. Risks and uncertainties such as trade restrictions and the semiconductor demand environment may continue to negatively impact our revenue and operating margin. Over the longer term, we believe that secular demand for semiconductors, combined with technology inflections in our industry, including 3D device scaling, multiple patterning, process flow, and advanced packaging chip integration, will drive sustainable growth and lead to an increase in the served available market for our products and services in the deposition, etch, and clean businesses.

The following table summarizes certain key financial information for the periods indicated below:

	Three Months Ended	
	December 24, 2023	September 24, 2023
	(in thousands, except per share data and percentages)	
Revenue	$ 3,758,259	$ 3,482,062
Gross margin	$ 1,757,455	$ 1,654,702
Gross margin as a percent of total revenue	46.8 %	47.5 %
Total operating expenses	$ 700,243	$ 631,673
Net income	$ 954,266	$ 887,398
Diluted net income per share	$ 7.22	$ 6.66

In the December 2023 quarter, revenue increased 8% compared to the September 2023 quarter, mainly due to increased investments in the dynamic random access memory ("DRAM") market segment. The deferred revenue balance was $1,928.0 million at the end of the December 2023 quarter, an increase to the balance at the end of the September 2023 quarter of $1,690.4 million, mainly due to an increase in advanced deposits. We aim to balance the requirements of our customers with the availability of resources, as well as performance to our operational and financial objectives. As a result, from time to time, we exercise discretion and judgment as to the timing and prioritization of manufacturing and delivery of products, which has impacted, and may in the future impact, the timing of revenue recognition with respect to such products.

The decrease in gross margin as a percentage of revenue in the December 2023 quarter compared to the September 2023 quarter was primarily a result of restructuring-related activities, deferred compensation plan-related costs and unfavorable product mix, partially offset by favorable customer mix. The increase in operating expenses in the December 2023 quarter compared to the September 2023 quarter was driven by increases in deferred compensation plan and employee-related costs, and spending for outside services and supplies, including transformational charges.

Our cash and cash equivalents, investments, and restricted cash and investments balances increased to $5.6 billion at the end of the December 2023 quarter compared to $5.2 billion at the end of the September 2023 quarter. This increase was primarily the result of $1,453.8 million of cash generated from operating activities, partially offset by $645.5 million of share repurchases, including net share settlement of employee stock-based compensation; $264.4 million of dividends paid to stockholders; and $115.3 million of capital expenditures. Employee headcount as of December 24, 2023 was approximately 17,200.

RESULTS OF OPERATIONS

Revenue

	Three Months Ended		Six Months Ended	
	December 24, 2023	September 24, 2023	December 24, 2023	December 25, 2022
Revenue (in millions)	$ 3,758	$ 3,482	$ 7,240	$ 10,352
China	40 %	48 %	44 %	27 %
Korea	19 %	16 %	17 %	19 %
Japan	14 %	9 %	12 %	10 %
Taiwan	13 %	7 %	10 %	20 %
United States	5 %	8 %	7 %	8 %
Europe	5 %	7 %	6 %	6 %
Southeast Asia	4 %	5 %	4 %	10 %

Revenue for the December 2023 quarter increased 8% from the September 2023 quarter primarily as a result of strengthening investments in the DRAM market segment.

The following table presents our revenue disaggregated between system and customer support-related revenue:

	Three Months Ended		Six Months Ended	
	December 24, 2023	September 24, 2023	December 24, 2023	December 25, 2022
	(In thousands)			
Systems revenue	$ 2,299,286	$ 2,056,655	$ 4,355,941	$ 6,729,505
Customer support-related revenue and other	1,458,973	1,425,407	2,884,380	3,622,185
	$ 3,758,259	$ 3,482,062	$ 7,240,321	$ 10,351,690

Please refer to Note 3, “Revenue,” to the Condensed Consolidated Financial Statements of this Form 10-Q for additional information regarding the composition of the two categories into which revenue has been disaggregated.

The percentage of leading- and non-leading-edge equipment and upgrade revenue from each of the markets we serve was as follows:

	Three Months Ended		Six Months Ended	
	December 24, 2023	September 24, 2023	December 24, 2023	December 25, 2022
Memory	48 %	38 %	43 %	50 %
Foundry	38 %	36 %	37 %	33 %
Logic/integrated device manufacturing	14 %	26 %	20 %	17 %

The increase in the memory market segment for the December 2023 quarter compared to the September 2023 quarter is primarily due to increases in DRAM spending by our customers during the period. The decrease in the memory market segment for the six months ended December 24, 2023 as compared to the same period in 2022 is primarily due to decreases in NAND spending by our customers during this time period.

Gross Margin

	Three Months Ended		Six Months Ended	
	December 24, 2023	September 24, 2023	December 24, 2023	December 25, 2022
	(in thousands, except percentages)			
Gross margin	$ 1,757,455	$ 1,654,702	$ 3,412,157	$ 4,713,184
Percent of revenue	46.8 %	47.5 %	47.1 %	45.5 %

Gross margin as a percentage of revenue was lower in the December 2023 quarter compared to the September 2023 quarter primarily a result of costs associated with restructuring-related activities, deferred compensation plan-related costs and unfavorable product mix, partially offset by favorable customer mix.

The increase in gross margin as a percentage of revenue in the six months ended December 24, 2023 compared to the same period in the prior year was primarily due to favorable customer mix as well as reduced spending on material costs, partially offset by increased costs associated with restructuring-related activities.

Research and Development

	Three Months Ended		Six Months Ended	
	December 24, 2023	September 24, 2023	December 24, 2023	December 25, 2022
	(in thousands, except percentages)			
Research & development (“R&D”)	$ 469,712	$ 422,629	$ 892,341	$ 895,760
Percent of revenue	12.5 %	12.1 %	12.3 %	8.7 %

We continued to make significant R&D investments in the December 2023 quarter focused on leading-edge deposition, etch, clean and other semiconductor manufacturing processes. The increase in R&D expense in the December 2023 quarter compared to the September 2023 quarter was primarily driven by increases in deferred compensation plan-related costs, employee-related costs, and supplies expense.

R&D expense in the six months ended December 24, 2023 was flat to the same period in the prior year, as increase in deferred compensation plan-related costs were largely offset by decreases in spending for outside services.

Selling, General, and Administrative

	Three Months Ended		Six Months Ended	
	December 24, 2023	September 24, 2023	December 24, 2023	December 25, 2022
	(in thousands, except percentages)			
Selling, general, and administrative ("SG&A")	$ 228,843	$ 207,023	$ 435,866	$ 439,422
Percent of revenue	6.1 %	5.9 %	6.0 %	4.2 %

SG&A expense during the December 2023 quarter increased in comparison to the September 2023 quarter, primarily driven by increases in deferred compensation plan-related and transformational costs, as well as increased spending for outside services.

SG&A expense during the six months ended December 24, 2023 was flat to the same period in the prior year, as increases in transformational and deferred compensation-related costs were largely offset by decreases in spending for supplies and outside services.

Restructuring Charges, Net

	Three Months Ended		Six Months Ended	
	December 24, 2023	September 24, 2023	December 24, 2023	December 25, 2022
	(in thousands, except percentages)			
Restructuring charges, net	$ 16,645	$ 9,961	$ 26,606	$ —
Percent of revenue	0.4 %	0.3 %	0.4 %	— %

During fiscal year 2023, we initiated a restructuring plan designed to better align our cost structure with our outlook for the economic environment and business opportunities. Under the plan we terminated approximately 1,650 employees, incurring expenses related to employee severance and separation costs. Employee severance and separation costs primarily relate to severance, non-cash severance, including equity award compensation expense, pension and other termination benefits. Additionally, we made a strategic decision to relocate certain manufacturing activities to pre-existing facilities.

The restructuring charges in the December 2023 quarter increased compared to the September 2023 quarter, due primarily to increases in facility-related restructuring charges.

During the six months ended December 24, 2023, net restructuring costs of $22.9 million and $3.7 million were recorded in restructuring charges, net - cost of goods sold, and restructuring charges, net - operating expenses, respectively in our Condensed Consolidated Financial Statements, included in Part I of this Form 10-Q. Please refer to Note 15, "Restructuring charges, net," to our Condensed Consolidated Financial Statements, included in Part I of this Form 10-Q for additional information. No restructuring charges were recognized during the six months ended December 25, 2022.

Other Income (Expense), Net

Other income (expense), net consisted of the following:

	Three Months Ended		Six Months Ended	
	December 24, 2023	September 24, 2023	December 24, 2023	December 25, 2022
	(in thousands)			
Interest income	$ 57,595	$ 56,564	$ 114,159	$ 41,181
Interest expense	(46,313)	(45,331)	(91,644)	(92,713)
Gains (losses) on deferred compensation plan-related assets, net	25,530	(2,901)	22,629	(1,855)
Foreign exchange (losses) gains, net	(568)	1,269	701	(3,293)
Other, net	(6,405)	(7,000)	(13,405)	(14,649)
	$ 29,839	$ 2,601	$ 32,440	$ (71,329)

Interest income for the three months ended December 24, 2023 is consistent with interest income for the three months ended September 24, 2023. Interest income increased for the six months ended December 24, 2023, compared to the same period in 2022, primarily because of higher yields and higher cash balances.

Interest expense is consistent across all periods presented.

The gains and losses on deferred compensation plan-related assets, net were driven by fluctuations in the fair market value of the underlying funds for all periods presented.

Foreign exchange fluctuations were primarily due to currency movements against portions of our unhedged balance sheet exposures for all periods presented.

The losses in other, net for the three months and six months ended December 24, 2023 were lower compared to the three months ended September 24, 2023 and six months ended December 25, 2022, respectively, primarily driven by fluctuations in the fair market value of equity investments.

Income Tax Expense

Our provision for income taxes and effective tax rate for the periods indicated were as follows:

	Three Months Ended		Six Months Ended	
	December 24, 2023	September 24, 2023	December 24, 2023	December 25, 2022
	(in thousands, except percentages)			
Income tax expense	$ 132,785	$ 138,232	$ 271,017	$ 412,287
Effective tax rate	12.2 %	13.5 %	12.8 %	12.5 %

The decrease in the effective tax rate for the December 2023 quarter compared to the September 2023 quarter was primarily due to the change in level and proportion of income in higher and lower tax jurisdictions, and the recognition of previously unrecognized tax benefits from lapses of statutes of limitation in the December 2023 quarter.

The effective tax rate for the six months ended December 24, 2023, compared to the same period in the prior year remained consistent.

International revenues account for a significant portion of our total revenues, such that a material portion of our pre-tax income is earned and taxed outside the United States. International pre-tax income is taxable in the United States at a lower effective tax rate than the federal statutory tax rate. Please refer to Note 7, “Income Taxes,” to our Consolidated Financial Statements in Part II, Item 8 of our 2023 Form 10-K for additional information.

On August 16, 2022, the IRA was signed into law. In general, the provisions of the IRA are effective beginning with our fiscal year 2024, with certain exceptions. The IRA includes a new 15% corporate minimum tax. We have evaluated the potential impacts of the IRA and do not expect it to have a material impact on our effective tax rate. However, we expect future guidance from the Treasury Department and will further analyze when the guidance is issued.

We re-evaluate uncertain tax positions on a quarterly basis. This evaluation is based on factors including, but not limited to, changes in facts or circumstances, changes in tax law, effectively settled issues under audit, and new audit activity. Any change in recognition or measurement would result in the recognition of a tax benefit or an additional charge to the tax provision.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

A critical accounting policy is defined as one that has both a material impact on our financial condition and results of operations and requires us to make difficult, complex and/or subjective judgments, often as a result of the need to make estimates about matters that are inherently uncertain. The preparation of financial statements in conformity with U.S. generally accepted accounting principles (“GAAP”) requires management to make certain judgments, estimates and assumptions that could affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. We base our estimates and assumptions on historical experience and on various other assumptions we believe to be applicable and evaluate them on an ongoing basis to ensure they remain reasonable under current conditions. Actual results could differ significantly from those estimates, which could have a material impact on our business, results of operations, and financial condition. Our critical accounting estimates include:

- the recognition and valuation of revenue from arrangements with multiple performance obligations which impacts revenue;
- the valuation of inventory, which impacts gross margin;

- the recognition and measurement of current and deferred income taxes, including the measurement of uncertain tax positions, which impact our provision for income tax expenses; and
- the valuation and recoverability of long-lived assets, which impacts gross margin and operating expenses when we record asset impairments or accelerate their depreciation or amortization.

Refer to our "Critical Accounting Policies and Estimates" included in Part II, Item 7 of our 2023 Form 10-K for a discussion of the critical accounting estimates identified above.

Recent Accounting Pronouncements

See Note 2 - Recent Accounting Pronouncements, of our Condensed Consolidated Financial Statements, included in Part 1 of this Form 10-Q.

LIQUIDITY AND CAPITAL RESOURCES

Total gross cash, cash equivalents, investments, and restricted cash and investments balances were $5.6 billion at December 24, 2023, flat to June 25, 2023. Cash generated from operating activities totaling $2,405.0 million was offset by $1,488.7 million of share repurchases, including net share settlement on employee stock-based compensation; $494.7 million in dividends paid; and $254.1 million of repayment of debt largely associated with the purchase of certain properties under finance leases.

Net cash provided by operating activities of $2,405.0 million during the six months ended December 24, 2023, consisted of (in thousands):

Net income	$	1,841,664
Non-cash charges:		
Depreciation and amortization		181,420
Equity-based compensation expense		137,112
Deferred income taxes		(112,985)
Changes in operating asset and liability accounts		353,760
Other		4,032
	$	2,405,003

Significant changes in operating asset and liability accounts, net of foreign exchange impact, included the following sources of cash: decreases in inventory of $350.2 million and accounts receivable of $114.6 million and increases in deferred gross profit of $97.7 million, and trade accounts payable of $14.5 million. These sources of cash are offset by the following uses of cash: a decrease in accrued expenses and other liabilities of $189.8 million and an increase in prepaid expenses and other current assets of $33.4 million.

