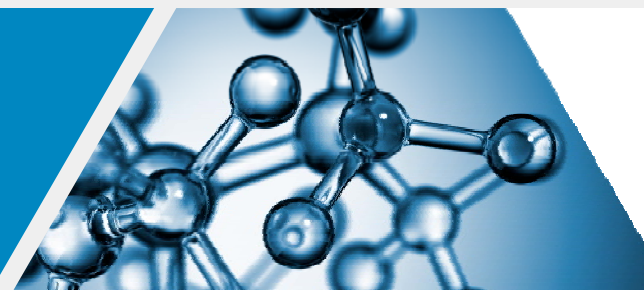




Lam Research Corporation

June Quarter 2017 Financial Results

July 26, 2017



Cautionary Statement Regarding Forward-Looking Statements

This presentation and the accompanying discussion contain “forward-looking statements” under U.S. securities laws. Forward-looking statements include any statements that are not statements of historical fact. Examples of forward-looking statements include, but are not limited to: (1) anticipated business, balance sheet, cash flow and financial measures and results, including guidance, whether on a GAAP or non-GAAP basis; (2) economic, market, industry and industry segment expectations; and (3) our ability to successfully execute business, product and growth plans or strategies, or otherwise deliver value for customers and stockholders. Forward-looking statements speak only as of the date they are made and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed, including the factors discussed in our filings with the Securities and Exchange Commission (“SEC”). You should not place undue reliance on forward-looking statements. Lam undertakes no obligation to publicly update any forward-looking statements.

The background is a solid blue color with a pattern of overlapping triangles in various shades of blue, creating a geometric, crystalline effect.

Business Review and Industry Outlook

Martin Anstice
President & Chief Executive Officer

June Quarter and 1H CY'17 Performance

- ▶ Earnings per share* of \$3.11 in QJun'17
- ▶ Cumulative 1H CY'17 shipments of \$4.96 billion
- ▶ Shipments, revenue, gross and operating margins*, and EPS* above the mid-point of guidance in QJun'17



Delivered another record quarter

*Data are presented on a non-GAAP basis. Reconciliations of U.S. GAAP results to non-GAAP results can be found at the end of this presentation.

Industry Strength Continues

- ▶ DRAM and NAND demand driving increased expectations for Lam's CY'17 and CY'18 performance
- ▶ Memory supply/demand balance remains tight, with customers planning incremental higher capital spending
- ▶ 2017 WFE spending trending above our prior expectations; currently expect strong 2018
- ▶ Lam's CY'17 shipments on track to significantly exceed WFE growth

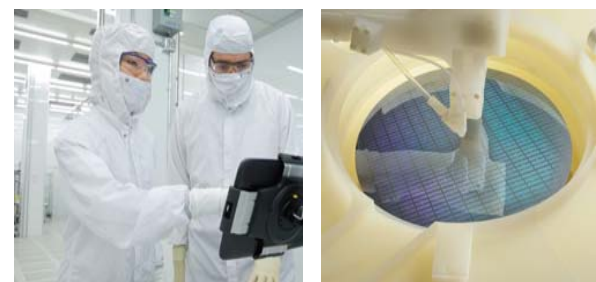


Demand trends appear compelling

Lam's Journey to Long-Term Sustainable, Profitable Growth

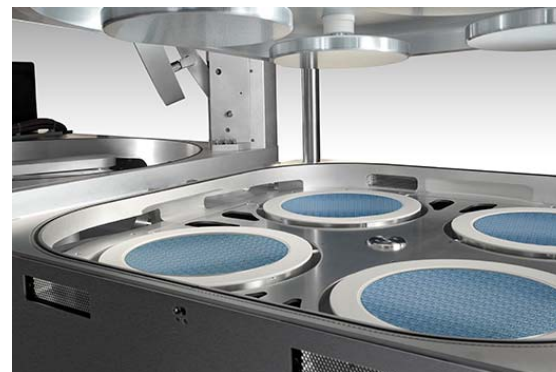
Key Milestones:

