

2018 INVESTOR MEETING

March 6, 2018



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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, financial statement and financial results, metrics and opportunities, including guidance, whether actual or pro forma; (2) economic, market, industry (whether globally or by country) and industry segment, and technology expectations and demands; and (3) our business, product, customer support, capital allocation/return or growth plans and strategies, including our ability to successfully execute them 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”) such as our Annual Report on Form 10-K for the fiscal year ended June 25, 2017 and Quarterly Report on Form 10-Q for the quarter ended December 24, 2017. You should not place undue reliance on forward-looking statements. Lam undertakes no obligation to publicly update any forward-looking statements.

TODAY'S AGENDA

Value Creation and Capture



Martin Anstice
Chief Executive Officer

Executing for Outperformance



Tim Archer
President &
Chief Operating Officer

Delivering Profitable Growth and Returns



Doug Bettinger
EVP &
Chief Financial Officer

Question & Answer Session



Martin Anstice
Tim Archer
Doug Bettinger

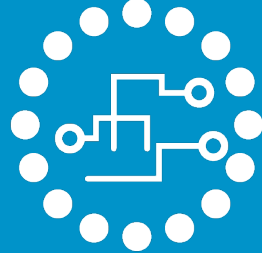
VALUE CREATION AND CAPTURE IN A DATA ECONOMY

Martin Anstice

Chief Executive Officer



**INNOVATION-
DRIVEN DEMAND
FOR TECHNOLOGY**



**INCREASING
SEMICONDUCTOR
RELEVANCE**



**LAM'S
VISION AND
STRATEGY**

Connect

More people, more
devices, more often

Cloud

Massive scale
and efficiency

Compute

Faster and
enabling

Cost

Demand
accelerator

TECHNOLOGY TRANSFORMING THE WORLD

DATA ANALYTICS DRIVE ECONOMIC AND SOCIAL VALUE





IBM

Cognitive decision
support opportunity:
\$2T by 2025



intel

"Intel makes possible
the most amazing
experiences of
the future"



Micron

"Transforming how the
world uses information
to enrich life"



SAMSUNG

"Inspire the World,
Create the Future"



SK hynix

"We are committed to
making our tomorrow
smarter and happier"



TOSHIBA

"Committed to
people, committed
to the future"

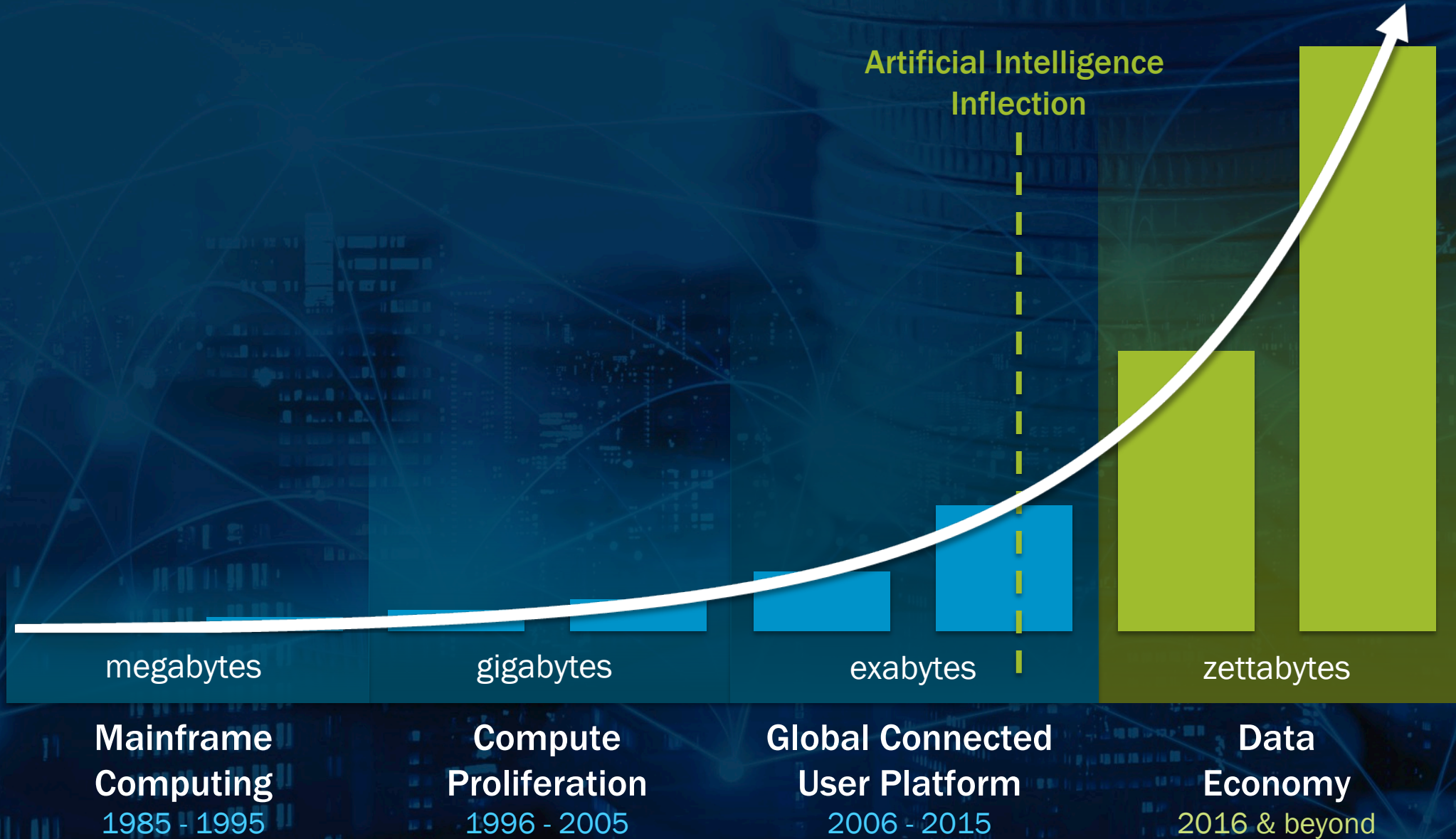


tsmc

"Together, we work
to enrich lives and
shape the future"