Cash Flow from Investing Activities

Net cash used for investing activities during the six months ended December 24, 2023, was $176.6 million, primarily consisting of $192.3 million in capital expenditures, partially offset by proceeds from maturities of available-for-sale securities of $23.1 million.

Cash Flow from Financing Activities

Net cash used for financing activities during the six months ended December 24, 2023, was $2.2 billion, primarily consisting of $1,488.7 million in treasury stock repurchases, including net share settlement on employee stock-based compensation, $494.7 million in dividends paid, and $254.1 million of repayment of debt, largely associated with the purchase of certain properties under finance leases.

Liquidity

Given that the semiconductor industry is highly competitive and has historically experienced rapid changes in demand, we believe that maintaining sufficient liquidity reserves is important to support sustaining levels of investment in R&D and capital infrastructure. Anticipated cash flows from operations based on our current business outlook, combined with our current levels of cash, cash equivalents, and short-term investments as of December 24, 2023, are expected to be sufficient to support our anticipated levels of operations, investments, debt service requirements, capital expenditures, capital redistributions, and dividends through at least the next twelve months. However, factors outside of our control, including uncertainty in the global economy and the semiconductor industry, as well as disruptions in credit markets, have in the past, are currently, and could in the future, impact customer demand for our products, as well as our ability to manage normal commercial relationships with our customers, suppliers, and creditors.

In the longer term, liquidity will depend to a great extent on our future revenues and our ability to appropriately manage our costs based on demand for our products and services. While we have substantial cash balances, we may require additional funding and need or choose to raise the required funds through borrowings or public or private sales of debt or equity securities. We believe that, if necessary, we will be able to access the capital markets on terms and in amounts adequate to meet our objectives. However, domestic and global macroeconomic and political conditions could cause disruptions to the capital markets and otherwise make any financing more challenging, and there can be no assurance that we will be able to obtain such financing on commercially reasonable terms or at all.

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk

For financial market risks related to changes in interest rates, marketable equity security prices, and foreign currency exchange rates, refer to Part II, Item 7A, “Quantitative and Qualitative Disclosures About Market Risk”, in our 2023 Form 10-K. Our exposure related to market risk has not changed materially since June 25, 2023.

ITEM 4. Controls and Procedures

Design of Disclosure Controls and Procedures and Internal Control over Financial Reporting

We maintain disclosure controls and procedures and internal control over financial reporting that are designed to comply with Rule 13a-15 of the Exchange Act. In designing and evaluating the controls and procedures associated with each, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and that the effectiveness of controls cannot be absolute because the cost to design and implement a control to identify errors or mitigate the risk of errors occurring should not outweigh the potential loss caused by the errors that would likely be detected by the control. Moreover, we believe that a control system cannot be guaranteed to be 100% effective all of the time. Accordingly, a control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system’s objectives will be met.

Disclosure Controls and Procedures

As required by Exchange Act Rule 13a-15(b), as of December 24, 2023, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as defined in Rule 13a-15(e). Based upon that evaluation, our Chief Executive Officer, along with our Chief Financial Officer, concluded that our disclosure controls and procedures are effective at the reasonable assurance level.

We intend to review and evaluate the design and effectiveness of our disclosure controls and procedures on an ongoing basis and to correct any material deficiencies that we may discover. Our goal is to ensure that our senior management has timely access to material information that could affect our business.

Changes in Internal Control over Financial Reporting

There has been no change in our internal control over financial reporting during our most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Effectiveness of Controls

While we believe the present design of our disclosure controls and procedures and internal control over financial reporting is effective, future events affecting our business may cause us to modify our disclosure controls and procedures or internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. Legal Proceedings

Please refer to the subsection entitled “Legal Proceedings” within Note 13 “Commitments and Contingencies," to our Condensed Consolidated Financial Statements in this quarterly report on Form 10-Q.

ITEM 1A. Risk Factors

In addition to the other information in this Form 10-Q, the following risk factors should be carefully considered in evaluating us and our business because such factors may significantly impact our business, operating results, and financial condition. As a result of these risk factors, as well as other risks discussed in our other SEC filings, our actual results could differ materially from those projected in any forward-looking statements. No priority or significance is intended by, nor should be attached to, the order in which the risk factors appear.

INDUSTRY AND CUSTOMER RISKS

The Semiconductor Capital Equipment Industry Is Subject to Variability and Periods of Rapid Growth or Decline; We Therefore Face Risks Related to Our Strategic Resource Allocation Decisions

The semiconductor capital equipment industry has historically been characterized by rapid changes in demand. Variability in our customers’ business plans may lead to changes in demand for our equipment and services, which could negatively impact our results. The variability in our customers’ investments during any particular period is dependent on several factors, including but not limited to electronics demand, economic conditions (both general and in the semiconductor and electronics industries), industry supply and demand, prices for semiconductors, and our customers’ ability to develop and manufacture increasingly complex and costly semiconductor devices. The changes in demand may require our management to adjust spending and other resources allocated to operating activities.

During periods of rapid growth or decline in demand for our products and services, we face significant challenges in maintaining adequate financial and business controls, management processes, information systems, and procedures for training, assimilating, and managing our workforce, and in appropriately sizing our supply chain infrastructure and facilities, work force, and other components of our business on a timely basis. If we do not adequately meet these challenges during periods of increasing or declining demand, our gross margins and earnings may be negatively impacted.

We continuously reassess our strategic resource allocation choices in response to the changing business environment. If we do not adequately adapt to the changing business environment, we may lack the infrastructure and resources to scale up our business to meet customer expectations and compete successfully during a period of growth, or we may expand our capacity and resources too rapidly and/or beyond what is appropriate for the actual demand environment, resulting in excess fixed costs.

Especially during transitional periods, resource allocation decisions can have a significant impact on our future performance, particularly if we have not accurately anticipated industry changes. Our success will depend, to a significant extent, on the ability of our executive officers and other members of our senior management to identify and respond to these challenges effectively.

Future Declines in the Semiconductor Industry, and the Overall World Economic Conditions on Which It Is Significantly Dependent, Could Have a Material Adverse Impact on Our Results of Operations and Financial Condition

Our business depends on the capital equipment expenditures of semiconductor manufacturers, which in turn depend on the current and anticipated market demand for integrated circuits. With the consolidation of customers within the industry, the semiconductor capital equipment market may experience rapid changes in demand driven both by changes in the market generally and the plans and requirements of particular customers. The economic, regulatory, political, and business conditions occurring nationally, globally, or in any of our key sales regions, which are often unpredictable, have historically impacted customer demand for our products and services and normal commercial relationships with our customers, suppliers, and creditors. Additionally, in times of economic uncertainty, our customers’ budgets for our products, or their ability to access credit to purchase them, could be adversely affected. This would limit their ability to purchase our products and services. As a result, changing economic, regulatory, political or business conditions can cause material adverse changes to our results of operations and financial condition, including but not limited to:

- a decline in demand for our products or services;
- an increase in reserves on accounts receivable due to our customers’ inability to pay us;
- an increase in reserves on inventory balances due to excess or obsolete inventory as a result of our inability to sell such inventory;
- valuation allowances on deferred tax assets;
- restructuring charges;
- asset impairments including the potential impairment of goodwill and other intangible assets;
- a decline in the value of our investments;

- exposure to claims from our suppliers for payment on inventory that is ordered in anticipation of customer purchases that do not come to fruition; and
- challenges maintaining reliable and uninterrupted sources of supply.

Fluctuating levels of investment by semiconductor manufacturers may materially affect our aggregate shipments, revenues, operating results, and earnings. Where appropriate, we will attempt to respond to these fluctuations with cost management programs aimed at aligning our expenditures with anticipated revenue streams, which sometimes result in restructuring charges. Even during periods of reduced revenues, we must continue to invest in R&D and maintain extensive ongoing worldwide customer service and support capabilities to remain competitive, which may temporarily harm our profitability and other financial results.

We Have a Limited Number of Key Customers

Sales to a limited number of large customers constitute a significant portion of our overall revenue, shipments, cash flows, collections, and profitability. As a result, the actions of even one customer may subject us to variability in those areas that is difficult to predict. In addition, large customers may be able to negotiate requirements that result in decreased pricing, increased costs, and/or lower margins for us and limitations on our ability to share technology with others. Similarly, significant portions of our credit risk may, at any given time, be concentrated among a limited number of customers so that the failure of even one of these key customers to pay its obligations to us could significantly impact our financial results.

We Face a Challenging and Complex Competitive Environment

We face significant competition from multiple competitors, and our competitors may be able to develop products comparable or superior to those we offer or may adapt more quickly to new technologies or evolving customer requirements. In particular, while we continue to develop product enhancements that we believe will address future customer requirements, we may fail in a timely manner to identify those future customer requirements, to devote appropriate resources to developing products to address those requirements, or to complete the development or introduction of these additional product enhancements successfully, or these product enhancements may not achieve market acceptance or be competitive. Accordingly, competition may intensify, and we may be unable to continue to compete successfully in our markets, which could have a material adverse effect on our revenues, operating results, financial condition, and/or cash flows.

With increased consolidation efforts in our industry, as well as the emergence and strengthening of new, regional competitors, we may face increasing competitive pressures. Other companies continue to develop systems and/or acquire businesses and products that are competitive to ours and may introduce new products and product capabilities that may affect our ability to sell and support our existing products. We face a greater risk if our competitors enter into strategic relationships with leading semiconductor manufacturers covering products similar to those we sell or may develop, as this could adversely affect our ability to sell products to those manufacturers.

We believe that to remain competitive we must devote significant financial resources to offer products that meet our customers' needs, to maintain customer service and support centers worldwide, and to invest in product and process R&D. Technological changes and developing technologies have required, and are expected to continue to require, new and costly investments. Certain of our competitors, including those that are created and financially backed by foreign governments, have substantially greater financial resources and more extensive engineering, manufacturing, marketing, and customer service and support resources than we do and therefore have the potential to offer customers a more comprehensive array of products and/or product capabilities and to therefore achieve additional relative success in the semiconductor equipment industry. These competitors may deeply discount or give away products similar to those that we sell, challenging or even exceeding our ability to make similar accommodations and threatening our ability to sell those products. We also face competition from our own customers, who in some instances have established affiliated entities that manufacture equipment similar to ours. In addition, we face competition from companies that exist in a more favorable legal or regulatory environment than we do, who are able to sell products for certain applications at certain customers that we are prohibited from selling to under applicable export controls, allowing the freedom of action in ways that we may be unable to match. In many cases speed to solution is necessary for customer satisfaction and our competitors may be better positioned to achieve these objectives. For these reasons, we may fail to continue to compete successfully worldwide.

Once a Semiconductor Manufacturer Commits to Purchase a Competitor's Semiconductor Manufacturing Equipment, the Manufacturer Typically Continues to Purchase That Competitor's Equipment, Making It More Difficult for Us to Sell Our Equipment to That Customer

Semiconductor manufacturers must make a substantial investment to qualify and integrate wafer processing equipment into a semiconductor production line. We believe that once a semiconductor manufacturer selects a particular supplier's processing equipment, the manufacturer generally relies upon that equipment for that specific production line application for an extended period of time, especially for customers that are more focused on tool reuse. Accordingly, we expect it to be more difficult to sell our products to a given customer for a product line application if that customer initially selects a competitor's equipment for the same product line application.

We Depend on Creating New Products and Processes and Enhancing Existing Products and Processes for Our Success; Consequently, We Are Subject to Risks Associated with Rapid Technological Change

Rapid technological changes in semiconductor manufacturing processes subject us to increased pressure to develop technological advances that enable those processes. We believe that our future success depends in part upon our ability to develop and offer new products with improved capabilities and to continue to enhance our existing products. If new products or existing products have reliability, quality, design, or safety problems, our performance may be impacted by reduced orders, higher manufacturing costs, delays in acceptance of and payment for new products, and additional service and warranty expenses. We may be unable to develop and manufacture products successfully, or products that we introduce may fail in the marketplace. For more than 25 years, the primary driver of technology advancement in the semiconductor industry has been to shrink the lithography that prints the circuit design on semiconductor chips. That driver could be approaching its technological limit, leading semiconductor manufacturers to investigate more complex changes in multiple technologies in an effort to continue technology development. In addition, the emergence of “big data” and new tools such as machine learning and artificial intelligence that capitalize on the availability of large data sets is leading semiconductor manufacturers and equipment manufacturers to pursue new products and approaches that exploit those tools to advance technology development. In the face of uncertainty on which technology solutions will become successful, we will need to focus our efforts on developing the technology changes that are ultimately successful in supporting our customers’ requirements. Our failure to develop and offer the correct technology solutions in a timely manner with productive and cost-effective products could adversely affect our business in a material way. Our failure to commercialize new products in a timely manner could result in loss of market share, unanticipated costs, and inventory obsolescence, which would adversely affect our financial results.

In order to develop new products and processes and enhance existing products and processes, we expect to continue to make significant investments in R&D, to investigate the acquisition of products and technologies, to invest in or acquire businesses or technologies, and to pursue joint development relationships with customers, suppliers, or other members of the industry. Our investments and acquisitions may not be as successful as we may expect, particularly in the event that we invest in or acquire product lines and technologies that are new to us. We may find that acquisitions are not available to us, for regulatory or other reasons, and that we must therefore limit ourselves to collaboration and joint venture development activities that do not have the same benefits as acquisitions. Pursuing development through collaboration and/or joint development activities rather than through an acquisition may pose substantial challenges for management, including those related to aligning business objectives; sharing confidential information, intellectual property and data; sharing value with third parties; and realizing synergies that might have been available in an acquisition but are not available through a joint development project. We must manage product transitions and joint development relationships successfully, as the introduction of new products could adversely affect our sales of existing products and certain jointly developed technologies may be subject to restrictions on our ability to share that technology, which could limit our market for products incorporating those technologies. Future technologies, processes, or product developments may render our current product offerings obsolete, leaving us with non-competitive products, obsolete inventory, or both. Moreover, customers may adopt new technologies or processes to address the complex challenges associated with next-generation devices. This shift may result in a reduction in the size of our addressable markets or could increase the relative size of markets in which we either do not compete or have relatively low market share.