- ▶ Built leading position in etch market share
- ▶ Transitioned into a multi-product and services company
- ▶ Identified and positioned ahead of key technology inflections
- ▶ Expanded SAM by 20 points to >35% WFE
- ▶ Solidified strength in memory
- ▶ Diversified our revenue exposure in logic and foundry
- ▶ Delivering customer support business group growth in excess of installed base growth



Increased Strategic Relevance of Lam Products and Services

- ▶ AI-driven data needs are leading to sustainably higher demand for memory spending
- ▶ Semi industry is embracing vertical scaling as the key driver of performance improvement
- ▶ Etch and deposition directly enable vertical scaling
- ▶ Lam has highest combined market share in etch and deposition
- ▶ Committed to invest in R&D to extend our market share leadership



Leveraging our position to optimize long-term value creation

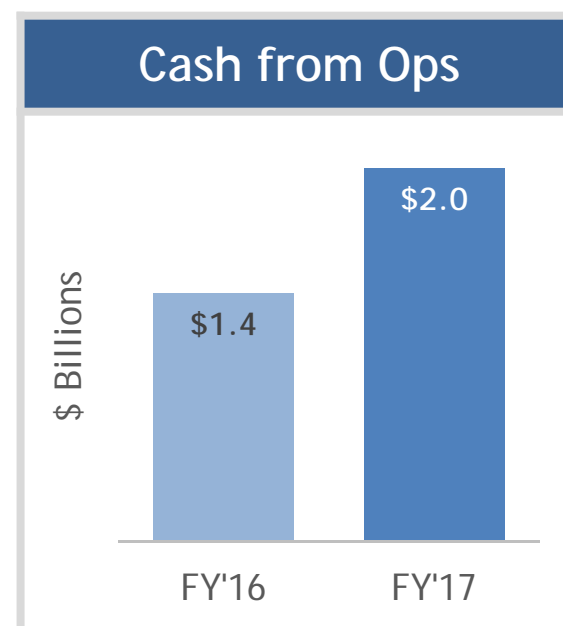
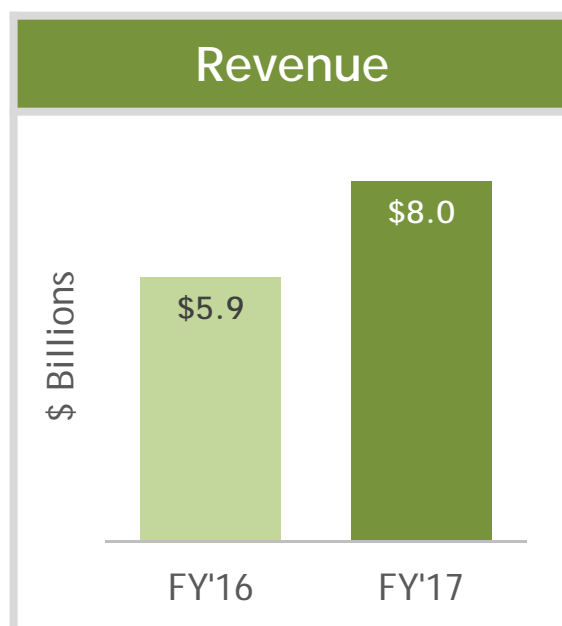
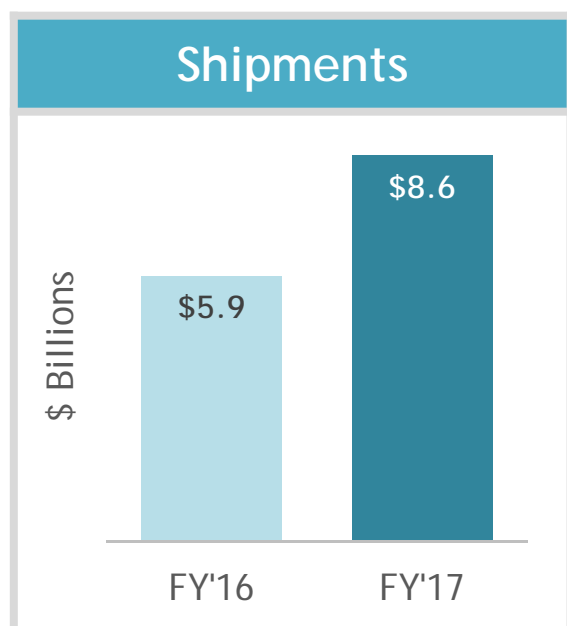