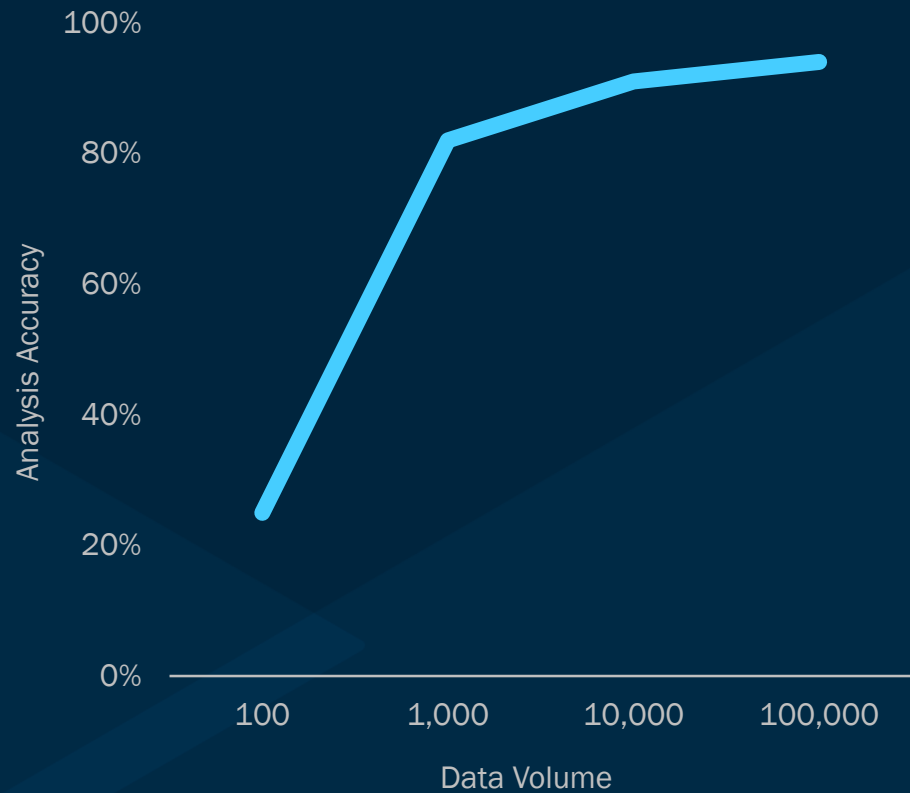
OUR CUSTOMERS ASPIRE
TO MAKE THE WORLD A BETTER PLACE

THE RISING DATA ECONOMY

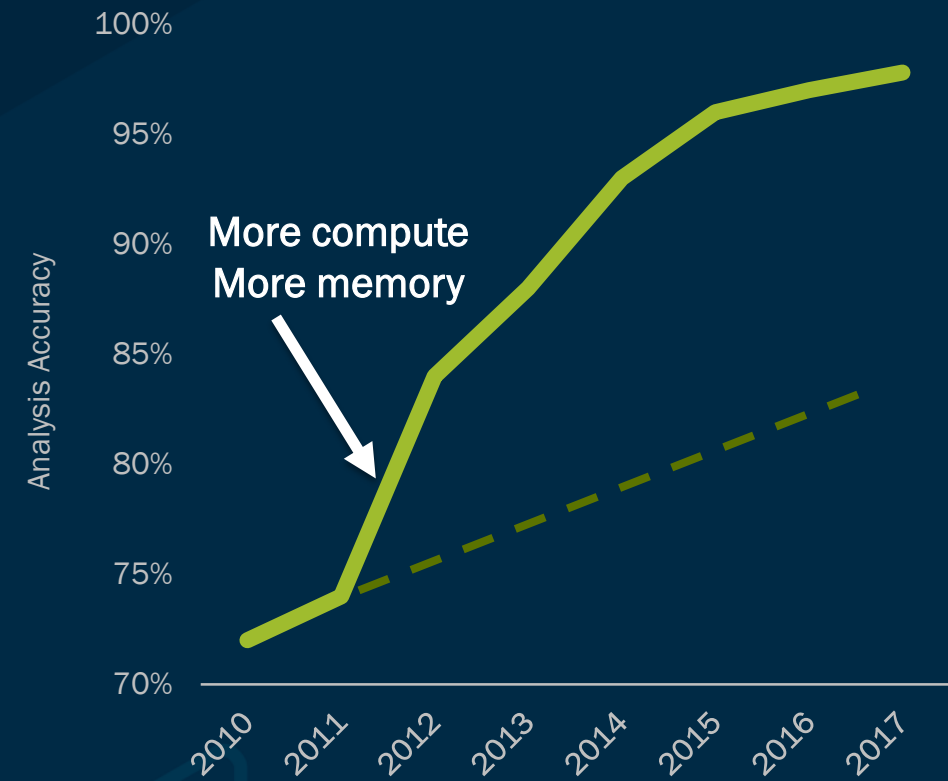


MORE DATA ANALYZED = BETTER QUALITY ARTIFICIAL INTELLIGENCE

Data Volume Increases AI Accuracy



Compute & Memory Enable AI



**MORE DATA GENERATED,
STORED, ANALYZED**



by 2020
67 zettabytes
of data generated



Smart Home



50 billion
connected devices

Smart Industry



1 petabyte
of data per day

Mobile



1 exabyte
of traffic per day

Autonomous Car



4 terabytes
per car per day

Healthcare



35 million
remotely monitored
patients

Robots



43 million
new service robots

DATA CENTER



2017-2021 CAGR

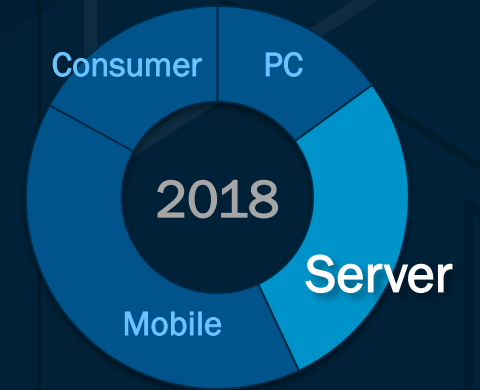
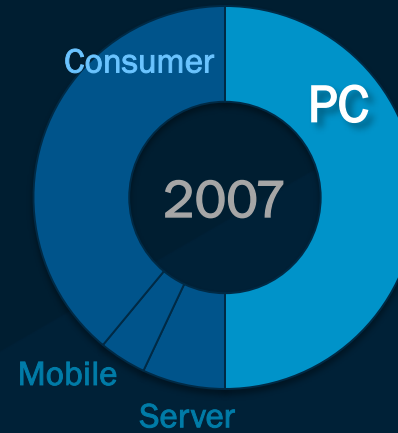


