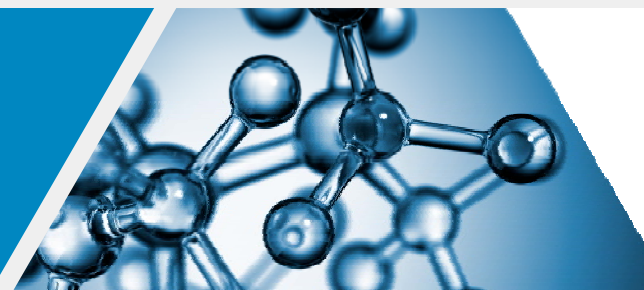




Lam Research Corporation

September Quarter 2017 Financial Results

October 17, 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

September Quarter and CY'17 Performance

- ▶ Shipments, revenue, and gross margin* above mid-point of guidance
- ▶ Operating margin* and EPS* above guidance range
- ▶ On track for ~50% shipment growth and >2.5% market share gain in CY'17



Outperforming WFE growth by ~2X in CY'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.

Sustainable Spending Driven by Growing Importance of Data

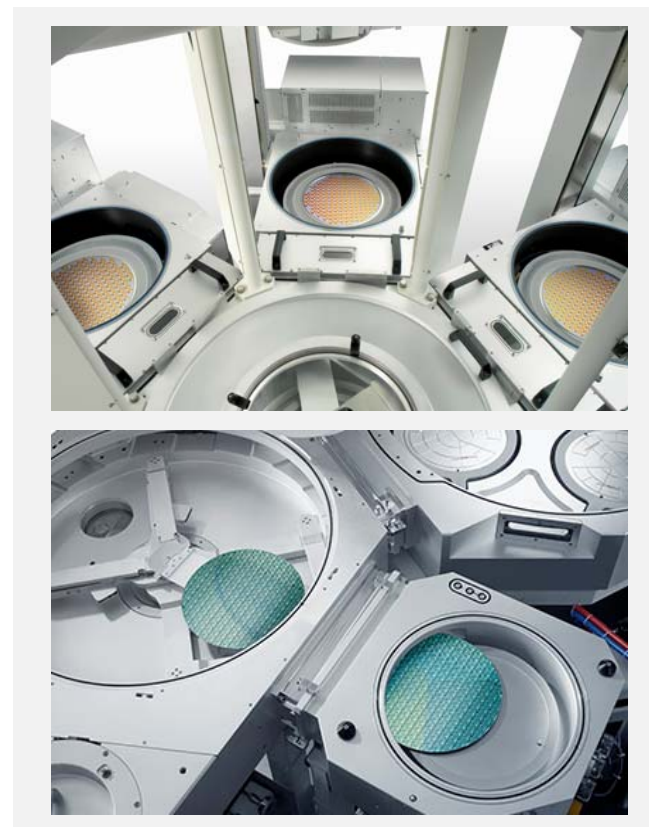
- ▶ AI has the potential to transform the economy, with IoT devices enabling rapid delivery and ramp of AI-enabled services
- ▶ Demand trends fueling growth in DRAM and NAND, resulting in record revenues in the memory semiconductor segment
- ▶ Semi industry growth rate accelerating to >15% in 2017 vs. ~2% on average in the last six years
- ▶ Spending remains at sustainable, rational levels