June Quarter 2017 Financial Results and September Quarter 2017 Outlook

Doug Bettinger
Executive Vice President & Chief Financial Officer

June Quarter and FY'17 Results

- ▶ QJun'17 above mid-point of guidance for all metrics
- ▶ Shipments, revenue, cash from operations, gross margin dollars*, operating income dollars*, and earnings per share* at record levels in both QJun'17 and FY'17

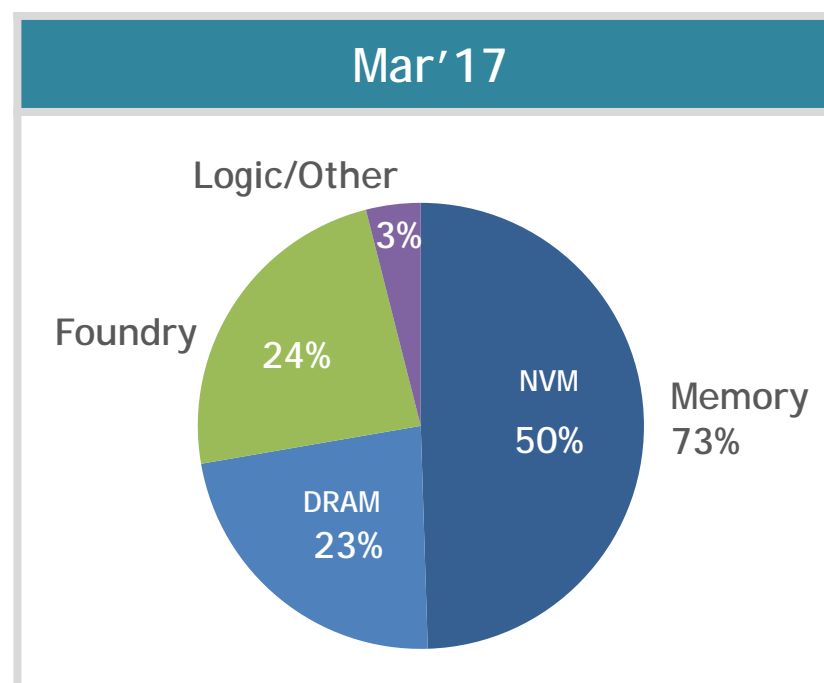
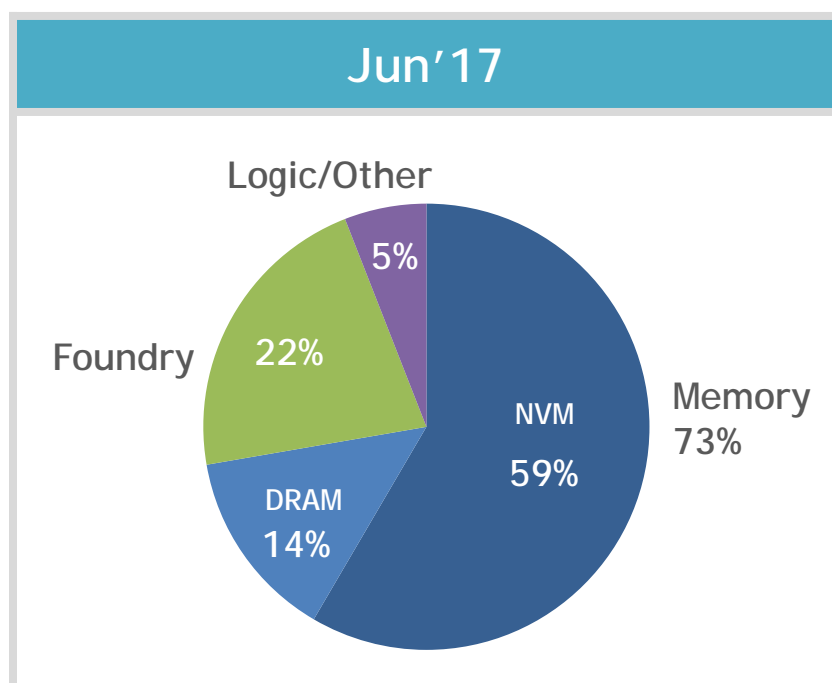