DRAM
30%

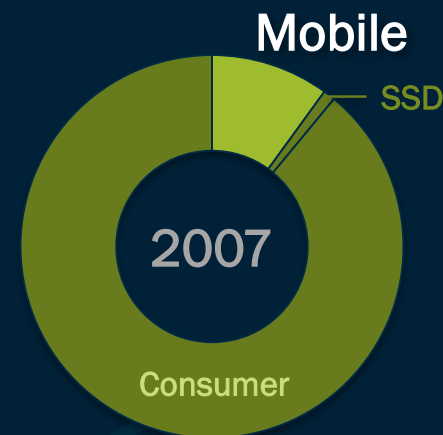


NAND
50%

DRAM



NAND



AUTONOMOUS VEHICLES



2017-2028 CAGR



DRAM
>35%



NAND
>50%

Semiconductor Content Potential



Fully automated car



Average server

Units Potential



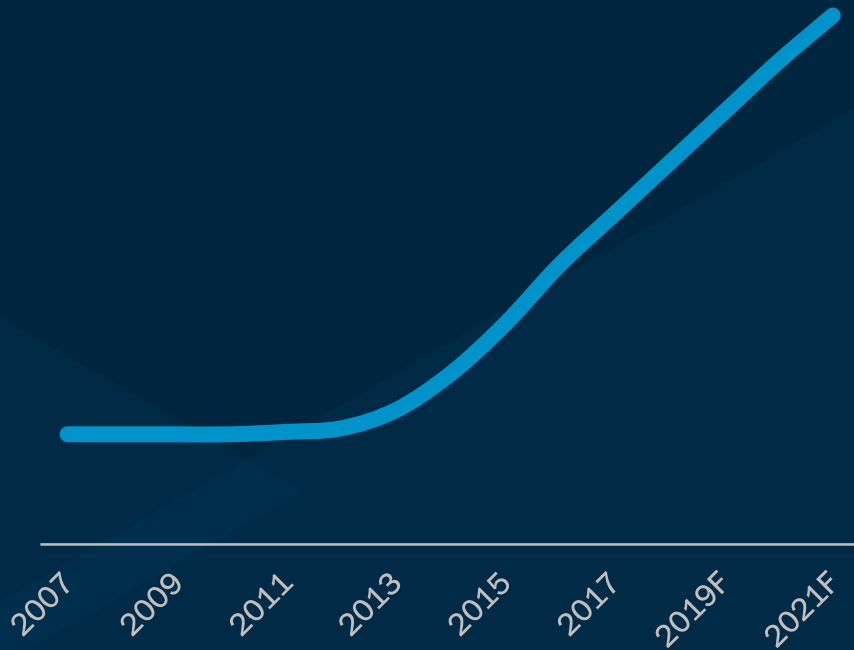
8x more cars than servers today

INCREASING WFE INTENSITY TO SUPPORT BIT SUPPLY GROWTH

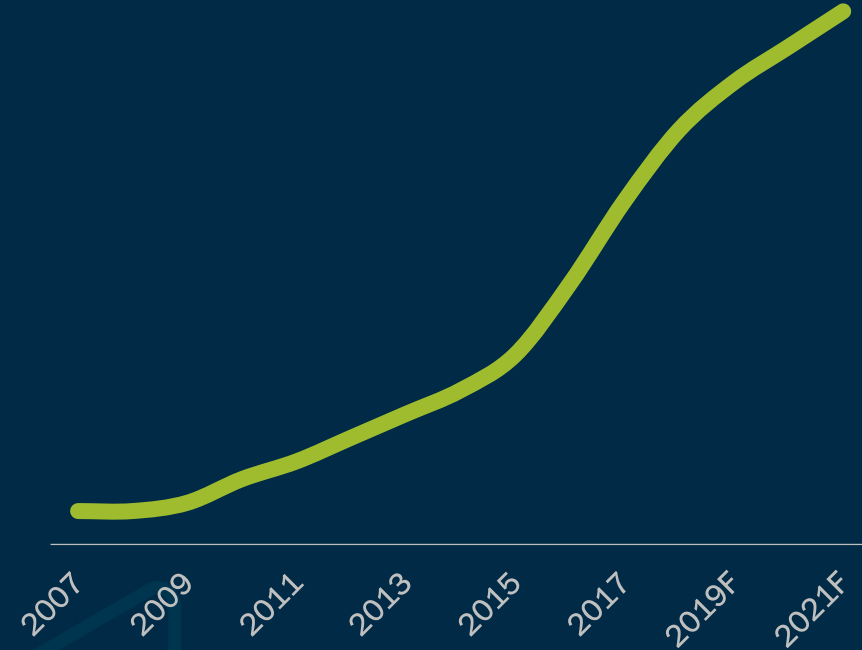
WFE Needed to Achieve 1% Bit Supply Growth