Capitalizing on emerging trends in memory and storage

Commitment to Disruptive and Enabling Technology

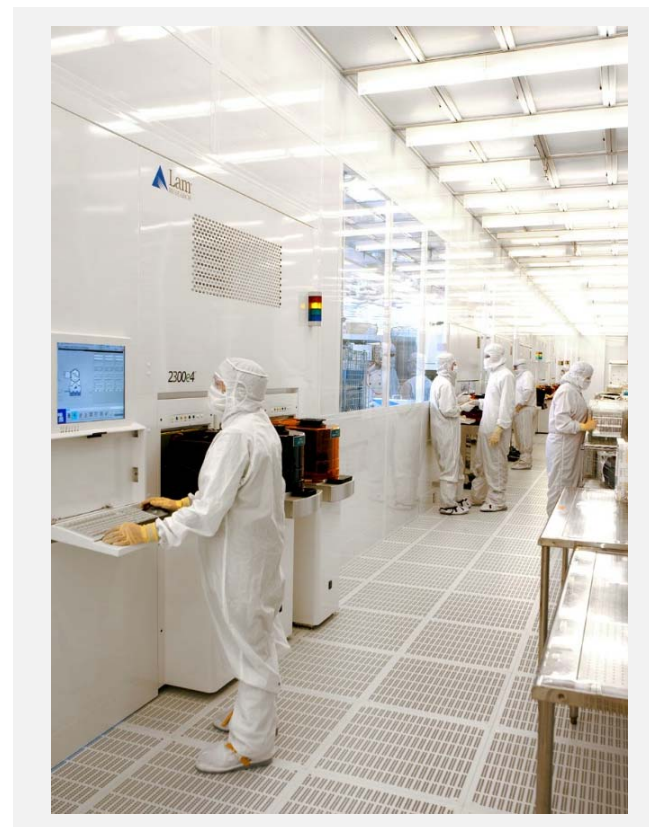
- ▶ Leadership position in vertical scaling in 3D NAND
- ▶ Growing logic application share at 10 nm
- ▶ ALE: Dielectric application win for critical transistor contact at a leading foundry
- ▶ ALD: Dielectric and metal application wins for NVM devices
- ▶ Grew R&D investments by nearly 60% in the past four years



Strongest pipeline of new products in our history

Extending Differentiation and Strategic Relevance

- ▶ Well-positioned systems business
 - Served markets growing significantly faster than WFE
 - Four-year shipment growth at 2X WFE growth
 - >90% of PTOR decisions made for CY'18
- ▶ Record revenue for customer support business, outperforming the rate of installed base growth
- ▶ Acquisition of Coventor to deliver advanced process and equipment control capabilities



Looking ahead to a strong year of industry spend in 2018



September Quarter 2017 Financial Results and December Quarter 2017 Outlook

Doug Bettinger
Executive Vice President & Chief Financial Officer

September Quarter Results

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

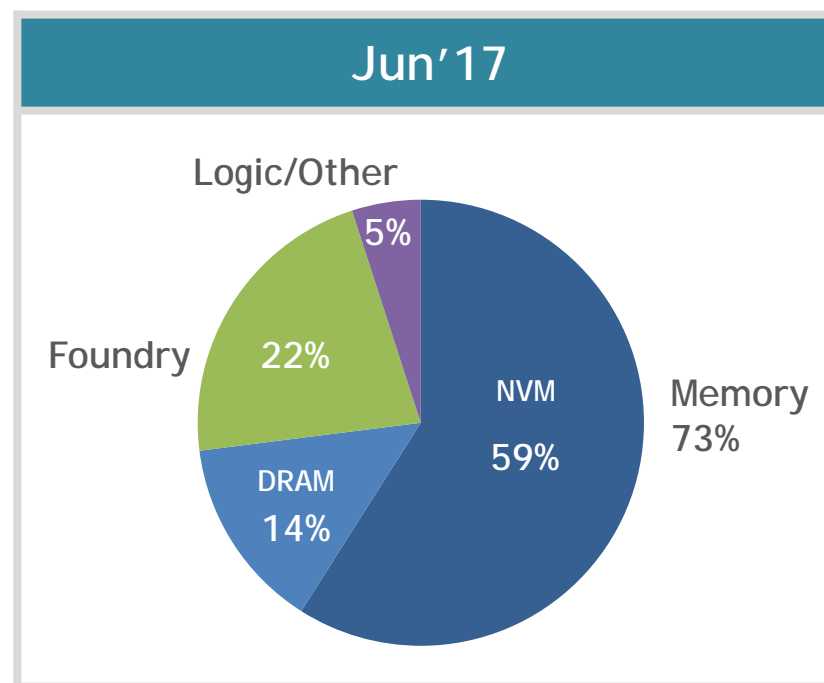
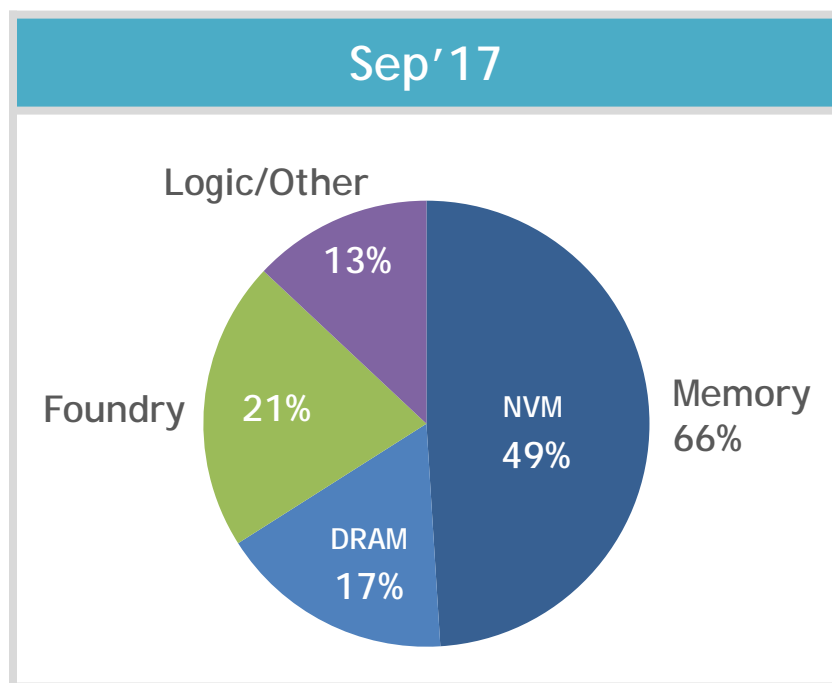


