



Lam Announces Earnings for the Quarter Ended March 26, 2006

FREMONT, Calif., April 12, 2006—Lam Research Corporation (NASDAQ: LRCX) today announced earnings for the quarter ended March 26, 2006. Revenue for the period was \$437.4 million, and net income was \$86.3 million, or \$0.60 per diluted share, compared to revenue of \$358.2 million, and net income of \$77.8 million, or \$0.55 per diluted share, for the December 2005 quarter. Gross margin was \$219.7 million and operating expenses were \$109.4 million for the March 2006 quarter compared to gross margin of \$177.5 million and operating expenses of \$100.6 million for the December 2005 quarter.

The Company believes the presentation of ongoing results, which excludes certain special items, is useful for analyzing ongoing business trends. A table presenting a reconciliation of ongoing performance to results under U.S. Generally Accepted Accounting Principles (GAAP) is included at the end of this press release and on the Company's web site. The March 2006 quarter ongoing presentation removes the effect of tax expense associated with the Company's decision to repatriate up to \$150 million of foreign earnings in the June 2006 quarter under the provisions of the American Jobs Creation Act. In the December 2005 quarter, there were no significant differences between the ongoing results and the results under U.S. GAAP.

Gross margin as a percent of revenue for the March 2006 quarter was 50.2 percent compared to 49.5 percent in the December 2005 quarter. Operating expenses increased during the quarter as planned at \$109 million. Equity compensation expense recorded in cost of goods sold and operating expenses was \$1.3 million and \$4.7 million, respectively, during the March 2006 quarter. Ongoing net income increased to \$93.7 million, or \$0.65 per diluted share, in the March 2006 quarter compared with ongoing net income of \$77.8 million, or \$0.55 per diluted share, for the December 2005 quarter.

New orders recorded in backlog increased 29 percent sequentially to \$520 million. The geographic distribution of new orders as well as revenue during the March quarter is shown in the following table:

<u>Region</u>	<u>New Orders</u>	<u>Revenue</u>
North America	15%	15%
Europe	15%	13%
Japan	13%	15%
Korea	29%	29%
Asia Pacific	28%	28%

Cash and cash equivalents, short-term investments and restricted cash balances were \$1.1 billion at the end of March, and cash flows provided by operating activities were \$109.6 million during the quarter. Condensed Consolidated Statements of Cash Flows are included at the end of this press release. Deferred revenue and deferred profit balances were \$195.3 million and \$119.2 million, respectively. At the end of the period, unshipped orders in backlog were constant at approximately \$404 million, and the anticipated future revenue value of orders shipped from backlog to Japanese customers that are not recorded as deferred revenue was approximately \$90 million.

"Market share gains and solid execution drove strong results for the March quarter," stated Steve Newberry, president and chief executive officer of Lam. "We achieved important new application wins with our diversified portfolio of etch systems and believe our innovative and production-proven technology will enable us to post gains in market share in calendar 2006. Recently, at our analyst and investors event, we announced our entrance into the clean and strip market segments and believe these areas will provide additional opportunities for growth in the future."

"Revenue grew 22 percent in the quarter and operating income grew 43 percent, when compared to the December quarter, and we generated cash from operations at 25 percent of revenue. We are committed to creating value for our customers, shareholders, and employees, and believe we are demonstrating the results of that commitment throughout our business," Newberry concluded.

Statements made in this press release which are not statements of historical fact are forward-looking statements and are subject to the safe harbor provisions created by the Private Securities Litigation Reform Act of 1995. Such forward-looking statements relate, but are not limited, to expectations of future market share gains, additional opportunities for growth and our ability to create value for our customers, shareholders, and employees in the future. Some factors that may affect these forward-looking statements include: changing business conditions in the semiconductor industry and the overall economy and our plans for reacting to those changes, changing customer demands, success of our competitors' strategies including

development of new technologies by our competitors that could affect our market share, our ability to compete successfully in the clean and strip market segments, and the success of our research and development programs. These forward-looking statements are based on current expectations and are subject to uncertainties and changes in condition, significance, value and effect as well as other risks detailed in documents filed with the Securities and Exchange Commission, including specifically the report on Form 10-K for the year ended June 26, 2005, and Form 10-Q for the quarter ended December 25, 2005, which could cause actual results to vary from expectations. The Company undertakes no obligation to update the information or statements made in this press release.

Lam Research Corporation is a major provider of wafer fabrication equipment and services to the world's semiconductor industry. Lam's common stock trades on The NASDAQ National Market® under the symbol LRCX. Lam is a NASDAQ-100® company. The Company's World Wide Web address is <http://www.lamresearch.com>.

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