DRAM



NAND



COMPELLING UNIT COST ECONOMICS

Economics of DRAM

WFE

Bit Growth

Cost per Bit

2007

\$13B

90%

20x

2018

\$13B

20%

1x

Economics of NAND

WFE

Bit Growth

Cost per Bit

2007

\$6B

125%

50x

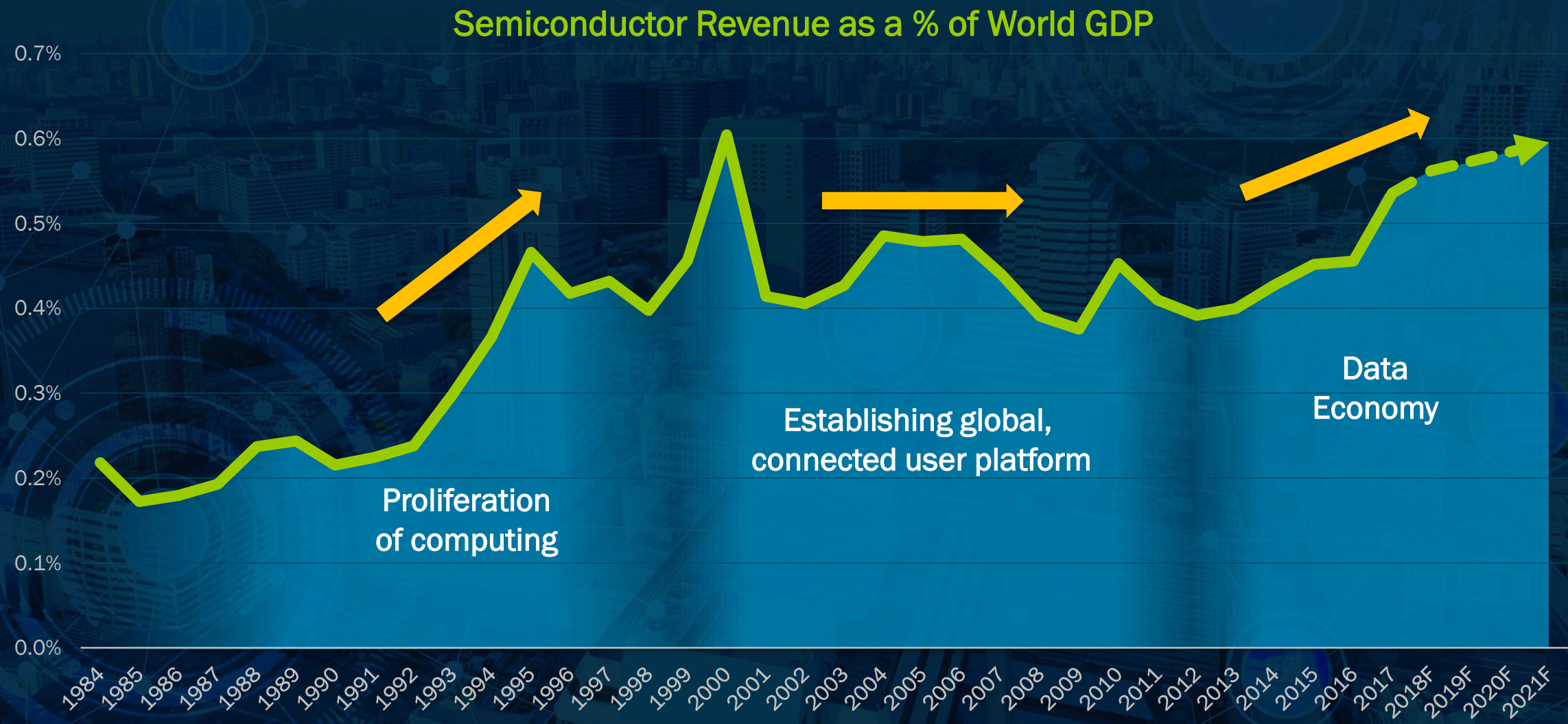
2018

\$15B

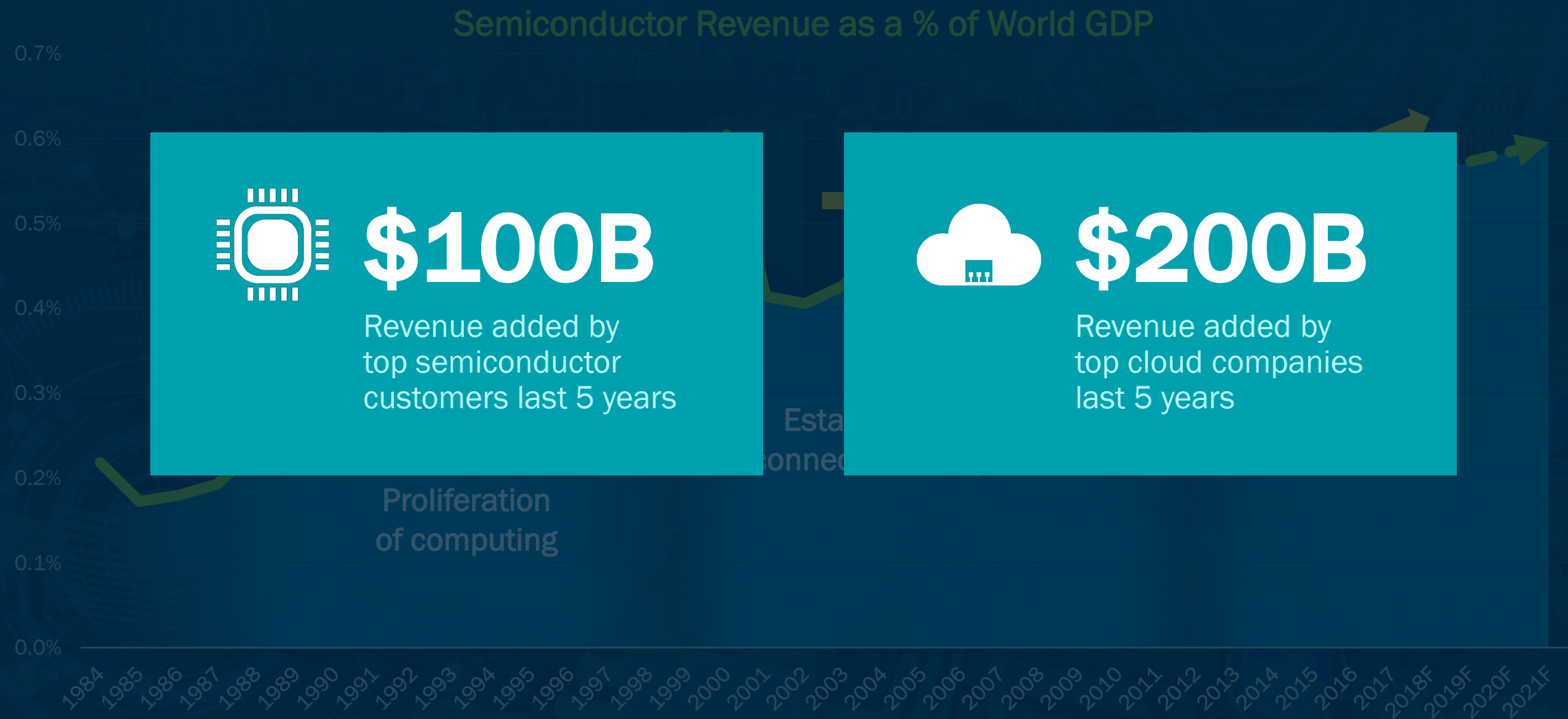
45%

1x

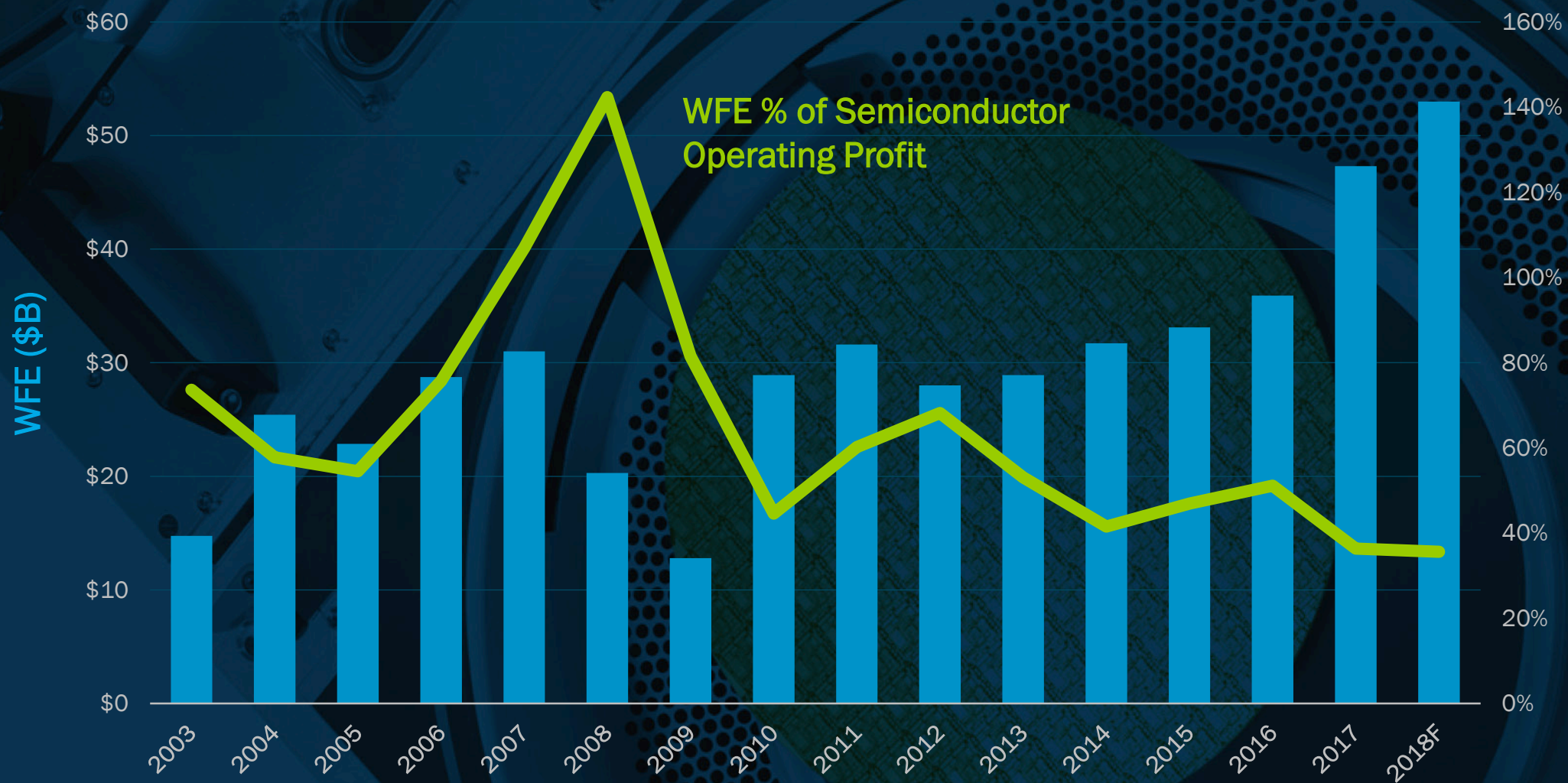
SEMICONDUCTORS GROWING IN STRATEGIC RELEVANCE TO GLOBAL ECONOMY



SEMICONDUCTORS GROWING IN STRATEGIC RELEVANCE TO GLOBAL ECONOMY



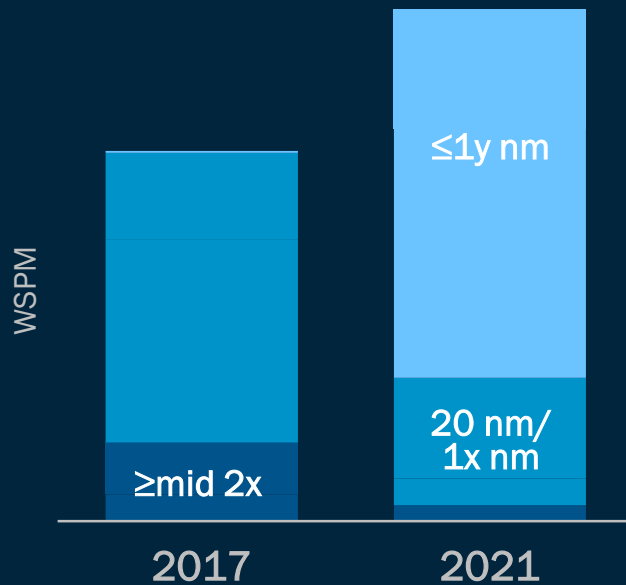
CUSTOMER ECONOMICS COMPELLING TO RAMP WFE INVESTMENTS



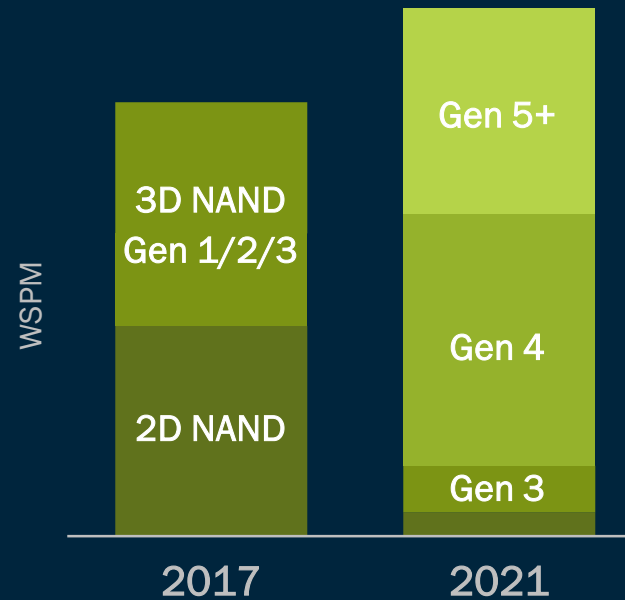
HEALTHY MULTI-YEAR DEMAND PROFILE ACROSS SEGMENTS



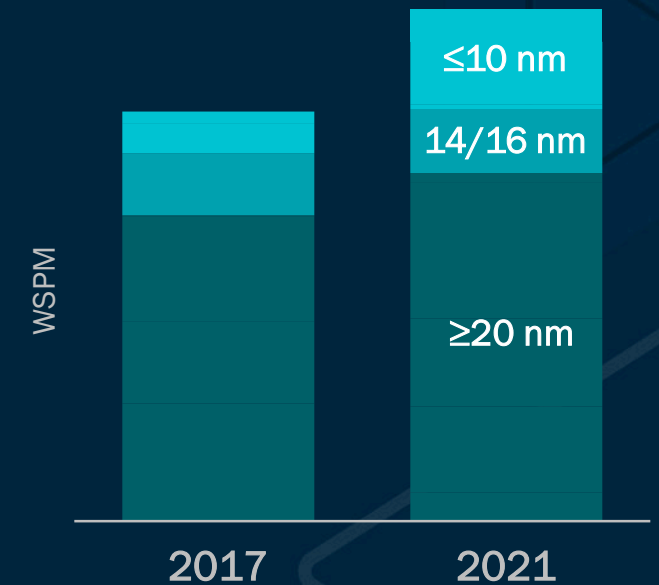
DRAM



NAND



Foundry/Logic



VISION TO DRIVE VALUE CREATION

**Solve
Our Customers'
Grand Challenges**

Deliver disruptive technologies to enable success of customers