Extending positive momentum

*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.

September Quarter Shipments

- ▶ 6% decrease compared to June quarter
- ▶ System shipments segment mix:



QSep'17 shipments of \$2.382 billion

September Quarter Financial Results

	Sep'17	Jun'17
Revenue	\$2,478M	\$2,345M
Non-GAAP Gross Margin*	47.2%	46.5%
Non-GAAP Operating Expenses*	\$438M	\$440M
Non-GAAP Operating Income*	\$733M	\$650M
Non-GAAP Operating Margin*	29.6%	27.7%
Non-GAAP Other Income/(Expense)*	(\$1.4M)	\$1.2M
Non-GAAP Tax Rate*	14%	13%
GAAP Diluted EPS	\$3.21	\$2.82
Non-GAAP Diluted EPS*	\$3.46	\$3.11
Non-GAAP Diluted Share Count*	181M	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

	Sep'17	Jun'17
Total Consolidated Gross Cash Balance	\$6,438M	\$6,297M
Account Receivables, Net	\$1,531M	\$1,673M
DSO	56 Days	65 Days
Inventory Turns	4.0	4.1
Deferred Revenue*	\$938M	\$966M
Capital Expenditures	\$60M	\$35M
Equity Compensation Expense	\$42M	\$44M
Amortization Expense	\$39M	\$39M
Depreciation Expense	\$40M	\$40M
Headcount	~9,800	~9,100

*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.

December 2017 Quarter Non-GAAP Guidance

	Dec'17 Guidance
Shipments	\$2.600 billion \pm \$100 million
Revenue	\$2.550 billion \pm \$100 million
Non-GAAP Gross Margin	47.5% \pm 1%
Non-GAAP Operating Margin	30.0% \pm 1%
Non-GAAP Earnings per Share*	\$3.65 \pm \$0.12

*Based on a share count of ~182 million shares.

The background is a solid blue color with a pattern of white lines forming a grid of triangles. Some triangles are filled with a darker shade of blue, creating a geometric, low-poly aesthetic.

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	
	September 24, 2017	June 25, 2017
U.S. GAAP net income	\$ 590,690	\$ 526,424
Pre-tax non-GAAP items:		
Amortization related to intangible assets acquired through certain business combinations - cost of goods sold	21,562	21,250
Amortization related to intangible assets acquired through certain business combinations - selling, general and administrative	16,413	16,083
Costs associated with business process reengineering - selling, general and administrative	716	4,813
Business combination acquisition-related costs - selling, general and administrative	936	—
Amortization of note discounts - other expense, net	4,104	5,631
Net income tax benefit on non-GAAP items	(6,114)	(5,697)
Income tax benefit on conclusion of certain tax matters	(553)	(2,986)
Non-GAAP net income	\$ 627,754	\$ 565,518
Non-GAAP net income per diluted share	\$ 3.46	\$ 3.11
U.S. GAAP number of shares used for per diluted share calculation	183,880	186,427
Effect of convertible note hedge	(2,468)	(4,334)
Non-GAAP number of shares used for per diluted share calculation	181,412	182,093

Appendix - Reconciliation

**Reconciliation of U.S. GAAP Gross Margin, Operating Expenses and Operating Income to Non-GAAP
Gross Margin, Operating Expenses and Operating Income
(in thousands, except percentages)
(unaudited)**