Strategic Alliances and Customer Consolidation May Have Negative Effects on Our Business

Semiconductor manufacturing companies from time to time enter into strategic alliances or consolidate with one another to expedite the development of processes and other manufacturing technologies and/or achieve economies of scale. The outcomes of such an alliance can be the definition of a particular tool set for a certain function and/or the standardization of a series of process steps that use a specific set of manufacturing equipment, while the outcomes of consolidation can lead to an overall reduction in the market for semiconductor manufacturing equipment as customers’ operations achieve economies of scale and/or increased purchasing power based on their higher volumes. In certain instances, this could work to our disadvantage if a competitor’s tools or equipment become the standard equipment for such functions or processes. Additional outcomes of such consolidation may include our customers re-evaluating their future supplier relationships to consider our competitors’ products and/or gaining additional influence over the pricing of products and the control of intellectual property or data.

Similarly, our customers may partner with, or follow the lead of, educational or research institutions that establish processes for accomplishing various tasks or manufacturing steps. If those institutions utilize a competitor’s equipment when they establish those processes, it is likely that customers will tend to use the same equipment in setting up their own manufacturing lines. Even if they select our equipment, the institutions and the customers that follow their lead could impose conditions on acceptance of that equipment, such as adherence to standards and requirements or limitations on how we license our proprietary rights, that increase our costs or require us to take on greater risk. These actions could adversely impact our market share and financial results.

BUSINESS AND OPERATIONAL RISKS

Our Revenues and Operating Results Are Variable

Our revenues and operating results may fluctuate significantly from quarter to quarter or year to year due to a number of factors, not all of which are in our control. We manage our expense levels based in part on our expectations of future revenues. Because our operating expenses are based in part on anticipated future revenues, and a certain amount of those expenses are relatively fixed, a change in the timing of recognition of revenue and/or the level of gross profit from a small number of transactions can unfavorably

affect operating results in a particular quarter or year. Factors that may cause our financial results to fluctuate unpredictably include but are not limited to:

- legal, tax, accounting, or regulatory changes (including but not limited to changes in import/export regulations and tariffs, such as regulations imposed by the U.S. government restricting exports to China) or changes in the interpretation or enforcement of existing requirements;
- macroeconomic, industry and market conditions, including those caused by the Russian invasion of Ukraine, conflict in the Middle East, bank failures; and geopolitical issues;
- changes in average selling prices, customer mix, and product mix;
- foreign currency exchange rate fluctuations;
- economic conditions in the electronics and semiconductor industries in general and specifically the semiconductor equipment industry;
- the size and timing of orders from customers;
- changes in our deferred revenue balance, including as a result of factors such as volume purchase agreements, multi-year service contracts, back orders, and down payments toward purchases;
- consolidation of the customer base, which may result in the investment decisions of one customer or market having a significant effect on demand for our products or services;
- procurement shortages;
- the failure of our suppliers or outsource providers to perform their obligations in a manner consistent with our expectations;
- manufacturing difficulties;
- customer cancellations or delays in shipments, installations, customer payments, and/or customer acceptances;
- the extent that customers continue to purchase and use our products and services in their business;
- our customers' reuse of existing and installed products, to the extent that such reuse decreases their need to purchase new products or services;
- our ability to develop, introduce, and market new, enhanced, and competitive products in a timely manner;
- our competitors' introduction of new products;
- legal or technical challenges to our products and technologies;
- transportation, communication, demand, information technology, or supply disruptions based on factors outside our control, such as strikes, acts of God, wars, terrorist activities, widespread outbreak of illness, natural or man-made disasters, or climate change;
- management of supply chain risks;
- rising inflation or interest rates; and
- changes in our estimated effective tax rate.

Our Future Success Depends Heavily on International Sales and the Management of Global Operations

Non-U.S. sales, as reflected in Part I Item 2. Results of Operations of this quarterly report on Form 10-Q, accounted for approximately 93%, 91%, and 92% of total revenue in the six months ended December 24, 2023 and fiscal years 2023, and 2022, respectively. We expect that international sales will continue to account for a substantial majority of our total revenue in future years.

We are subject to various challenges related to international sales and the management of global operations including, but not limited to:

- domestic and international trade regulations, policies, practices, relations, disputes and issues;
- domestic and international tariffs, export controls and other barriers;
- developing customers and/or suppliers, who may have limited access to capital resources;
- global or national economic and political conditions;
- changes in currency controls;
- differences in the enforcement of intellectual property and contract rights in varying jurisdictions;
- our ability to respond to customer and foreign government demands for locally sourced systems, spare parts, and services and develop the necessary relationships with local suppliers;
- changes in and compliance with U.S. and international laws and regulations affecting foreign operations, including U.S. and international trade restrictions and sanctions, international data privacy regulations, such as the General Data Protection Regulation, anti-bribery, anti-corruption, anti-boycott, environmental, tax, and labor laws;
- fluctuations in interest and foreign currency exchange rates;
- the need for technical support resources in different locations; and
- our ability to secure and retain qualified people, and effectively manage people, in all necessary locations for the successful operation of our business.

There is inherent risk, based on the complex relationships among China, Japan, Korea, Taiwan, and the United States, that political, diplomatic and national security influences can lead to trade disputes, impacts and/or disruptions, in particular those affecting the semiconductor industry. This can adversely affect our business with China, Japan, Korea, and/or Taiwan and perhaps the entire Asia Pacific region or global economy. A significant trade dispute, impact and/or disruption in any area where we do business could have a materially adverse impact on our future revenue and profits.

Tariffs, export controls, additional taxes, trade barriers, sanctions, the termination or modification of trade agreements, trade zones, and other duty mitigation initiatives, and any reciprocal retaliatory actions, can increase our manufacturing costs, decrease margins, reduce the competitiveness of our products, disrupt our supply chain operations, or inhibit our ability to sell products or provide services, which has had and in the future could have a material adverse effect on our business, results of operations, or financial conditions. Certain of our international sales depend on our ability to obtain export licenses from the U.S. or foreign governments, and our inability to obtain such licenses, or an expansion of the number or kinds of sales for which export licenses are required, has limited and could in the future further limit the market for our products and has had and could in the future have an adverse impact on our revenues. As is discussed below under the heading “Our Sales to Customers in China, a Significant Region for Us, Have Been Impacted, and are Likely to Be Materially and Adversely Affected by Export License Requirements and Other Regulatory Changes, or Other Governmental Actions in the Course of the Trade Relationship Between the U.S. and China,” the U.S. government has recently imposed new controls, including expanded export license requirements, that significantly impact trade with China. In addition, the U.S. government has an ongoing process of assessing technologies that may be subject to new or additional export controls, and it is possible that such additional controls, if and when imposed, could further adversely impact our ability to sell our products outside the U.S. The implementation by the U.S. government of broad export controls restricting access to our technology (such as recent controls limiting exports to China) may cause customers with international operations to reconsider their use of and reliance on our products, which could adversely impact our future revenue and profits. Furthermore, there are risks that foreign governments may, among other things, take retaliatory actions; insist on the use of local suppliers; compel companies to partner with local companies to design and supply equipment on a local basis, requiring the transfer of intellectual property rights and/or local manufacturing; utilize their influence over their judicial systems to respond to intellectual property disputes or issues; and provide special incentives to government-backed local customers to buy from local competitors, even if their products are inferior to ours; all of which could adversely impact our revenues and margins.

We are exposed to potentially adverse movements in foreign currency exchange rates. The majority of our sales and expenses are denominated in U.S. dollars. However, we are exposed to foreign currency exchange rate fluctuations primarily related to revenues denominated in Japanese yen and expenses denominated in euro, Korean won, Malaysian ringgit, and Indian rupee. Further, in periods in which the U.S. dollar is strong relative to the local currencies of our international customers, this can potentially reduce demand for our products, which may compound the adverse effect of foreign exchange translation on our revenue. Currently, we hedge certain anticipated foreign currency cash flows, primarily anticipated revenues denominated in Japanese yen and expenses denominated in euro, Korean won, Malaysian ringgit, and Indian rupee. In addition, we enter into foreign currency hedge contracts to minimize the short-term impact of the foreign currency exchange rate fluctuations on certain foreign currency denominated monetary assets and liabilities, primarily third-party accounts receivables, accounts payables, and intercompany receivables and payables. We believe these are our primary exposures to currency rate fluctuation. We expect to continue to enter into hedging transactions, for the purposes outlined, for the foreseeable future. However, these hedging transactions may not achieve their desired effect because differences between the actual timing of the underlying exposures and our forecasts of those exposures may leave us either over or under hedged on any given transaction. Moreover, by hedging these foreign currency denominated revenues, expenses, monetary assets, and liabilities, we may miss favorable currency trends that would have been advantageous to us but for the hedges. Additionally, we are exposed to short-term foreign currency exchange rate fluctuations on non-U.S. dollar-denominated monetary assets and liabilities (other than those currency exposures previously discussed), and currently we do not enter into foreign currency hedge contracts against these exposures. In addition, our currency hedges do not necessarily mitigate the potential negative impact of a strong U.S. dollar on demand for our products. Therefore, we are subject to potential unfavorable foreign currency exchange rate fluctuations to the extent that we transact business (including intercompany transactions) in these currencies.

The magnitude of our overseas business also affects where our cash is generated. Certain uses of cash, such as share repurchases, payment of dividends, or the repayment of our notes, can usually only be made with onshore cash balances. Since the majority of our cash is generated outside of the United States, this may impact certain business decisions and outcomes.

Our Business Relies on Technology, Data, Intellectual Property and Other Sensitive Information That is Susceptible to Cybersecurity and Other Threats or Incidents

Our business is dependent upon the use and protection of technology, data, intellectual property and other sensitive information, which may be owned by, or licensed to, us or third parties, such as our customers and vendors. We maintain and rely upon certain critical information systems for the creation, transmission, use and storage of much of this information, and for the effective operation of our business. These information systems include but are not limited to, telecommunications, the Internet, our corporate intranet, various computer hardware and software applications, (some of which may be integrated into the products that we sell or be required in order to provide the services that we offer), network communications, and email. These information systems may be owned and maintained by us, our outsourced providers, or third parties such as vendors, contractors, customers and Cloud providers. In addition, we make use of Software-as-a-Service (SaaS) products for certain important business functions that are provided by third parties and hosted on their own networks and servers, or third-party networks and servers, all of which rely on networks, email and/or the Internet for their function.

The technology, data, intellectual property and other sensitive information we seek to protect are subject to loss, release, misappropriation or misuse, and the information systems containing or transmitting such technology, data, intellectual property and other sensitive information are subject to disruption, breach or failure, in each case as a result of various possible causes. Such causes may include mistakes or unauthorized actions by our employees or contractors, phishing schemes and other third-party attacks, and degradation or loss of service or access to data due to viruses, malware, denial of service attacks, destructive or

inadequate code, power failures, or physical damage to computers, hard drives, communication lines, or networking equipment. Such causes may also include the use of techniques that change frequently or may be disguised or difficult to detect, or designed to remain dormant until a triggering event, or that may continue undetected for an extended period of time. In addition, to the extent artificial intelligence capabilities improve and are increasingly adopted, they may be used to identify vulnerabilities and to implement increasingly sophisticated cybersecurity attacks. Further, the use of artificial intelligence by us, our customers, suppliers, and third-party providers, among others, may also introduce unique vulnerabilities.

We have experienced cybersecurity and other threats and incidents in the past. Although past threats and incidents have not resulted in a material adverse effect, we may incur material losses related to cybersecurity and other threats or incidents in the future. If we were subject to a cybersecurity or other incident, it could have a material adverse effect on our business. Such adverse effects might include:

- loss of (or inability to access, e.g. through ransomware) confidential and/or sensitive information stored on these critical information systems or transmitted to or from those systems;
- the disruption of the proper function of our products, services and/or operations;
- the failure of our or our customers' manufacturing processes;
- errors in the output of our work or our customers' work;
- the loss or public exposure of the personal or other confidential information of our employees, customers or other parties;
- the public release of customer financial and business plans, customer orders and operational results;
- exposure to claims from our employees or third parties who are adversely impacted by such incidents;
- misappropriation or theft of our or a customer's, supplier's or other party's assets or resources, including technology, data, intellectual property or other sensitive information and costs associated therewith;
- reputational damage;
- diminution in the value of our investment in research, development and engineering; or
- our failure to meet, or violation of, regulatory or other legal obligations, such as the timely publication or filing of financial statements, tax information and other required communications.

While we have implemented ISO 27001 compliant security procedures and virus protection software, intrusion prevention systems, identity and access control, and emergency recovery processes, and we carefully select our third-party providers of information systems, to mitigate risks to the information systems that we rely on and to the technology, data, intellectual property and other sensitive information we seek to protect, those security procedures and mitigation and protection systems cannot be guaranteed to be fail-safe, and we may still suffer cybersecurity and other incidents. It has been difficult and may continue to be difficult to hire and retain employees with substantial cybersecurity acumen. In addition, there have been and may continue to be instances of our policies and procedures not being effective in enabling us to identify risks, threats and incidents in a timely manner, or at all, or to respond expediently, appropriately and effectively when incidents occur and repair any damage caused by such incidents, and such occurrences could have a material adverse effect on our business.