Solid financial performance in FY'17

*Data are presented on a non-GAAP basis. Reconciliations of U.S. GAAP results to non-GAAP results can be found at the end of this presentation.

June Quarter Shipments

- ▶ 5% increase compared to March quarter
- ▶ System shipments segment mix:



QJun'17 shipments of \$2.543 billion

June Quarter Financial Results

	Jun'17	Mar'17
Revenue	\$2,345M	\$2,154M
Non-GAAP Gross Margin*	46.5%	46.1%
Non-GAAP Operating Expenses*	\$440M	\$414M
Non-GAAP Operating Income*	\$650M	\$578M
Non-GAAP Operating Margin*	27.7%	26.9%
Non-GAAP Other Income/(Expense)*	\$1.2M	(\$2.2M)
Non-GAAP Tax Rate*	13%	12%
GAAP Diluted EPS	\$2.82	\$3.10
Non-GAAP Diluted EPS*	\$3.11	\$2.80
Non-GAAP Diluted Share Count*	182M	182M

*A reconciliation of U.S. GAAP results to non-GAAP results can be found at the end of this presentation.

Key Balance Sheet and Financial Metrics

	Jun'17	Mar'17
Total Consolidated Gross Cash Balance	\$6,297M	\$6,140M
Account Receivables, Net	\$1,673M	\$1,636M
DSO	65 Days	69 Days
Inventory Turns	4.1	4.2
Deferred Revenue*	\$966M	\$842M
Capital Expenditures	\$35M	\$44M
Equity Compensation Expense	\$44M	\$35M
Amortization Expense	\$39M	\$38M
Depreciation Expense	\$40M	\$38M
Headcount	~9,100	~8,600

*Does not include anticipated revenues from previous shipments to Japanese customers.
A reconciliation of deferred revenue can be found at the end of this presentation.

September 2017 Quarter Non-GAAP Guidance

	Sep'17 Guidance
Shipments	\$2.350 billion \pm \$100 million
Revenue	\$2.450 billion \pm \$100 million
Non-GAAP Gross Margin	46.5% \pm 1%
Non-GAAP Operating Margin	28.0% \pm 1%
Non-GAAP Earnings per Share*	\$3.25 \pm \$0.12

*Based on a share count of ~183 million shares.

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Questions & Answers

Appendix - Reconciliation

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

	Three Months Ended	
	June 25, 2017	March 26, 2017
U.S. GAAP net income	\$ 526,424	\$ 574,713
Pre-tax non-GAAP items:		
Amortization related to intangible assets acquired in Novellus transaction - cost of goods sold	21,250	21,250
Amortization related to intangible assets acquired in Novellus transaction -selling, general and administrative	16,083	16,083
Cost associated with business process reengineering- selling, general and administrative	4,813	2,674
Amortization of note discounts - other expense, net	5,631	5,654
Net income tax benefit on non-GAAP items	(5,697)	(6,418)
Income tax benefit on conclusion of certain tax matters	(2,986)	(106,205)
Non-GAAP net income	\$ 565,518	\$ 507,751
Non-GAAP net income per diluted share	\$ 3.11	\$ 2.80
U.S. GAAP number of shares used for per diluted share calculation	186,427	185,094
Effect of convertible note hedge	(4,334)	(3,555)
Non-GAAP number of shares used for per diluted share calculation	182,093	181,539