**Create
and Capture
Value**

Compete for and win a greater share of customers' investments

**Invest
in the Future
of the Company**

Continuously strengthen our product and services pipeline

**Deliver
Value Creation
for Stockholders**

Optimize capital allocation between investments and capital return

GRAND CHALLENGES ARE OPPORTUNITIES FOR A DIFFERENTIATED PORTFOLIO

Atomic-Scale Precision

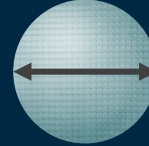
High Aspect Ratio Structures



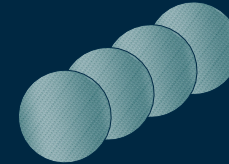
Feature-Scale Uniformity



Wafer-Scale Uniformity

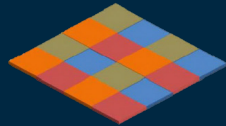


Repeatability

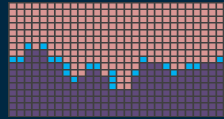


Surface Integrity

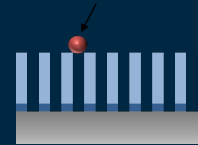
Selectivity



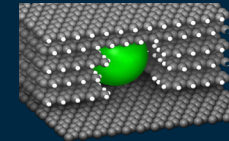
Damage



Killer Defects

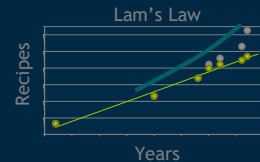