We May Not Achieve the Expected Benefits of Our Restructuring Plans and Business Transformation Initiatives, and These Efforts Could Have a Material Adverse Effect on Our Business, Operations, Financial Condition, Results of Operations and Competitive Position

In January 2023, we announced that we are implementing a restructuring plan consisting of a workforce reduction, and that we anticipate undertaking, and may in the future undertake, additional business restructuring, realignment and transformation initiatives. We expect to incur material costs and charges in connection with these plans and initiatives. While the restructuring plan is intended to better align our cost structure with the current economic environment and future business opportunities, and our anticipated transformation initiatives have the goal of strengthening our operations and achieving operational efficiencies, there can be no assurance that we will be successful in these plans and initiatives. Implementation of these plans and initiatives may be costly and disruptive to our business, we may not be able to complete them at the cost or within the time frame contemplated, and we may not be able to obtain the anticipated benefits within the projected timing or at all. Restructuring and transformation may adversely affect our internal programs and our ability to recruit and retain skilled and motivated personnel, may result in a loss of continuity, loss of accumulated knowledge and/or inefficiency during transitional periods, may require a significant amount of management and other employees' time and focus, and may be distracting to employees and management, which may divert attention from operating and growing our business. Additionally, reductions in our workforce may cause a reduction in our production output capabilities which could impact our ability to manufacture or ship products to customers within a mutually beneficial timeline. If we fail to achieve some or all of the expected benefits, it could have a material adverse effect on our business, operations, financial condition, results of operations and competitive position. For more information about our restructuring plan, see Note 15 to our Condensed Consolidated Financial Statements in Part I.

Disruptions to Our Supply Chain and Outsource Providers Could Impact Our Ability to Meet Demand, Increase Our Costs, and Adversely Impact Our Revenue and Operating Results

Our supply chain has played and will continue to play a key role in our product development, manufacturing operations, field installation and support. Our business depends on our timely supply of products and services to meet the demand from our customers, which depends in significant part on the timely delivery of parts, materials and services, including components and subassemblies, from our direct suppliers to us, and to our direct suppliers by other companies. In addition, outsource providers have

played and will continue to play a key role both in the manufacturing and customer-focused operations described above, and in many of our transactional and administrative functions, such as information technology, facilities management, and certain elements of our finance organization. These providers and suppliers might suffer financial setbacks, be acquired by third parties, become subject to exclusivity arrangements that preclude further business with us, or be unable to meet our requirements or expectation due to their independent business decisions or force majeure events that could interrupt or impair their continued ability to perform as we expect. We may also experience significant interruptions of our manufacturing operations, delays in our ability to deliver or install products or perform services or to recognize revenue, increased costs or customer order cancellations as a result of:

- the failure or inability to accurately forecast demand and obtain sufficient quantities of quality parts on a cost-effective basis;
- volatility in the availability and cost of parts, materials or services, including increased costs due to rising inflation or interest rates or other market conditions;
- difficulties or delays in obtaining required import or export approvals;
- shipment delays and increased costs of shipment due to transportation interruptions, capacity constraints, or fuel shortages;
- shortages of semiconductor or other components or materials as a result of increases in demand;
- information technology or infrastructure failures, including those of a third-party supplier or service provider; and
- transportation or supply disruptions based on factors outside our control, such as strikes, acts of God, wars, terrorist activities, widespread outbreak of illness, natural or man-made disasters, or climate change.

Demand for electronic products and other factors, such as the COVID-19 pandemic, have resulted in, and may in the future result in, a shortage of parts, materials and services needed to manufacture, deliver and install our products, as well as delays in and unpredictability of shipments due to transportation interruptions. Such shortages, delays and unpredictability have adversely impacted, and may in the future impact, our suppliers' ability to meet our demand requirements. Difficulties in obtaining sufficient and timely supply of parts, materials or services, and delays in and unpredictability of shipments due to transportation interruptions, have adversely impacted, and may in the future adversely impact, our manufacturing operations and our ability to meet customer demand. In addition, difficulties in obtaining parts, materials or services necessary to deliver or install products or perform services have adversely impacted, and may in the future adversely impact, our ability to recognize revenue, our gross margins on the revenue we recognize, and our other operating results. Although we are endeavoring to pass along some of the impact of increased costs to our customers to counteract adverse impacts to our gross margins and other operating results, such measures could be unsuccessful, or could have the effect of reducing demand, which would adversely impact our revenue.

Further, increased restrictions imposed on a class of chemicals known as per- and polyfluoroalkyl substances ("PFAS"), which are widely used in a large number of products, including parts and materials that are incorporated into our products, may negatively impact our supply chain due to the potentially decreased availability, or non-availability, of PFAS-containing products. Proposed regulations under consideration could require that we transition away from the usage of PFAS-containing products, which could adversely impact our business, operations, revenue, costs, and competitive position. There is no assurance that suitable replacements for PFAS-containing parts and materials will be available at similar costs, or at all.

Although we attempt to select reputable providers and suppliers and we attempt to secure their performance on terms documented in written contracts, it is possible that one or more of these providers or suppliers could fail to perform as we expect, or fail to secure or protect intellectual property rights, and such failure could have an adverse impact on our business. In some cases, the requirements of our business mandate that we obtain certain components and sub-assemblies included in our products from a single supplier or a limited group of suppliers. Where practical, we endeavor to establish alternative sources to mitigate the risk that the failure of any single provider or supplier will adversely affect our business, but this is not feasible in all circumstances. Some key parts are subject to long lead-times or available only from a single supplier or limited group of suppliers, and some sourcing or subassembly is provided by suppliers located in countries other than the countries where we conduct our manufacturing. There is therefore a risk that a prolonged inability to obtain certain components or secure key services could impair our ability to manage operations, ship products, and generate revenues, which could adversely affect our operating results and damage our customer relationships.

We Face Risks Related to the Disruption of Our Primary Manufacturing and R&D Facilities

While we maintain business continuity plans, our manufacturing and R&D facilities are concentrated in a limited number of locations. These locations are subject to disruption for a variety of reasons, such as natural or man-made disasters, widespread outbreaks of illness, war, terrorist activities, political or governmental unrest or instability, disruptions of our information technology resources, utility interruptions, the effects of climate change, or other events beyond our control. Such disruptions may cause delays in developing or shipping our products, in engaging with customers on new product applications, or in supporting customers, which could result in the loss of business or customer trust, adversely affecting our business and operating results.

The COVID-19 Pandemic Adversely Impacted, and May in the Future Adversely Impact, Our Business, Operations, and Financial Results

The COVID-19 pandemic and efforts by national, state and local governments worldwide to control its spread resulted in measures aimed at containing the disease such as quarantines, travel bans, shutdowns, and shelter in place or "stay at home" orders, which collectively significantly restricted the movement of people and goods and the ability of businesses to operate. While the exceptional COVID-19 related challenges have mostly subsided, these restrictions and measures, incidents of confirmed or suspected infections within our workforce or those of our suppliers or other business partners, and our efforts to act in the best interests of our employees,

customers, and suppliers, previously affected and in the future may affect our business and operations by, among other things, causing facility closures, production delays and capacity limitations; disrupting production by our supply chain; disrupting the transport of goods from our supply chain to us and from us to our customers; requiring modifications to our business processes; requiring the implementation of business continuity plans; requiring the development and qualification of alternative sources of supply; requiring the implementation of social distancing measures that impede manufacturing processes; disrupting business travel; disrupting our ability to staff our on-site manufacturing and research and development facilities; delaying capital expansion projects; and necessitating teleworking by portions of our workforce. These impacts caused and in the future may cause delays in product shipments and product development, increases in costs, and decreases in revenue, profitability and cash from operations, which caused and in the future may cause an adverse effect on our results of operations that may be material. The pandemic resulted at various times in significant disruption of global financial markets, increases in levels of unemployment, and economic uncertainty, which adversely impacted our business and may do so in the future, and may lead to significant negative impacts on customer spending, demand for our products, the ability of our customers to pay, our financial condition and the financial condition of our suppliers, and our access to external sources of financing to fund our operations and capital expenditures.

We Are Subject to Risks Relating to Product Concentration and Lack of Product Revenue Diversification

We derive a substantial percentage of our revenues from a limited number of products. Our products are priced up to the tens of millions of dollars per system. As a result, the inability to recognize revenue on even a few systems can cause a significantly adverse impact on our revenues for a given quarter, and, in the longer term, the continued market acceptance of these products is critical to our future success. Our business, operating results, financial condition, and cash flows could therefore be adversely affected by:

- a decline in demand for even a limited number of our products;
- a failure to achieve continued market acceptance of our key products;
- export restrictions or other regulatory or legislative actions that could limit our ability to sell those products to key customers or customers within certain markets;
- an improved version of products being offered by a competitor in the markets in which we participate;
- increased pressure from competitors that offer broader product lines;
- increased pressure from regional competitors;
- technological changes that we are unable to address with our products; or
- a failure to release new or enhanced versions of our products on a timely basis.

In addition, the fact that we offer limited product lines creates the risk that our customers may view us as less important to their business than our competitors that offer additional products and/or product capabilities, including new products that take advantage of “big data” or other new technologies such as machine learning and artificial intelligence. This may impact our ability to maintain or expand our business with certain customers. Such product concentration may also subject us to additional risks associated with technology changes. Our business is affected by our customers’ use of our products in certain steps in their wafer fabrication processes. Should technologies change so that the manufacture of semiconductors requires fewer steps using our products, this could have a larger impact on our business than it would on the business of our less concentrated competitors.

We May Fail to Protect Our Critical Proprietary Technology Rights, Which Could Affect Our Business

Our success depends in part on our proprietary technology and our ability to protect key components of that technology through patents, copyrights, trade secrets and other forms of protection. Protecting our key proprietary technology helps us achieve our goals of developing technological expertise and new products and systems that give us a competitive advantage; increasing market penetration and growth of our installed base; and providing comprehensive support and service to our customers. As part of our strategy to protect our technology, we currently hold a number of U.S. and foreign patents and pending patent applications, and we keep certain information, processes, and techniques confidential and/or as trade secrets. However, we may fail to apply for or obtain sufficient patent protection for our technology, other parties may challenge or attempt to invalidate or circumvent any patents the U.S. or foreign governments issue to us; these governments may fail to issue patents for pending applications; or we may lose trade secret protection over valuable information due to our or third parties’ intentional or unintentional actions or omissions or even those of our own employees. Additionally, intellectual property litigation can be expensive and time-consuming and even when patents are issued, or trade secret processes are followed, the legal systems in certain of the countries in which we do business might not enforce patents and other intellectual property rights as rigorously or effectively as the United States or may favor local entities in their intellectual property enforcement. The rights granted or anticipated under any of our patents, pending patent applications, copyrights, or trade secrets may be narrower than we expect or, in fact, provide no competitive advantages. Moreover, because we selectively file for patent protection in different jurisdictions, we may not have adequate protection in all jurisdictions based on such filing decisions. Any of these circumstances could have a material adverse impact on our business.

Our Ability to Attract, Retain, and Motivate Key Employees Is Critical to Our Success

Our ability to compete successfully depends in large part on our ability to attract, retain, and motivate key employees with the appropriate skills, experiences and competencies. This is an ongoing challenge due to intense competition for top talent, fluctuations in industry or business economic conditions, as well as increasing geographic expansion, and these factors in combination may result in cycles of hiring activity and workforce reductions. Our success in hiring depends on a variety of factors, including the attractiveness of our compensation and benefit programs, global economic or political and industry conditions, our organizational structure, global competition for talent and the availability of qualified employees, the availability of career development opportunities, the ability to

obtain necessary authorizations for workers to provide services outside their home countries, and our ability to offer a challenging and rewarding work environment. We periodically evaluate our overall compensation and benefit programs and make adjustments, as appropriate, to maintain or enhance their competitiveness. If we are not able to successfully attract, retain, and motivate key employees, we may be unable to capitalize on market opportunities and our operating results may be materially and adversely affected.

If We Choose to Acquire or Dispose of Businesses, Product Lines, and Technologies, We May Encounter Unforeseen Costs and Difficulties That Could Impair Our Financial Performance

An important element of our management strategy is to review acquisition prospects that would complement our existing products, augment our market coverage and distribution ability, enhance our technological capabilities, or accomplish other strategic objectives. As a result, we may seek to make acquisitions of complementary companies, products, or technologies, or we may reduce or dispose of certain product lines or technologies that no longer fit our long-term strategies. For regulatory or other reasons, we may not be successful in our attempts to acquire or dispose of businesses, products, or technologies, resulting in significant financial costs, reduced or lost opportunities, and diversion of management's attention. Managing an acquired business, disposing of product technologies, or reducing personnel entails numerous operational and financial risks, including difficulties in assimilating acquired operations and new personnel or separating existing business or product groups, diversion of management's attention away from other business concerns, amortization of acquired intangible assets, adverse customer reaction to our decision to cease support for a product, and potential loss of key employees or customers of acquired or disposed operations. There can be no assurance that we will be able to achieve and manage successfully any such integration of potential acquisitions, disposition of product lines or technologies, or reduction in personnel, or that our management, personnel, or systems will be adequate to support continued operations. Any such inabilities or inadequacies could have a material adverse effect on our business, operating results, financial condition, and/or cash flows.

In addition, any acquisition could result in changes such as potentially dilutive issuances of equity securities, the incurrence of debt and contingent liabilities, the amortization of related intangible assets, and goodwill impairment charges, any of which could materially adversely affect our business, financial condition, results of operations, cash flows, and/or the price of our Common Stock.