	Three Months Ended	
	September 24, 2017	June 25, 2017
U.S. GAAP gross margin	\$ 1,149,343	\$ 1,068,961
Pre-tax non-GAAP items:		
Amortization related to intangible assets acquired through certain business combinations	21,562	21,250
Non-GAAP gross margin	\$ 1,170,905	\$ 1,090,211
U.S. GAAP gross margin as a percentage of revenue	46.4%	45.6%
Non-GAAP gross margin as a percentage of revenue	47.2%	46.5%
U.S. GAAP operating expenses	\$ 456,121	\$ 461,022
Pre-tax non-GAAP items:		
Amortization related to intangible assets acquired through certain business combinations	(16,413)	(16,083)
Costs associated with change in business process reengineering	(716)	(4,813)
Business combination acquisition-related costs	(936)	—
Non-GAAP operating expenses	\$ 438,056	\$ 440,126
Non-GAAP operating income	\$ 732,849	\$ 650,085
U.S. GAAP operating margin as percent of revenue	28.0%	25.9%
Non-GAAP operating margin as a percent of revenue	29.6%	27.7%

Appendix - Reconciliation

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

	Three Months Ended	
	September 24, 2017	June 25, 2017
U.S. GAAP Other expense, net	\$ (5,502)	\$ (4,444)
Pre-tax non-GAAP items:		
Amortization of note discounts	4,104	5,631
Non-GAAP Other income (expense), net	\$ (1,398)	\$ 1,187

Appendix - Reconciliation

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

	Three Months Ended	
	September 24, 2017	June 25, 2017
U.S. GAAP income before income taxes	687,720	\$ 603,495
U.S. GAAP income tax expense	97,030	\$ 77,071
U.S. GAAP income tax rate	14.1%	12.8%
Pre-tax non-GAAP items:		
Amortization related to intangible assets acquired through certain business combinations - cost of goods sold	\$ 21,562	\$ 21,250
Amortization related to intangible assets acquired through certain business combinations - selling, general and administrative	16,413	16,083
Costs associated with business process reengineering - selling, general and administrative	716	4,813
Business combination acquisition-related costs - selling, general and administrative	936	—
Amortization of note discounts - other expense, net	4,104	5,631
Non-GAAP income before taxes	\$ 731,451	\$ 651,272
Net income tax benefit on non-GAAP items	6,114	5,697
Income tax benefit on conclusion of certain tax matters	553	2,986
Non-GAAP income tax expense	\$ 103,697	\$ 85,754
Non-GAAP income tax rate	14.2%	13.2%

Appendix - Reconciliation

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

	U.S. GAAP			Reconciling Items	Non-GAAP		
Shipments	\$2.60 Billion	+/-	\$100 Million	—	\$2.60 Billion	+/-	\$100 Million
Revenue	\$2.55 Billion	+/-	\$100 Million	—	\$2.55 Billion	+/-	\$100 Million
Gross margin	46.6%	+/-	1%	\$ 23 Million	47.5%	+/-	1%
Operating margin	28.4%	+/-	1%	\$ 41 Million	30.0%	+/-	1%
Net income per diluted share	\$3.40	+/-	\$0.12	\$ 38 Million	\$3.65	+/-	\$0.12
Diluted share count	184 Million			2 Million	182 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 through business combinations, \$22 million; business process reengineering, \$1 million; totaling \$23 million.
- Operating margin - amortization related to intangible assets acquired through business combinations, \$39 million; business process reengineering, \$2 million; totaling \$41 million.
- Earnings per share - amortization related to intangible assets acquired through business combinations, \$39 million; business process reengineering, \$2 million; amortization of note discounts, \$4 million; and associated tax benefit for non-GAAP items (\$7 million); totaling \$38 million.
- Diluted share count - impact of a note hedge issued contemporaneously with the convertible notes due 2018, 2 million shares.

Appendix - Reconciliation

Reconciliation of Deferred Revenue (in millions) (unaudited)

	Three Months Ended	
	September 24, 2017	June 25, 2017
Beginning Balance	\$ 966.0	\$ 842.1
Shipments	2,381.6	2,542.7
Revenue	(2,478.1)	(2,344.9)
Net Change in Japan (1)	52.0	(136.3)
Services & Other	16.4	62.4
Ending Balance	\$ 937.9	\$ 966.0

Value of shipments to Japanese customers not recorded as deferred revenue (2)	\$ 344.5	\$ 396.5
---	----------	----------

- (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.



Innovative **Technology**
Trusted **Productivity**
Fast **Solutions**