Metal Contamination

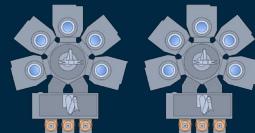


Affordability and Sustainability

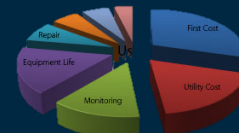
Process Complexity



Output Density



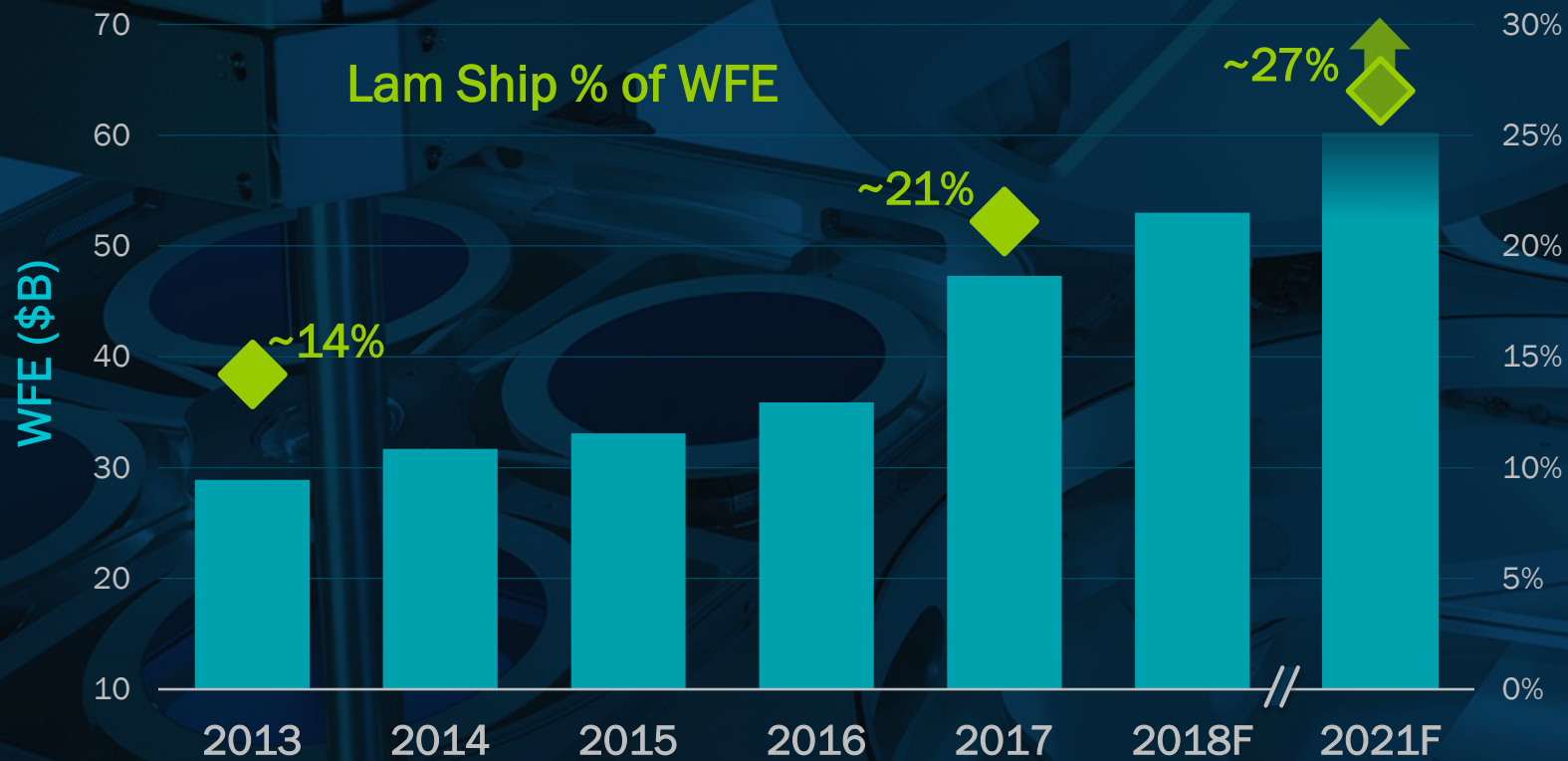
Product Cost



Sustainability



DELIVER GROWTH AND SHAREHOLDER VALUE



Plan to return at least
50%
of Free Cash Flow
over the next five years

STRATEGY FOR PROFITABLE GROWTH AND OUTPERFORMANCE



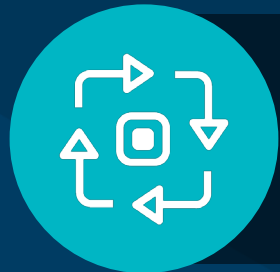
Business Unit

Deliver unit process and service excellence



Multi-Business Unit

Provide additional value through integration and co-optimization



Ecosystem

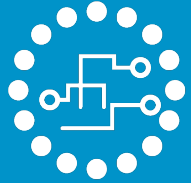
Collaborate to accelerate innovation and opportunity



Adjacent Markets

Leverage core competencies in adjacent markets

SUMMARY



Healthy Industry



Focused Vision and Strategy