LEGAL, REGULATORY AND TAX RISKS

Our Sales to Customers in China, a Significant Region for Us, Have Been Impacted, and are Likely to Be Materially and Adversely Affected by Export License Requirements and Other Regulatory Changes, or Other Governmental Actions in the Course of the Trade Relationship Between the U.S. and China

China represents a large and fast-developing market for the semiconductor equipment industry and therefore is important to our business. Revenue in China, which includes global customers and domestic Chinese customers with manufacturing facilities in China, represented approximately 44%, 26%, and 31% of our total revenue for the six months ended December 24, 2023 and fiscal years 2023 and 2022, respectively. The U.S. and China have historically had a complex relationship that has included actions that have impacted trade between the two countries. Recently, these actions have included an expansion of export license requirements imposed by the U.S. government, which have limited the market for our products, adversely impacted our revenues, and increased our exposure to foreign competition, and could potentially do so to an even greater extent in the future. Most recently, the U.S. government has enacted new rules aimed at restricting China's ability to manufacture advanced semiconductors, which include restrictions on exports, reexports or transfers to, or shipping, transmitting, transferring, or facilitating such movement to, or performing services at, customer facilities in China engaged in certain technology end-uses, without appropriate authorizations obtained from U.S. authorities. In addition, the U.S. Department of Commerce has enacted new rules that have expanded export license requirements for U.S. companies to sell certain items to companies and other end-users in China that are designated as military end-users or have operations that could support military end uses; has added additional Chinese companies to its restricted entity list and unverified list under suspicion of military-civil fusion, support of Russia, or other factors associated with a broadening scope of national security concerns (including Semiconductor Manufacturing International Corporation, or SMIC, and related entities, and Yangtze Memory Technologies Co., Ltd., or YMTC, and related entities); and has expanded an existing rule (referred to as the foreign direct product rule) in a manner that could cause foreign-made wafers, chipsets, and certain related items produced with many of our products to be subject to U.S. licensing requirements if Huawei Technologies Co. Ltd ("Huawei") or its affiliates are parties to a transaction involving the items. These rules have required and may require us to apply for and obtain additional export licenses to supply certain of our products to customers in China, such as SMIC, YMTC and ChangXin Memory Technologies, Inc., and there is no assurance that we will be issued licenses that we apply for on a timely basis or at all. In addition, our customers (including but not limited to Chinese customers) may require U.S. export licenses for the use of our products in order to manufacture products, including semiconductor wafers and integrated circuits, for those of their customers (i.e. Huawei and its affiliates) that are subject to the expanded foreign direct product rule, which may adversely impact the demand for our products. The U.S. Department of Commerce could in the future add additional Chinese companies to its restricted entity list or unverified list or take other actions that could expand licensing requirements or otherwise impact the market for our products and our revenue. The implementation, interpretation and impact on our business of these rules and other regulatory actions taken by the U.S. government is uncertain and evolving, and these rules, other regulatory actions or changes, and other actions taken by the governments of either the U.S. or China, or both, that have occurred and may occur in the future could materially and adversely affect our results of operations.

We Are Exposed to Various Risks from Our Regulatory Environment

We are subject to various risks related to (1) new, different, inconsistent, or even conflicting laws, rules, and regulations that may be enacted by legislative or executive bodies and/or regulatory agencies in the countries that we operate; (2) disagreements or disputes related to international trade; and (3) the interpretation and application of laws, rules, and regulations. As a public company with global operations, we are subject to the laws of multiple jurisdictions and the rules and regulations of various governing bodies, including those related to export controls, financial and other disclosures, corporate governance, privacy, anti-corruption, such as the Foreign Corrupt Practices Act and other local laws prohibiting corrupt payments to governmental officials, anti-boycott compliance, conflict minerals or other social responsibility legislation, immigration or travel regulations, antitrust regulations, and laws or regulations relating to carbon emissions, as well as other laws or regulations imposed in response to climate change concerns, among others. Each of these laws, rules, and regulations imposes costs on our business, including financial costs and potential diversion of our management's attention associated with compliance, and may present risks to our business, including potential fines, restrictions on our actions, and reputational damage if we do not fully comply.

To maintain high standards of corporate governance and public disclosure, we intend to invest appropriate resources to comply with evolving standards. Changes in or ambiguous interpretations of laws, regulations, and standards may create uncertainty regarding compliance matters. Efforts to comply with new and changing regulations have resulted in, and are likely to continue to result in, reduced operating income, and a diversion of management's time and attention from revenue-generating activities to compliance activities. If we are found by a court or regulatory agency not to be in compliance with the laws and regulations, our business, financial condition, and/or results of operations could be adversely affected.

Intellectual Property, Indemnity, and Other Claims Against Us Can Be Costly and We Could Lose Significant Rights That Are Necessary to Our Continued Business and Profitability

Third parties may assert infringement, misappropriation, unfair competition, product liability, breach of contract, or other claims against us. From time to time, other persons send us notices alleging that our products infringe or misappropriate their patent or other intellectual property rights. In addition, law enforcement authorities may seek criminal charges relating to intellectual property or other issues. We also face risks of claims arising from commercial and other relationships. In addition, our bylaws and other indemnity obligations provide that we will indemnify officers and members of our Board of Directors against losses that they may incur in legal proceedings resulting from their service to us. From time to time, in the normal course of business, we indemnify third parties with whom we enter into contractual relationships, including customers and suppliers, with respect to certain matters. We have agreed, under certain conditions, to hold these third parties harmless against specified losses, such as those arising from a breach of representations or covenants, other third-party claims that our products when used for their intended purposes infringe the intellectual property rights of such other third parties, or other claims made against certain parties. In such cases, it is our policy either to defend the claims or to negotiate licenses or other settlements on commercially reasonable terms. However, we may be unable in the future to negotiate necessary licenses or reach agreement on other settlements on commercially reasonable terms, or at all, and any litigation resulting from these claims by other parties may materially and adversely affect our business and financial results, and we may be subject to substantial damage awards and penalties. Moreover, although we have insurance to protect us from certain claims and cover certain losses to our property, such insurance may not cover us for the full amount of any losses, or at all, and may be subject to substantial exclusions and deductibles.

Our Financial Results May Be Adversely Impacted by Higher than Expected Tax Rates or Exposure to Additional Tax Liabilities

We are subject to income, transaction, and other taxes in the United States and various foreign jurisdictions, and significant judgment is required to determine worldwide tax liabilities. The amount of taxes we pay is subject to ongoing audits in various jurisdictions, and a material assessment by a governing tax authority could affect our profitability. As a global company, our effective tax rate is highly dependent upon the geographic composition of worldwide earnings and tax regulations governing each region. Changes in the split of earnings between countries with differing statutory tax rates, in the valuation allowance of deferred tax assets, in tax laws, in material audit assessments, or in expirations of agreements with tax authorities could adversely affect our effective tax rate. In particular, the carrying value of deferred tax assets, which are predominantly in the United States, is dependent upon our ability to generate future taxable income in the United States.

On August 16, 2022, the IRA was signed into law. In general, the provisions of the IRA are effective beginning with our fiscal year 2024, with certain exceptions. The IRA includes a new 15% corporate minimum tax. We have evaluated the potential impacts of the IRA and do not expect it to have a material impact on our effective tax rate. However, we expect future guidance from the Treasury Department and will further analyze when the guidance is issued.

Recommendations made by the Organization for Economic Co-operation and Development's Base Erosion and Profit Shifting 2.0 ("BEPS 2.0") project have the potential to lead to changes in the tax laws in numerous countries, including the implementation of a global minimum tax. Several countries around the world have enacted or proposed changes to their existing tax laws based on these recommendations. As each country in which we operate evaluates their alignment with the recommendations and enacts minimum tax rules, the ultimate impact of any such changes on our effective tax rate remains uncertain. When fully enacted, such changes could have a material impact on our effective tax rate. We will continue to monitor the progress of the BEPS 2.0 implementation.

In addition, the U.S. has made several corporate income tax proposals, including changes in the taxation of non-U.S. income. If enacted, such changes could have a material impact on our effective tax rate.

Increasing and Evolving Environmental Regulations May Adversely Affect Our Operating Results

We are subject to a variety of domestic and international governmental regulations related to the handling, discharge, sale, and disposal of toxic, volatile, or otherwise hazardous or potentially hazardous substances, and the regulatory environment is dynamic. Failure to comply with present or future environmental regulations (such as future regulations imposed on the use or sale of PFAS or PFAS-containing products) could result in fines being imposed on us, require us to undertake remediation activities, suspend production, and/or cease operations, or cause our customers to not accept our products. These regulations could require us to alter or discontinue our current operations in certain jurisdictions, acquire significant additional equipment, incur substantial other expenses to comply with environmental regulations, or take other actions. Compliance obligations, as well as any failure to comply with current or future regulations governing the use, handling, sale, transport, or disposal of hazardous or potentially hazardous substances (including, but not limited to, PFAS) could subject us to future costs and liabilities that may adversely affect our operating results, financial condition, and ability to operate our business.

Our Bylaws Designate the Court of Chancery of the State of Delaware as the Sole and Exclusive Judicial Forum for Certain Legal Actions Between the Company and its Stockholders, Which May Discourage Lawsuits with Respect to Such Claims

Our bylaws provide that, unless we consent otherwise, the Court of Chancery of the State of Delaware will be the sole and exclusive forum for lawsuits asserting certain stockholder claims (including claims asserted derivatively for our benefit), such as claims against directors and officers for breach of a fiduciary duty, claims arising under any provision of the General Corporation Law of Delaware or our certificate of incorporation or our bylaws, or claims governed by the internal affairs doctrine. This is a general summary of the bylaw provision; you should refer to the language of the bylaws for details. While the forum provision does not generally apply to direct claims arising under the Securities Exchange Act of 1934 or the Securities Act of 1933, derivative lawsuits that assert legal claims arising under these statutes could fall within the provision, as recent court decisions have held.

As a Delaware corporation, Delaware law controls issues of our internal affairs, including duties that our directors, officers, employees, and others owe to the Company and its stockholders. We believe that our exclusive forum provision benefits us, and our stockholders, by permitting relatively prompt resolution of lawsuits concerning our internal affairs, promoting consistent application of Delaware law in these lawsuits, and reducing the possibility of duplicative, costly, multi-jurisdictional litigation with the potential for inconsistent outcomes. However, the forum provision limits a stockholder's ability to bring a claim in a judicial forum that it believes may be more favorable than Delaware, and this could discourage the filing of such lawsuits.

FINANCIAL, ACCOUNTING AND CAPITAL MARKETS RISKS

The Market for Our Common Stock Is Volatile, Which May Affect Our Ability to Raise Capital or Make Acquisitions or May Subject Our Business to Additional Costs

The market price for our Common Stock is volatile and has fluctuated significantly over the past years. The trading price of our Common Stock could continue to be highly volatile and fluctuate widely in response to a variety of factors, many of which are not within our control or influence. These factors include but are not limited to the following:

- general market, semiconductor, or semiconductor equipment industry conditions;
- economic or political events, trends, and unexpected developments occurring nationally, globally, or in any of our key sales regions;
- macroeconomic, industry and market conditions, including those caused by the Russian invasion of Ukraine, conflict in the Middle East, or bank failures; and geopolitical issues;
- variations in our quarterly operating results and financial condition, including our liquidity;
- variations in our revenues, earnings, or other business and financial metrics from forecasts by us or securities analysts or from those experienced by other companies in our industry;
- announcements of restructurings, reductions in force, departure of key employees, and/or consolidations of operations;
- margin trading, short sales, hedging and derivative transactions involving our Common Stock;
- government regulations;
- developments in, or claims relating to, patent or other proprietary rights;
- technological innovations and the introduction of new products by us or our competitors;
- commercial success or failure of our new and existing products; or
- disruptions of relationships with key customers or suppliers.

In addition, the stock market experiences significant price and volume fluctuations. Historically, we have witnessed significant volatility in the price of our Common Stock due in part to the price of and markets for semiconductors. These and other factors have adversely affected and may again adversely affect the price of our Common Stock, regardless of our actual operating performance. In the past, following volatile periods in the price of their stock, many companies became the object of securities class action litigation. If we are sued in a securities class action, we could incur substantial costs, and it could divert management's attention and resources and have an unfavorable impact on our financial performance and the price for our Common Stock.

We May Incur Impairments to Goodwill or Long-lived Assets

We review our goodwill identified in business combinations for impairment annually or whenever events or changes in circumstances indicate that the carrying amount of these assets may exceed the fair value. We review all other long-lived assets, including finite-lived intangible assets, whenever events or changes in circumstance indicate that these assets may not be recoverable. The process of evaluating the potential impairment of goodwill and other long-lived assets requires significant judgment. Negative industry or economic trends, including reduced market prices of our Common Stock, reduced estimates of future cash flows, disruptions to our business, slower growth rates, or lack of growth in our relevant business units, could lead to impairment charges against our long-lived assets, including goodwill and other intangible assets.

When evaluating goodwill, if we conclude that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, then a quantitative impairment test is performed and we may be required to record an impairment charge in that period, which could adversely affect our result of operations.

When evaluating other long-lived assets, if we conclude that the estimated undiscounted cash flows attributable to the assets are less than their carrying value, we recognize an impairment loss based on the excess of the carrying amount of the assets over their respective fair values, which could adversely affect our results of operations.

Our valuation methodology for assessing impairment requires management to make judgments and assumptions based on historical experience and to rely heavily on projections of future operating performance. We operate in a highly competitive environment and projections of future operating results and cash flows may vary significantly from actual results. Additionally, if our analysis indicates potential impairment, we may be required to record additional charges to earnings in our financial statements, which could negatively affect our results of operations.

Our Leverage and Debt Service Obligations May Adversely Affect Our Financial Condition, Results of Operations, and Earnings per Share

We have $5.0 billion in aggregate principal amount of senior unsecured notes outstanding (the “Senior Notes”). Additionally, we have funding available to us under our $1.5 billion commercial paper program and our $1.5 billion revolving credit facility, which serves as a backstop to our commercial paper program. Our revolving credit facility also includes an option to increase the amount up to an additional $600.0 million, for a potential total commitment of $2.1 billion. We may, in the future, decide to enter into additional debt arrangements.

In addition, we have entered, and in the future may enter, into derivative instrument arrangements to hedge against the variability of cash flows due to changes in the benchmark interest rate of fixed rate debt. We could be exposed to losses in the event of nonperformance by the counterparties to our derivative instruments.