Appendix - Reconciliation

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

	Twelve Months Ended	
	June 25, 2017	June 26, 2016
U.S. GAAP net income	\$ 1,697,763	\$ 914,049
Pre-tax non-GAAP items:		
Amortization related to intangible assets acquired in Novellus transaction - cost of goods sold	85,000	85,000
Product rationalization - cost of goods sold	6,127	—
Novellus acquisition-related inventory fair value impact - cost of goods sold	—	777
Restructuring charges - cost of goods sold	—	371
Restructuring charges - research and development	—	4,355
Product rationalization - research and development	1,650	—
Cost associated with campus consolidation - research and development	3,556	7,763
KLA-Tencor acquisition-related costs - selling, general and administrative	9,972	50,985
Gain on sale of assets, net associated exit costs - selling, general and administrative	—	(15,223)
Amortization related to intangible assets acquired in Novellus transaction -selling, general and administrative	64,332	64,333
Restructuring charges - selling, general and administrative	—	4,997
Costs associated with business process reengineering - selling, general and administrative	7,487	—
Litigation settlement - selling, general and administrative	4,000	—
Amortization of note discounts - other expense, net	22,869	35,205
Costs related to early termination of KLA-Tencor acquisition funding - other expense, net	34,518	—
Amortization of bridge loan issuance costs and other related fees - other expense, net	—	33,843
KLA-Tencor pre-acquisition funding interest expense, net - other expense, net	20,391	3,821
Net income tax benefit on non-GAAP items	(47,941)	(49,859)
Income tax benefit on conclusion of certain tax matters	(109,191)	(3,017)
Change to income tax benefit due to a court ruling	—	(22,812)
Income tax benefit related to tax extenders, primarily the research and development credit	—	(13,603)
Non-GAAP net income	\$ 1,800,533	\$ 1,100,985
Non-GAAP net income per diluted share	\$ 9.98	\$ 6.37
U.S. GAAP number of shares used for per diluted share calculation	183,770	175,159
Effect of convertible note hedge	(3,302)	(2,398)
Non-GAAP number of shares used for per diluted share calculation	180,468	172,761

Appendix - Reconciliation

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

	Three Months Ended			
	June 25, 2017	March 26, 2017	December 25, 2016	September 25, 2016
U.S. GAAP gross margin	\$ 1,068,961	\$ 971,404	\$ 846,797	\$ 716,197
Pre-tax non-GAAP items:				
Amortization related to intangible assets acquired in Novellus transaction	21,250	21,250	21,250	21,250
Product rationalization	—	—	6,127	—
Non-GAAP gross margin	\$ 1,090,211	\$ 992,654	\$ 874,174	\$ 737,447
U.S. GAAP gross margin as a percentage of revenue	45.6%	45.1%	45.0%	43.9%
Non-GAAP gross margin as a percentage of revenue	46.5%	46.1%	46.4%	45.2%
U.S. GAAP operating expenses	\$ 461,022	\$ 432,986	\$ 406,969	\$ 400,250
Pre-tax non-GAAP items:				
Amortization related to intangible assets acquired in Novellus transaction	(16,083)	(16,083)	(16,083)	(16,083)
Costs associated with business process reengineering	(4,813)	(2,674)	—	—
KLA-Tencor acquisition-related costs	—	—	—	(9,972)
Litigation settlement	—	—	(4,000)	—
Product rationalization	—	—	(1,650)	—
Cost associated with campus consolidation	—	—	(995)	(2,561)
Non-GAAP operating expenses	\$ 440,126	\$ 414,229	\$ 384,241	\$ 371,634
Non-GAAP operating income	\$ 650,085	\$ 578,425	\$ 489,933	\$ 365,813
GAAP operating margin as percent of revenue	25.9%	25.0%	23.4%	19.4%
Non-GAAP operating margin as a percent of revenue	27.7%	26.9%	26.0%	22.4%

Appendix - Reconciliation

**Reconciliation of U.S. GAAP Other Income (Expense), Net to Non-GAAP Other Income (Expense),
Net**
(in thousands)
(unaudited)

	Three Months Ended	
	June 25, 2017	March 26, 2017
U.S. GAAP Other expense, net	\$ (4,444)	\$ (7,838)
Pre-tax non-GAAP items:		
Amortization of note discounts	5,631	5,654
Non-GAAP Other income (expense), net	\$ 1,187	\$ (2,184)