Continued Outperformance

EXECUTING FOR OUTPERFORMANCE

Tim Archer

President & Chief Operating Officer



**INFLECTIONS &
NEW PRODUCTS
DRIVE GROWTH**

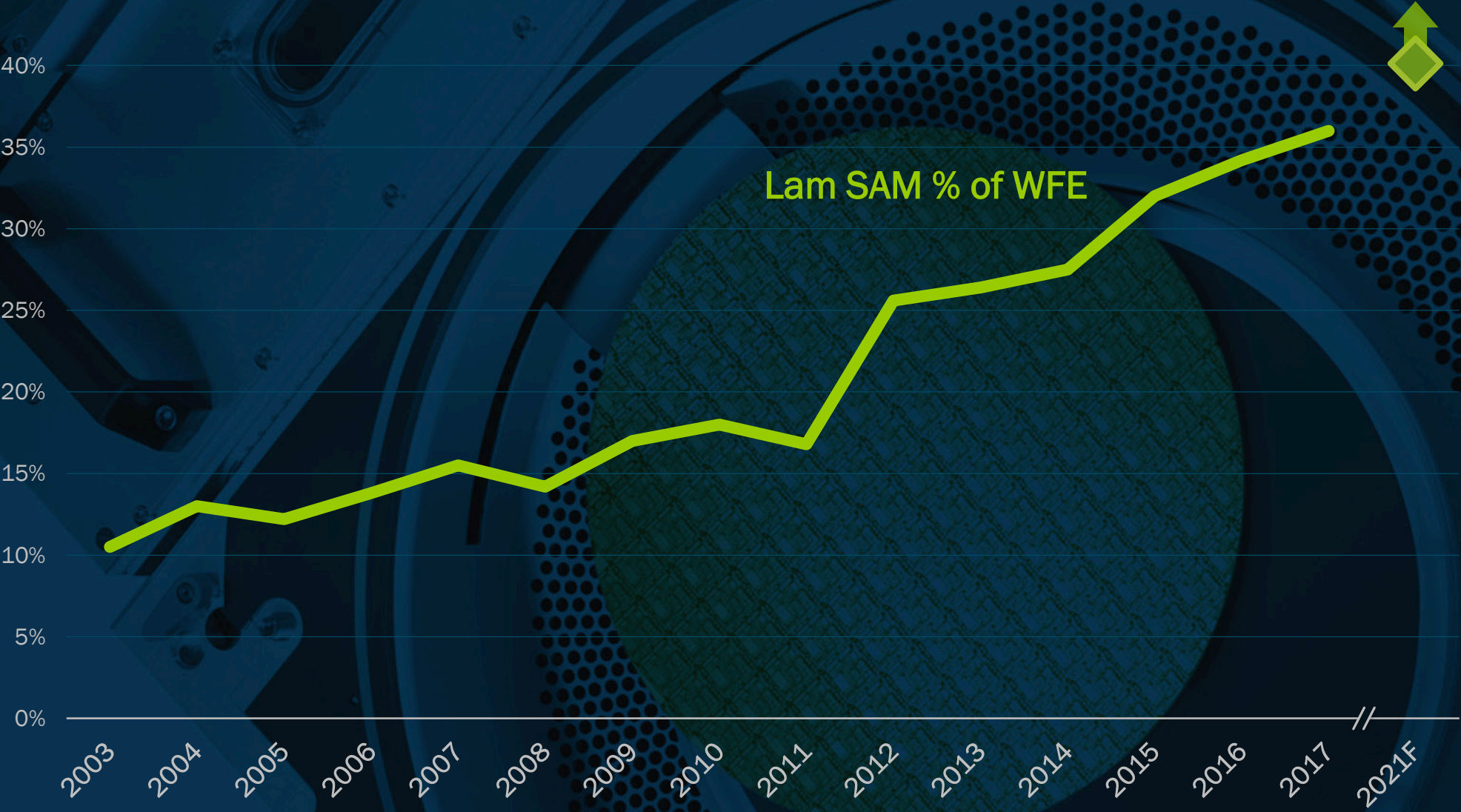


**FOUNDATION FOR
SUSTAINABLE
DIFFERENTIATION**



**INSTALLED BASE
OPPORTUNITIES
PROVIDE STABILITY**

CONSISTENT TRACK RECORD OF ADDRESSABLE MARKET GROWTH



TECHNOLOGY INNOVATION DRIVES GROWTH

Lam's Leadership



Vertical Scaling

- High aspect ratio etch
- High-productivity platforms
- Stress control
- Selective etch



Multiple Patterning

- Spacer film deposition
- EUV absorption layers
- Selective deposition
- Advanced process control



Atomic-Scale Processing

- 3D NAND ALD tungsten word line
- Transistor spacer deposition
- Self-aligned contact ALE



New Materials

- Cobalt interconnect formation
- Si-Ge gate-all-around formation
- Patterning new memory materials