Our indebtedness could have adverse consequences, including:

- risk associated with any inability to satisfy our obligations;
- a portion of our cash flows that may have to be dedicated to interest and principal payments and may not be available for operations, working capital, capital expenditures, expansion, acquisitions, or general corporate or other purposes; and
- impairment of our ability to obtain additional financing in the future.

Our ability to meet our expenses and debt obligations will depend on our future performance, which will be affected by financial, business, economic, regulatory, and other factors. Furthermore, our operations may not generate sufficient cash flows to enable us to meet our expenses and service our debt. As a result, we may need to enter into new financing arrangements to obtain the necessary funds. If we determine it is necessary to seek additional funding for any reason, we may not be able to obtain such funding or, if funding is available, obtain it on acceptable terms. If we fail to make a payment on our debt, we could be in default on such debt, and this default could cause us to be in default on our other outstanding indebtedness.

Our Credit Agreements Contain Covenant Restrictions That May Limit Our Ability to Operate Our Business

We may be unable to respond to changes in business and economic conditions, engage in transactions that might otherwise be beneficial to us, or obtain additional financing because our debt agreements contain, and any of our other future similar agreements may contain, covenant restrictions that limit our ability to, among other things:

- incur additional debt, assume obligations in connection with letters of credit, or issue guarantees;
- create liens;
- enter into transactions with our affiliates;
- sell certain assets; and
- merge or consolidate with any person.

Our ability to comply with these covenants is dependent on our future performance, which will be subject to many factors, some of which are beyond our control, including prevailing economic conditions. In addition, our failure to comply with these covenants could result in a default under the Senior Notes, or our other debt, which could permit the holders to accelerate such debt. If any of our debt

is accelerated, we may not have sufficient funds available to repay such debt, which could materially and negatively affect our financial condition and results of operation.

There Can Be No Assurance That We Will Continue to Declare Cash Dividends or Repurchase Our Shares at All or in Any Particular Amounts

Our Board of Directors has declared quarterly dividends since April 2014. Our intent to continue to pay quarterly dividends and to repurchase our shares is subject to capital availability and periodic determinations by our Board of Directors that cash dividends and share repurchases are in the best interest of our stockholders and are in compliance with all laws and agreements applicable to the declaration and payment of cash dividends or the repurchasing of shares by us. Future dividends and share repurchases may also be affected by, among other factors, our views on potential future capital requirements for investments in acquisitions and the funding of our research and development; legal risks; changes in federal, state, and international tax laws or corporate laws; contractual restrictions, such as financial or operating covenants in our debt arrangements; availability of onshore cash flow; and changes to our business model. Our dividend payments and share repurchases may change from time to time, and we cannot provide assurance that we will continue to declare dividends or repurchase shares at all or in any particular amounts. A reduction or suspension in our dividend payments or share repurchases could have a negative effect on the price of our Common Stock.

If One or More of Our Counterparty Financial Institutions Default on Their Obligations To Us or Fail, We May Incur Significant Losses

As part of our hedging activities, we enter into transactions involving derivative financial instruments, which may include forward contracts, option contracts, collars and swaps with various financial institutions. In addition, we have significant amounts of cash, cash equivalents and other investments on deposit or in accounts with banks or other financial institutions both in and out of the United States. As a result, we are exposed to the risk of default by or failure of counterparty financial institutions, which may be heightened during economic downturns and periods of uncertainty in the financial markets. If one of our counterparties were to become insolvent or file for bankruptcy, our ability to recover losses incurred as a result of default, or our assets deposited or held in accounts with such counterparty, may be limited by the counterparty's liquidity or the applicable laws governing the insolvency or bankruptcy proceedings. In the event of default or failure of one or more of our counterparties, we could incur significant losses, which could negatively impact our results of operations and financial condition.

ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds

Repurchases of Company Shares

In May 2022, the Board of Directors authorized management to repurchase up to an additional $5.0 billion of Common Stock; this authorization supplements the remaining balance from any prior authorization. These repurchases can be conducted on the open market or as private purchases and may include the use of derivative contracts with large financial institutions, in all cases subject to compliance with applicable law. This repurchase program has no termination date and may be suspended or discontinued at any time.

Share repurchases, including those under the repurchase program, were as follows:

Period	Total Number of Shares Repurchased [1]	Average Price Paid Per Share [2]	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Amount Available Under Repurchase Program [2]
		(in thousands, except per share data)		
Available balance as of June 25, 2023				$ 3,537,217
Quarter ended September 24, 2023	1,266	$ 659.88	1,257	2,707,343
September 25, 2023 - October 22, 2023	304	$ 634.13	302	2,515,931
October 23, 2023 - November 19, 2023	403	$ 630.38	400	2,263,857
November 20, 2023 - December 24, 2023	269	$ 734.44	268	2,067,076
Quarter ended December 24, 2023	976	$ 660.25 [3]	970	$ 2,067,076

(1) During the three and six months ended December 24, 2023, we acquired 6 thousand shares at a total cost of $4.5 million, and 15 thousand shares at a total cost of $10.0 million, respectively, which we withheld through net share settlements to cover minimum tax withholding obligations upon the vesting of restricted stock unit awards granted under our equity compensation plans. The shares retained by us through these net share settlements are not a part of the Board-authorized repurchase program but instead are authorized under our equity compensation plan.

(2) Our net share repurchases are subject to a 1% excise tax under the Inflation Reduction Act. Excise tax incurred reduces the amount available under repurchase programs, as applicable, and is included in the cost of shares repurchased in the Condensed Consolidated Statement of Stockholders' Equity and the calculation of the average price paid per share.

(3) Average price paid per share presented is for the quarter ended December 24, 2023.

ITEM 3. Defaults Upon Senior Securities

None.

ITEM 4. Mine Safety Disclosures

Not applicable.

ITEM 5. Other Information

Rule 10b5-1 and Non-Rule 10b5-1 Trading Arrangements

During the Company's fiscal quarter ended December 24, 2023, except for the following arrangements, none of the Company's directors or officers adopted, modified, or terminated a trading arrangement for the purchase or sale of the Company's common stock that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) (a "Rule 10b5-1 Trading Arrangement") or a non-Rule 10b5-1 trading arrangement (as defined in Item 408(c) of Regulation S-K):

- On October 27, 2023, Patrick J. Lord, the Executive Vice President and Chief Operating Officer of the Company, adopted a Rule 10b5-1 Trading Arrangement. Dr. Lord's Rule 10b5-1 Trading Arrangement provides for: (i) the potential exercise of 2,832 stock options expiring March 1, 2026 and the associated sale of up to 2,832 shares of the Company's common stock resulting from such exercise; (ii) the potential exercise of 2,128 stock options expiring March 2, 2027 and the associated sale of up to 2,128 shares of the Company's common stock resulting from such exercise; (iii) the potential exercise of 1,362 stock options expiring March 1, 2028 and the associated sale of up to 1,362 shares of the Company's common stock resulting from such exercise; (iv) the potential exercise of 2,026 stock options expiring March 1, 2029 and the associated sale of up to 2,026 shares of the Company's common stock resulting from such exercise; (v) the potential exercise of 1,407 stock options expiring March 1, 2030 and the associated sale of up to 1,407 shares of the Company's common stock resulting from such exercise; and (vi) the potential sale of up to 10,893 shares of the Company's common stock; in each case pursuant to the terms of the Rule 10b5-1 Trading Arrangement. Of the aggregate number of stock options to be exercised and shares of the Company's common stock to be sold pursuant to the Rule 10b5-1 Trading Arrangement, a total of 4,960 stock options (and the shares of the Company's common stock resulting from such exercise) and 7,381 shares were, at the time of adoption of the Rule 10b5-1 Trading Arrangement, subject to a prior trading arrangement previously adopted by Dr. Lord, and Dr. Lord's Rule 10b5-1 Trading Arrangement provided that such options and shares would only be subject to the instructions under the Rule 10b5-1 Trading Arrangement if the instructions with respect to those options and shares under the prior trading arrangement had not previously been executed. As of December 24, 2023, all 4,960 stock options (and the associated shares of the Company's common stock resulting from exercise of such options) and all 7,381 shares of the Company's common stock that were subject both to the Rule 10b5-1 Trading Arrangement and to the prior trading arrangement had been transacted under the prior trading arrangement, and accordingly were no longer subject to exercise and/or sale, as applicable, under the Rule 20b5-1 Trading Arrangement. Dr. Lord's Rule 10b5-1 Trading Arrangement has a termination date of March 7, 2025.

- On November 16, 2023, Seshasayee (Sesha) Varadarajan, the Senior Vice President, Global Products Group, of the Company, adopted a Rule 10b5-1 Trading Arrangement. Mr. Varadarajan's Rule 10b5-1 Trading Arrangement provides for the potential sale of up to 11,000 shares of the Company's common stock pursuant to the terms of the Rule 10b5-1 Trading Arrangement. Mr. Varadarajan's Rule 10b5-1 Trading Arrangement has a termination date of November 29, 2024.

The Rule 10b5-1 Trading Arrangements contain pricing conditions that preclude or limit the sale of shares below predetermined minimum prices. Each of the Rule 10b5-1 Trading Arrangements will terminate on the earlier of: (a) its respective termination date indicated above; (b) execution of all trades or expiration of all the orders relating to such trades under the Rule 10b5-1 Trading Arrangement; or (c) such date as the Rule 10b5-1 Trading Arrangement is otherwise terminated according to its terms.

ITEM 6. Exhibits

Exhibit Number	Description
3.1	Bylaws of the Registrant, as amended and restated, dated November 8, 2023 which is incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed on November 9, 2023 (SEC File No. 000-12933).
10.1*	Form of Indemnification Agreement
31.1	Rule 13a-14(a)/15d-14(a) Certification (Principal Executive Officer)
31.2	Rule 13a-14(a)/15d-14(a) Certification (Principal Financial Officer)
32.1	Section 1350 Certification (Principal Executive Officer)
32.2	Section 1350 Certification (Principal Financial Officer)
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Indicates management contract or compensatory plan or arrangement.

LAM RESEARCH CORPORATION

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: January 29, 2024

LAM RESEARCH CORPORATION
(Registrant)

/s/ Douglas R. Bettinger

Douglas R. Bettinger
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

LAM RESEARCH CORPORATION
INDEMNIFICATION AGREEMENT

This Indemnification Agreement ("Agreement") is made as of [date] by and between Lam Research Corporation, a Delaware corporation (the "Company"), and [Print Name] ("Indemnitee").

RECITALS

WHEREAS, the Company desires to attract and retain the services of highly qualified individuals, such as Indemnitee, to serve the Company;

WHEREAS, in order to induce Indemnitee to continue to provide services to the Company, the Company wishes to provide for the indemnification of, and advancement of expenses to, Indemnitee to the maximum extent permitted by law;

WHEREAS, the Bylaws of the Company (the "Bylaws") require indemnification of the officers and directors of the Company as permitted by law, and Indemnitee may also be entitled to indemnification pursuant to the General Corporation Law of the State of Delaware (the "DGCL");

WHEREAS, the Bylaws and the DGCL expressly provide that the indemnification provisions set forth therein are not exclusive, and thereby contemplate that contracts may be entered into between the Company and members of the board of directors, officers and other persons with respect to indemnification;

WHEREAS, the Company and Indemnitee recognize the significant amount of corporate litigation and investigations, which can subject directors, officers, employees, and fiduciaries to potentially expensive litigation risks and related expenses;

WHEREAS, the Board of Directors of the Company (the "Board") has determined that the need to attract and retain highly qualified persons such as Indemnitee is important to, and in the best interests of, the Company and its stockholders and that the Company should act to assure such persons that there will be greater certainty of protection from litigation-related exposures should a litigation, investigation or other proceeding involve [him/her] as a party or witness;

WHEREAS, it is reasonable, prudent and necessary for the Company contractually to obligate itself to indemnify, and to advance expenses on behalf of, such persons to the fullest extent permitted by applicable law so that they will serve or continue to serve the Company free from undue concern that they will not be so indemnified; and

WHEREAS, this Agreement is a supplement to and in furtherance of the indemnification provided in the Bylaws and any resolutions adopted pursuant thereto, and shall not be deemed a substitute therefor, nor to diminish or abrogate any rights of Indemnitee thereunder.

NOW, THEREFORE, in consideration of the premises and the covenants contained herein, the Company and Indemnitee do hereby covenant and agree as follows:

Section 1. Services to the Company. Indemnitee serves as **[a director][an officer]** of the Company. This Agreement shall not be deemed an employment contract between the Company (or any of its subsidiaries or any Enterprise) and Indemnitee. The foregoing notwithstanding, this Agreement shall continue in force after Indemnitee has ceased to serve as **[a director][an officer]** of the Company.

Section 2. Definitions

As used in this Agreement:

(a) A "Company Change in Control" shall be deemed to have occurred if (i) any "Person" (as that term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) is or becomes (except in a transaction approved in advance by the Board) the beneficial owner (as defined in Rule 13d-3 under such Act), directly or indirectly, of securities of the Company representing 20% or more of the combined voting power of the Company's then outstanding securities; (ii) during any period of two consecutive years, individuals who at the beginning of such period constitute the Board cease for any reason to constitute at least a majority thereof unless the election of each director who was not a director at the beginning of the period was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of the period; (iii) the Company liquidates or enters into a transaction to sell all or substantially all of its assets; or (iv) the Company closes a merger, acquisition or other strategic transaction such that less than 50% of the post-closing ownership of the combined entity consists of persons who had been owners of the Company prior to the transaction.

(b) "Corporate Status" describes the status of a person who is or was a director, officer, employee or agent of the Company or of any other corporation, partnership or joint venture, trust, employee benefit plan or other enterprise which such person is or was serving at the request of the Company.