Appendix - Reconciliation

Reconciliation of U.S. GAAP Income Tax Rate to Non-GAAP Income Tax Rate (in thousands) (unaudited)

	Three Months Ended	
	June 25, 2017	March 26, 2017
U.S. GAAP income before income taxes	\$ 603,495	\$ 530,580
U.S. GAAP income tax expense (benefit)	\$ 77,071	\$ (44,133)
U.S. GAAP income tax rate	12.8%	(8.3)%
Pre-tax non-GAAP items:		
Amortization related to intangible assets acquired in Novellus transaction - cost of goods sold	\$ 21,250	\$ 21,250
Amortization related to intangible assets acquired in Novellus transaction - selling, general and administrative	16,083	16,083
Cost associated with business process reengineering- selling, general and administrative	4,813	2,674
Amortization of note discounts - other expense, net	5,631	5,654
Non-GAAP income before taxes	\$ 651,272	\$ 576,241
Net income tax benefit on non-GAAP items	\$ 5,697	\$ 6,418
Income tax benefit on conclusion of certain tax matters	2,986	106,205
Non-GAAP income tax expense	\$ 85,754	\$ 68,490
Non-GAAP income tax rate	13.2%	11.9%

Appendix - Reconciliation

Reconciliation of U.S. GAAP to Non-GAAP Guidance for the September 2017 quarter (unaudited)

	U.S. GAAP			Reconciling Items	Non-GAAP		
Shipments	\$2.35 Billion	+/-	\$100 Million	—	\$2.35 Billion	+/-	\$100 Million
Revenue	\$2.45 Billion	+/-	\$100 Million	—	\$2.45 Billion	+/-	\$100 Million
Gross margin	45.6%	+/-	1%	\$ 21 Million	46.5%	+/-	1%
Operating margin	26.5%	+/-	1%	\$ 37 Million	28.0%	+/-	1%
Net income per diluted share	\$2.98	+/-	\$0.12	\$ 37 Million	\$3.25	+/-	\$0.12
Diluted share count	187 Million			4 Million	183 million		

The information provided above is only an estimate of what the Company believes is realizable as of the date of this release, and does not incorporate the potential impact of any business combinations, asset acquisitions, divestitures, balance sheet valuation adjustments, financing arrangements, other investments, or other significant transactions that may be completed after the date of this release. U.S. GAAP to non-GAAP reconciling items provided include only those items that are known and can be estimated as of the date of this release. Actual results will vary from this model and the variations may be material. Reconciling items included above are as follows:

- Gross Margin - amortization related to intangible assets acquired in the Novellus transaction, \$21 million.
- Operating margin - amortization related to intangible assets acquired in the Novellus transaction, \$37 million.
- Earnings per share - amortization related to intangible assets acquired in the Novellus transaction, \$37 million; amortization of note discounts, \$6 million; and associated tax benefit for non-GAAP items (\$6) million; totaling \$37 million.
- Diluted share count - impact of a note hedge issued contemporaneously with the convertible notes due 2018, 4 million shares.

Appendix - Reconciliation

RECONCILIATION OF DEFERRED REVENUE

(in millions)

(unaudited)

	Three Months Ended	
	June 25, 2017	March 26, 2017
Beginning Balance	\$ 842.1	\$ 672.6
Shipments	2,542.7	2,412.7
Revenue	(2,344.9)	(2,154.0)
Net Change in Japan (1)	(136.3)	(131.2)
Services & Other	62.4	42.0
Ending Balance	\$ 966.0	\$ 842.1

Value of shipments to Japanese customers not recorded as deferred revenue (2)	\$ 396.5	\$ 260.2
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- (1) Net change in the value of orders shipped from backlog to Japanese customers that are not recorded as deferred revenue. These shipments are classified as inventory at cost until title transfers
- (2) The value of orders shipped from backlog to Japanese customers that are not recorded as deferred revenue. These shipments are classified as inventory at cost until title transfers.



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