(c) "Enterprise" shall mean the Company and any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise of which Indemnitee is or was serving at the request of the Company as a director, officer, employee, agent or fiduciary.

(d) "Expenses" shall include all reasonable attorneys' fees, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, and other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, or otherwise participating in, a Proceeding. Expenses also shall include Expenses incurred in connection with any appeal resulting from any Proceeding, including without limitation the premium, security for, and other costs relating to any cost bond, supersedes bond, or other appeal bond or its equivalent. Expenses, however, shall not include amounts paid in settlement by Indemnitee or the amount of judgments entered or fines levied against Indemnitee.

(e) "Independent Counsel" means a law firm, or a partner (or, if applicable, member) of such a law firm, that (1) has substantial experience in matters of the law of corporations and other business entities, including the duties owed to such entities by their officers and directors (or persons acting in analogous roles to such entities) and of related entity indemnification obligations, and (2) neither presently is, nor in the past five years has been, retained to represent: (i) the Company or Indemnitee in any matter material to either such party (other than with respect to matters concerning the Indemnitee under this Agreement, or of other indemnitees under similar indemnification agreements), or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's rights under this Agreement. The Company agrees to pay the reasonable fees and expenses of the Independent Counsel referred to above and to fully indemnify such counsel against expenses, claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto.

(f) "Proceeding" means any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, internal or outside investigation (whether designated by the investigative agency as a formal investigation or otherwise), inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought

in the right of the Company or otherwise and whether of a civil, criminal, administrative, regulatory or investigative nature, in which Indemnitee was, is or will be involved as a party or otherwise by reason of the fact of the Indemnitee's Corporate Status, by reason of any action taken by Indemnitee or of any action on **his/her** part while acting in **his/her** Corporate Status, or by reason of the fact that **he/she** is or was serving at the request of the Company as a director, officer, employee or agent of another Enterprise, in each case whether or not serving in such capacity at the time any liability or expense is incurred for which indemnification, reimbursement, or advancement of expenses can be provided under this Agreement.

Section 3. Indemnity in Third-Party Proceedings. The Company shall indemnify Indemnitee in accordance with the provisions of this Section 3 if Indemnitee is, or is threatened to be made, a party to or a participant in any Proceeding, other than a Proceeding by or in the right of the Company to procure a judgment in the Company's favor. Pursuant to this Section 3, Indemnitee shall be indemnified against all Expenses, judgments, fines and amounts paid in settlement actually and reasonably incurred by Indemnitee or on **his/her** behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner **he/she** reasonably believed to be in or not opposed to the best interests of the Company and, in the case of a criminal proceeding, had no reasonable cause to believe that **his/her** conduct was unlawful. Indemnitee shall not enter into any settlement in connection with a Proceeding without the Company's prior consent, which consent will not be unreasonably withheld.

Section 4. Indemnity in Proceedings by or in the Right of the Company. The Company shall indemnify Indemnitee in accordance with the provisions of this Section 4 if Indemnitee is, or is threatened to be made, a party to or a participant in any Proceeding by or in the right of the Company to procure a judgment in the Company's favor. Pursuant to this Section 4, Indemnitee shall be indemnified against all Expenses actually and reasonably incurred by **him/her** or on **his/her** behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner **he/she** reasonably believed to be in or not opposed to the best interests of the Company. No indemnification for Expenses shall be made under this Section 4 in respect of any claim, issue or matter as to which Indemnitee shall have been finally adjudged by a court to be liable to the Company, unless and only to the extent that the Delaware Court of Chancery (the "Delaware Court") or any court in which the Proceeding was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnification for such expenses as the Delaware Court or such other court shall deem proper.

Section 5. Indemnification for Expenses of a Party Who is Wholly or Partly Successful. Notwithstanding any other provisions of this Agreement but subject to Section 8, to the extent

that Indemnitee is a party to or a participant in and is successful, on the merits or otherwise, in any Proceeding or in defense of any claim, issue or matter therein, the Company shall indemnify Indemnitee against all Expenses actually and reasonably incurred by **him/her** in connection therewith. If Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company shall indemnify Indemnitee against (a) all Expenses actually and reasonably incurred by **him/her** or on **his/her** behalf in connection with each successfully resolved claim, issue or matter and (b) any claim, issue or matter related to any such successfully resolved claim, issue or matter as provided in Section 21. For purposes of this Section and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

Section 6. Indemnification for Expenses of a Witness. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is, by reason of **his/her** Corporate Status, a witness in any Proceeding to which Indemnitee is not a party, **he/she** shall be indemnified against all Expenses actually and reasonably incurred by **him/her** or on **his/her** behalf in connection therewith.

Section 7. Additional Indemnification.

(a) Notwithstanding any limitation in Sections 3, 4, or 5, the Company shall indemnify Indemnitee to the fullest extent permitted by law if Indemnitee is a party to or is threatened to be made a party to any Proceeding (including a Proceeding by or in the right of the Company to procure a judgment in the Company's favor) against all Expenses, judgments, fines and amounts paid in settlement actually and reasonably incurred by Indemnitee in connection with the Proceeding.

(b) For purposes of Section 7(a), the meaning of the phrase "to the fullest extent permitted by law" shall include, but not be limited to:

(i) to the fullest extent permitted by the provision of the DGCL that authorizes or contemplates additional indemnification by agreement, or the corresponding provision of any amendment to or replacement of the DGCL or such provision thereof; and

(ii) to the fullest extent authorized or permitted by any amendments to or replacements of the DGCL adopted after the date of this Agreement that increase the extent to which a corporation may indemnify its officers and directors.

Section 8. Exclusions. Notwithstanding any provision in this Agreement to the contrary, the Company shall not be obligated under this Agreement to make any indemnity:

(a) for which payment has actually been made to or on behalf of Indemnitee under any insurance policy or other indemnity provision, except with respect to any excess beyond the amount paid under any insurance policy or other indemnity provision;

(b) for an accounting of profits made from the purchase and sale (or sale and purchase) by Indemnitee of securities of the Company within the meaning of Section 16(b) of the Exchange Act or similar provisions of state statutory law or common law;

(c) for the loss by Indemnitee of any erroneously awarded compensation (as defined in Rule 5608 of the Nasdaq Stock Market listing standards) ("Erroneously Awarded Compensation");

(d) for claims initiated or brought by Indemnitee, except (i) with respect to actions or proceedings brought to establish or enforce a right to receive advancement or indemnification under this Agreement or any other agreement or insurance policy or under the Company's Certificate of Incorporation (the "Charter") or Bylaws now or hereafter in effect relating to indemnification (ii) if the Board has approved the initiation or bringing of such claim, or (iii) as otherwise required under Delaware law; or

(e) for which payment is prohibited by applicable law.

Section 9. Advances of Expenses. The Company shall advance, to the extent not prohibited by law, the reasonable Expenses incurred by Indemnitee in connection with any Proceeding. Such advancement shall be made within thirty (30) days after the receipt by the Company of a statement or statements requesting such advances (which shall include invoices received by Indemnitee in connection with such Expenses-the invoices to afford sufficient detail to permit the Company to assess the reasonableness of the Expense advancement requested; *provided, however*, that in the case of invoices in connection with legal services, references to legal work performed or to expenditures made that could constitute a waiver by Indemnitee of any privilege accorded by applicable law may be redacted from the invoice) from time to time, whether prior to or after final disposition of any Proceeding. Indemnitee shall reasonably cooperate with the Company to manage Expenses; and such cooperation may be considered in assessing the reasonableness of Expenses that are the subject of an advancement request; *provided, however,* that nothing in this sentence shall be construed to undermine the purpose of this Agreement, to undermine Indemnitee's reasonable need under the circumstances of the Proceeding for separate counsel (whether on a public or shadow basis), or to purport to modify

the professional obligations of Indemnitee's legal counsel. Advances shall be unsecured and interest free. Advances shall be made without regard to Indemnitee's ability to repay the expenses and without regard to Indemnitee's ultimate entitlement to indemnification under the other provisions of this Agreement. Advances shall include any and all reasonable expenses incurred pursuing an action to enforce this right of advancement. The Indemnitee shall qualify for advances upon the execution and delivery to the Company of this Agreement which shall constitute an undertaking providing that the Indemnitee undertakes to the fullest extent required by law to repay the advance if and to the extent that it is ultimately determined by a court of competent jurisdiction in a final judgment, not subject to appeal, that Indemnitee is not entitled to be indemnified by the Company. This Section 9 shall not apply to any claim made by Indemnitee for the advancement of Expenses related to a Proceeding for which indemnity is excluded pursuant to Section 8. The right to advances under this paragraph shall in all events continue until final disposition of any Proceeding, including any appeal therein.

Section 10. Procedure for Notification and Defense of Claim.

(a) To obtain indemnification under this Agreement, Indemnitee shall submit to the Company a written request therefor to the Company.

(b) The Company shall be entitled, but not obliged, to participate in the Proceeding at its own expense; *provided, however,* that nothing in this entitlement shall be construed to give the Company a right of access to confidential information concerning, or confidential material from, Indemnitee to which the Company would not otherwise have a right of access.

Section 11. Procedure Upon Application for Indemnification.

(a) Upon written request by Indemnitee for indemnification pursuant to Section 10(a), a determination, if required by applicable law, with respect to Indemnitee's entitlement thereto shall be made in the specific case by the Board, by a majority vote of the directors of the Company who are not parties to the Proceeding, and, if it is so determined that Indemnitee is entitled to indemnification, payment to Indemnitee shall be made within twenty (20) days after such determination. In the event that (i) there are no disinterested directors serving on the Board, (ii) no determination of entitlement to indemnification shall have been made pursuant to the preceding sentence within sixty (60) days after receipt by the Company of the request for indemnification, (iii) a determination is made pursuant to the preceding sentence that Indemnitee is not entitled to indemnification under this Agreement, or (iv) there has been a Company Change in Control prior to the determination by the Board, Indemnitee shall be entitled to have **his/her** entitlement to indemnification determined by Independent Counsel in a written opinion

to the Board, a copy of which shall be delivered to Indemnitee and, if it is so determined by Independent Counsel that Indemnitee is entitled to indemnification, payment to Indemnitee shall be made within twenty (20) days after such determination.

(b) Indemnitee shall cooperate with the Board or Independent Counsel, as applicable, making such determination with respect to Indemnitee's entitlement to indemnification, including providing to the Board or such Independent Counsel, as applicable, upon reasonable advance request any documentation or information that is not privileged or otherwise protected from disclosure and that is reasonably available to Indemnitee and reasonably necessary to such determination. Reasonable costs or expenses (including attorneys' fees and disbursements) incurred by Indemnitee in so cooperating with the Board or Independent Counsel, as applicable, shall be borne by the Company (irrespective of the determination as to Indemnitee's entitlement to indemnification); and the Company hereby indemnifies and agrees to hold Indemnitee harmless therefrom.

(c) In the event that Indemnitee exercises **his/her** right to have **his/her** entitlement to indemnification determined by Independent Counsel as contemplated by Section 11(a), the Independent Counsel shall be selected by Indemnitee. The Company may, within ten (10) days after written notice of such selection, deliver to the Indemnitee a written objection to such selection; *provided*, *however*, that such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of "Independent Counsel" as defined in Section 2 of this Agreement, and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected shall act as Independent Counsel. If such written objection is so made and substantiated, the Independent Counsel so selected may not serve as Independent Counsel unless and until such objection is withdrawn or a court has determined that such objection is without merit. If, within twenty (20) days after the later of submission by Indemnitee of a written request for indemnification pursuant to Section 10(a) hereof, and the final disposition of the Proceeding (including any appeal therein), no Independent Counsel shall have been selected and not objected to, the Indemnitee may petition a court of competent jurisdiction for resolution of any objection that shall have been made by the Company to the selection of Independent Counsel and/or for the appointment as Independent Counsel of a person selected by the court or by such other person as the court shall designate; and the person with respect to whom all objections are so resolved or the person so appointed shall act as Independent Counsel under Section 11(a) hereof. Upon the due commencement of any judicial proceeding or arbitration pursuant to Section 13(a) of this Agreement, Independent Counsel shall be discharged and relieved of any further responsibility in such capacity (subject to the applicable standards of professional conduct then prevailing).

(d) In the event that Independent Counsel is selected to make the determination of Indemnitee's entitlement to indemnification as contemplated by clause (ii) or (iii) of the second sentence of Section 11(a), neither the failure of the Board to have made a determination that indemnification is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor an actual determination by the Board that Indemnitee has not met such applicable standard of conduct, shall create a presumption that Indemnitee has not met the applicable standard of conduct; and the Independent Counsel making such determination shall be bound by the presumptions set forth in Section 12.

(e) The rights set forth in this Section 11 with respect to Indemnitee selecting Independent Counsel to determine Indemnitee's entitlement to indemnification shall be in addition to, and not in lieu of, Indemnitee's rights set forth in Section 13.

Section 12. Presumptions and Effect of Certain Proceedings.

(a) In making a determination with respect to entitlement to indemnification hereunder, the Board or Independent Counsel, as applicable, making such determination shall presume that Indemnitee is entitled to indemnification under this Agreement if Indemnitee has submitted a request for indemnification in accordance with Section 10(a) of this Agreement, and the Company shall have the burden of proof to overcome that presumption in connection with the making by the Independent Counsel of any determination contrary to that presumption. Neither the failure of the Board or of Independent Counsel to have made a determination prior to the commencement of any action pursuant to this Agreement that indemnification is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor an actual determination by the Board or by Independent Counsel that Indemnitee has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that Indemnitee has not met the applicable standard of conduct.

(b) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of guilty, *nolo contendere* or its equivalent, shall not (except as otherwise expressly provided in this Agreement) of itself adversely affect the right of Indemnitee to indemnification or create a presumption that Indemnitee did not act in good faith and in a manner which **he/she** reasonably believed to be in or not opposed to the best interests of the Company or, with respect to any criminal Proceeding, that Indemnitee had reasonable cause to believe that **his/her** conduct was unlawful.

(c) For purposes of any determination of good faith, Indemnitee shall be deemed to have acted in good faith if Indemnitee's action was based on the records or books of account of the Enterprise, including financial statements, or on information supplied to Indemnitee by the

officers of the Enterprise in the course of their duties, or on the advice of legal counsel for the Enterprise or the Board or counsel selected by any committee of the Board or on information or records given or reports made to the Enterprise by an independent certified public accountant or by an appraiser, investment banker or other expert selected with reasonable care by the Company or the Board or any committee of the Board. The provisions of this Section 12(c) shall not be deemed to be exclusive or to limit in any way the other circumstances in which the Indemnitee may be deemed to have met the applicable standard of conduct set forth in this Agreement.

(d) The knowledge and/or actions, or failure to act, of any director, officer, agent or employee of the Enterprise shall not be imputed to Indemnitee for purposes of determining the right to indemnification under this Agreement.

Section 13. Remedies of Indemnitee.

(a) Subject to Section 13(e), in the event that (i) a determination is made pursuant to Section 11 of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (ii) advancement of Expenses is not timely made pursuant to Section 9 of this Agreement, (iii) no determination of entitlement to indemnification shall have been made pursuant to Section 11(a) of this Agreement within sixty (60) days after receipt by the Company of the request for indemnification, (iv) payment of indemnification is not made pursuant to Section 5 or 6 or the last sentence of Section 11(b) of this Agreement within twenty (20) days after receipt by the Company of a written request therefor, or (v) payment of indemnification pursuant to Section 3, 4 or 7 of this Agreement is not made within twenty (20) days after a determination has been made that Indemnitee is entitled to indemnification, Indemnitee shall be entitled to an adjudication by a court of **his/her** entitlement to such indemnification or advancement. Alternatively, Indemnitee, at **his/her** option, may seek an award in arbitration to be conducted by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association. Indemnitee shall commence such proceeding seeking an adjudication or an award in arbitration within 180 days following the date on which Indemnitee first has the right to commence such proceeding pursuant to this Section 13(a); *provided*, *however*, that the foregoing clause shall not apply in respect of a proceeding brought by Indemnitee to enforce **his/her** rights under Section 5 of this Agreement. The Company shall not oppose Indemnitee's right to seek any such adjudication or award in arbitration.

(b) In the event that a determination shall have been made pursuant to Section 11(a) of this Agreement that Indemnitee is not entitled to indemnification, any judicial proceeding or arbitration commenced pursuant to this Section 13 shall be conducted in all respects as a de novo trial, or arbitration, on the merits; and Indemnitee shall not be prejudiced by reason of that adverse determination. In any judicial proceeding or arbitration commenced

pursuant to this Section 13, the Company shall have the burden of proving Indemnitee is not entitled to indemnification or advancement, as the case may be.

(c) If a determination shall have been made pursuant to Section 11(a) of this Agreement that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding or arbitration commenced pursuant to this Section 13, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law.

(d) The Company shall be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section 13 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that the Company is bound by all the provisions of this Agreement. The Company shall indemnify Indemnitee against any and all expenses and, if requested by Indemnitee, shall (within twenty (20) days after receipt by the Company of a written request therefor) advance, to the extent not prohibited by law, such expenses to Indemnitee, which are incurred by Indemnitee in connection with any action brought by Indemnitee for indemnification or advancement from the Company under this Agreement or under any directors' and officers' liability insurance policies maintained by the Company, regardless of whether Indemnitee ultimately is determined to be entitled to such indemnification, advancement or insurance recovery, as the case may be, in the suit for which indemnification or advances is being sought.

(e) Notwithstanding anything in this Agreement to the contrary, no determination as to entitlement to indemnification under this Agreement shall be required to be made prior to the final disposition of the Proceeding, including any appeal therein.

Section 14. Non-exclusivity; Survival of Rights; Insurance; Subrogation.

(a) The rights of indemnification and to receive advancement as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the Charter, the Bylaws, any agreement, a vote of stockholders or a resolution of directors, or otherwise. No amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee in **his/her** Corporate Status prior to such amendment, alteration or repeal. To the extent that a change in Delaware law, whether by statute or judicial decision, permits greater indemnification or advancement than would be afforded currently under the Charter, Bylaws and this Agreement, it is the intent of the parties that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such

change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

(b) The Company currently maintains an insurance policy or policies providing liability insurance for directors and officers of the Company or of any other Enterprise, and to the extent liability insurance coverage of comparable scope can continue to be purchased at reasonable cost, the Company shall continue to maintain such coverage. Indemnitee shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage available for any such director, officer, employee or agent under such policy or policies. If, at the time of the receipt of a notice of a claim pursuant to the terms hereof, the Company has director and officer liability or other applicable insurance in effect, the Company shall give prompt notice of the commencement of such proceeding to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of Indemnitee, all amounts payable as a result of such proceeding in accordance with the terms of such policies; *provided, however*, that in no event shall such insurance policy or policies cover any amounts related to the loss by Indemnitee of any Erroneously Awarded Compensation. Where it is feasible to do so without undermining the Indemnitee's reasonable need defend **himself/herself** in a Proceeding, Indemnitee agrees to cooperate with the Company to maximize the insurance coverage applicable to a particular Proceeding, including without limitation by agreeing to be jointly represented (on a public or shadow basis) by legal counsel with other directors, officers, employees, agents or fiduciaries of the Company who are also involved with the Proceeding, or by agreeing to legal representation by a legal services provider acceptable to the insurance carrier(s) that underwrite the liability insurance coverage purchased by the Company; *provided, however,* that nothing in this sentence shall be construed to pressure an Indemnitee or **his/her** legal counsel to violate any applicable rule of professional responsibility applicable to legal counsel's provision of legal services, or to undermine Indemnitee's reasonable need under the circumstances of the Proceeding for separate counsel (whether on a public or shadow basis).

(c) In the event of any payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

(d) The Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable hereunder (or for which advancement is provided hereunder) if and to the extent that Indemnitee has otherwise actually received such payment under any insurance policy, contract, agreement or otherwise.

(e) The Company's obligation to provide indemnification or advancement hereunder to Indemnitee who is or was serving at the request of the Company as a director, officer, employee or agent of any other Enterprise shall be reduced by any amount Indemnitee has actually received as indemnification or advancement from such other Enterprise. Where Indemnitee has indemnification rights relating to a Proceeding through both the Company and any other Enterprise involved with the Proceeding and the other Enterprise disputes primary responsibility to advance Expenses to or indemnify Indemnitee, the indemnification rights under this Agreement shall apply; *provided, however,* that the Company's agreement to protect Indemnitee shall be without prejudice to any rights the Company may have to seek from such other Enterprise reimbursement of any expenses or other amounts paid on behalf of Indemnitee.

Section 15. Duration of Agreement. This Agreement shall continue until and terminate upon the later of: (a) ten (10) years after the date that Indemnitee shall have ceased to serve as a **[director]**[**Section 16 officer**] of the Company, or (b) one (1) year after the final termination of any Proceeding, including any appeal, then pending in respect of which Indemnitee is granted rights of indemnification or advancement hereunder and of any proceeding commenced by Indemnitee pursuant to Section 13 of this Agreement relating thereto. This Agreement shall be binding upon the Company and its successors and assigns and shall inure to the benefit of Indemnitee and **his/her** heirs, executors and administrators. The Company shall require and cause any successor (whether direct or indirect by purchase, merger, consolidation or otherwise) to all, substantially all or a substantial part, of the business and/or assets of the Company, by written agreement in form and substance satisfactory to the Indemnitee, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

Section 16. Severability. If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Agreement (including without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and shall remain enforceable to the fullest extent permitted by law; (b) such provision or provisions shall be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and (c) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each

portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested thereby.

Section 17. Enforcement.

(a) The Company expressly confirms and agrees that it has entered into this Agreement and assumed the obligations imposed on it by this Agreement to induce Indemnitee to serve as **[a director]**[**an officer**] of the Company, and the Company acknowledges that Indemnitee is relying upon this Agreement in serving as **[a director]**[**an officer**] of the Company.

(b) This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and, subject to Section 14(a), supersedes all prior agreements and understandings, oral, written and implied, between the parties hereto with respect to the subject matter hereof; *provided*, *however*, that this Agreement is a supplement to and in furtherance of the Charter of the Company, the Bylaws of the Company and applicable law, and shall not be deemed a substitute therefor, nor to diminish or abrogate any rights of Indemnitee thereunder.

(c) Without limiting the effect of this Section 17, any and all rights of Indemnitee under any prior agreement related to the loss by Indemnitee of Erroneously Awarded Compensation, including, without limitation, any indemnification, expenses, reimbursement, insurance recovery, or advancements related to such Erroneously Awarded Compensation, are hereby null and void and superseded in their entirety to the extent that they are inconsistent with any of the provisions of this Agreement.

Section 18. Modification and Waiver. No supplement, modification or amendment, or waiver of any provision, of this Agreement shall be binding unless executed in writing by the parties thereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions of this Agreement nor shall any waiver constitute a continuing waiver.

Section 19. Notice by Indemnitee. Indemnitee agrees promptly to notify the Company in writing upon being served with any summons, citation, subpoena, complaint, indictment, information or other document relating to any Proceeding or matter which may be subject to indemnification or advancement covered hereunder. The failure of Indemnitee to so notify the Company shall not relieve the Company of any obligation which it may have to the Indemnitee

under this Agreement or otherwise unless the Company can demonstrate prejudice from such failure by Indemnitee.

Section 20. Notices. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed to have been duly given if (a) delivered by hand and receipted for by the party to whom said notice or other communication shall have been directed, (b) mailed by certified or registered mail with postage prepaid, on the third business day after the date on which it is so mailed, (c) mailed by reputable overnight courier and receipted for by the party to whom said notice or other communication shall have been directed or (d) sent by facsimile transmission, with receipt of oral confirmation that such transmission has been received:

(a) If to Indemnitee, at such address as Indemnitee shall provide to the Company.

(b) If to the Company to:

Lam Research Corporation
4650 Cushing Parkway
Fremont, California 94538
Attn: Chief Legal Officer

or to any other address as may have been furnished to Indemnitee by the Company.

Section 21. Contribution. To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee for any reason whatsoever, the Company, in lieu of indemnifying Indemnitee, shall contribute to the amount incurred by Indemnitee, whether for judgments, fines, penalties, excise taxes, amounts paid or to be paid in settlement and/or for Expenses, in connection with any claim relating to an indemnifiable event under this Agreement, in such proportion as is deemed fair and reasonable in light of all of the circumstances of such Proceeding in order to reflect (i) the relative benefits received by the Company and Indemnitee as a result of the event(s) and/or transaction(s) giving cause to such Proceeding; and/or (ii) the relative fault of the Company (and its directors, officers, employees and agents) and Indemnitee in connection with such event(s) and/or transaction(s).

Section 22. Applicable Law and Consent to Jurisdiction. This Agreement and the legal relations among the parties shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without regard to its conflict of laws rules. Except with respect to any arbitration commenced by Indemnitee pursuant to Section 13(a) of this Agreement, the Company and Indemnitee hereby irrevocably and unconditionally (i) agree that any action or

proceeding arising out of or in connection with this Agreement shall be brought only in the Delaware Court, and not in any other state or federal court in the United States of America or any court in any other country, (ii) consent to submit to the exclusive jurisdiction of the Delaware Court for purposes of any action or proceeding arising out of or in connection with this Agreement, (iii) appoint, to the extent such party is not otherwise subject to service of process in the State of Delaware, The Corporation Trust Company, Wilmington, Delaware as its agent in the State of Delaware as such party's agent for acceptance of legal process in connection with any such action or proceeding against such party with the same legal force and validity as if served upon such party personally within the State of Delaware, (iv) waive any objection to the laying of venue of any such action or proceeding in the Delaware Court, and (v) waive, and agree not to plead or to make, any claim that any such action or proceeding brought in the Delaware Court has been brought in an improper or inconvenient forum.

Section 23. Identical Counterparts. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same Agreement. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Agreement.

Section 24. Miscellaneous. The headings of the paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed as of the day and year first above written.

LAM RESEARCH CORPORATION

By:_____

Print Name:_____

Print Title:_____

Indemnitee:_____

[Print Name]

Exhibit 31.1

RULE 13a-14(a)/15d-14(a) CERTIFICATION (PRINCIPAL EXECUTIVE OFFICER)

I, Timothy M. Archer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Lam Research Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

January 29, 2024

/s/ Timothy M. Archer

Timothy M. Archer
President and Chief Executive Officer

Exhibit 31.2

RULE 13a-14(a)/15d-14(a) CERTIFICATION (PRINCIPAL FINANCIAL OFFICER)

I, Douglas R. Bettinger, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Lam Research Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

January 29, 2024

/s/ Douglas R. Bettinger

Douglas R. Bettinger
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

SECTION 1350 CERTIFICATION (PRINCIPAL EXECUTIVE OFFICER)

In connection with the Quarterly Report of Lam Research Corporation (the "Company") on Form 10-Q for the fiscal period ending December 24, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Timothy M. Archer, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to my knowledge, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

January 29, 2024

/s/ Timothy M. Archer
Timothy M. Archer
President and Chief Executive Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and will not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") or otherwise subject to the liability of that section. Such certification will not be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.

Exhibit 32.2

SECTION 1350 CERTIFICATION (PRINCIPAL FINANCIAL OFFICER)

In connection with the Quarterly Report of Lam Research Corporation (the "Company") on Form 10-Q for the fiscal period ending December 24, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Douglas R. Bettinger, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to my knowledge, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

January 29, 2024

/s/ Douglas R. Bettinger
Douglas R. Bettinger
Executive Vice President and Chief Financial Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and will not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") or otherwise subject to the liability of that section. Such certification will not be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.