Installed Base Productivity



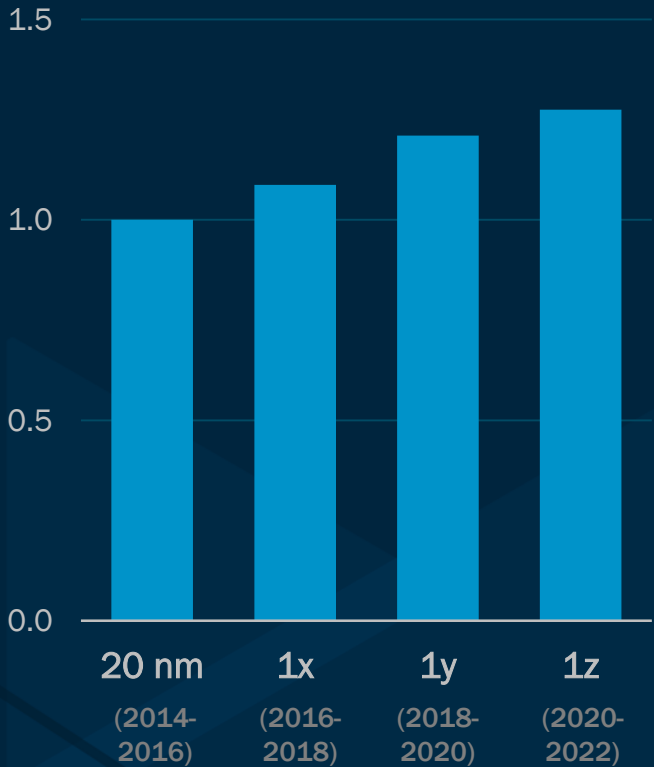
GROWTH

TECHNOLOGY INFLECTIONS DRIVING SAM GROWTH

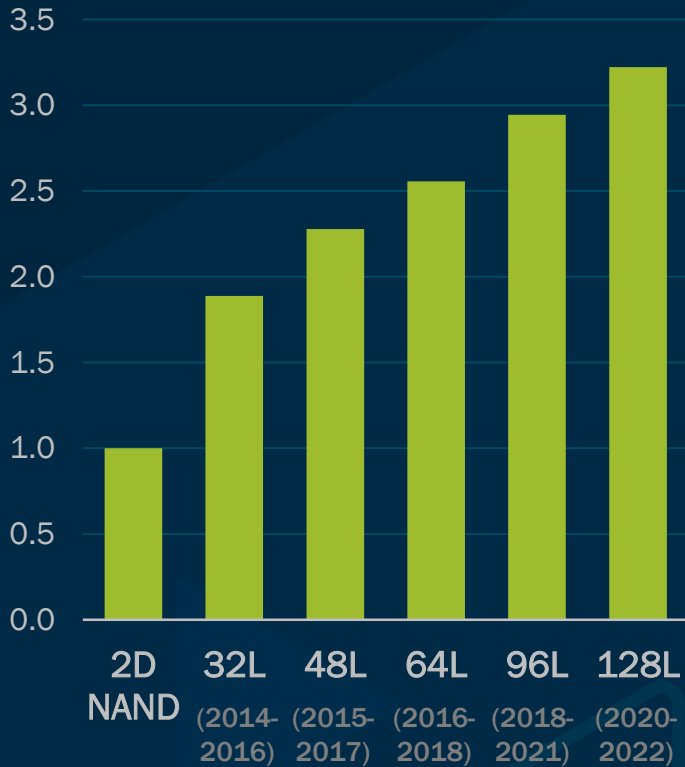
Normalized SAM per Wafer, Greenfield Investments



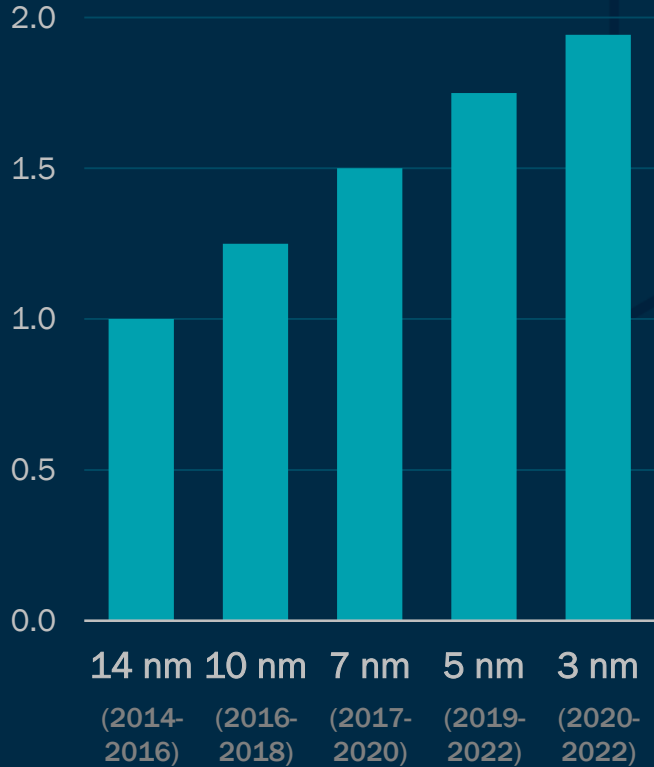
DRAM



NAND



Foundry/Logic



FOUNDATION OF LAM'S MARKET MOMENTUM



**Technology
Leadership**



Productivity



Speed to Solutions



Collaboration

**Culture of innovation
and continuous
improvement**



**Mutual trust and respect
that fosters teamwork and
collaboration**

**Think: customer,
company, individual**



**Strategic, substantive, and
focused investment in R&D**

FOUNDATION OF LAM'S MARKET MOMENTUM



Technology Leadership

- Flex® high aspect ratio etch
- Hydra® process variability reduction
- Striker® and ALTUS® atomic layer deposition
- Corvus™ extreme edge control technology
- SABRE® copper and cobalt deposition



Productivity

- VECTOR® high-productivity platform
- Reliant™ refurbished systems
- Installed base productivity solutions
- Advanced equipment and process control



Speed to Solutions

- Coventor® virtual fabrication
- Rapid prototyping through product lifecycle
- Multi-product adjacent process capability
- Extensive R&D infrastructure investments



Collaboration

- Early customer engagement
- Close litho ecosystem partnerships
- Customer data analytics engagement
- Activities with consortia and academia



DIFFERENTIATION

FOCUSED STRATEGIES TO DRIVE OUR MARKET MOMENTUM

Segment Market Share

2017 (%)

2021
Growth Targets



DEPOSITION

Low 40's

4% - 8%



ETCH

Mid 50's

4% - 8%

CUSTOMER SUPPORT BUSINESS OPPORTUNITIES



DRAM & NAND



Foundry/Logic



IoT

Challenge

Cost reduction

Variability control

Novel requirements

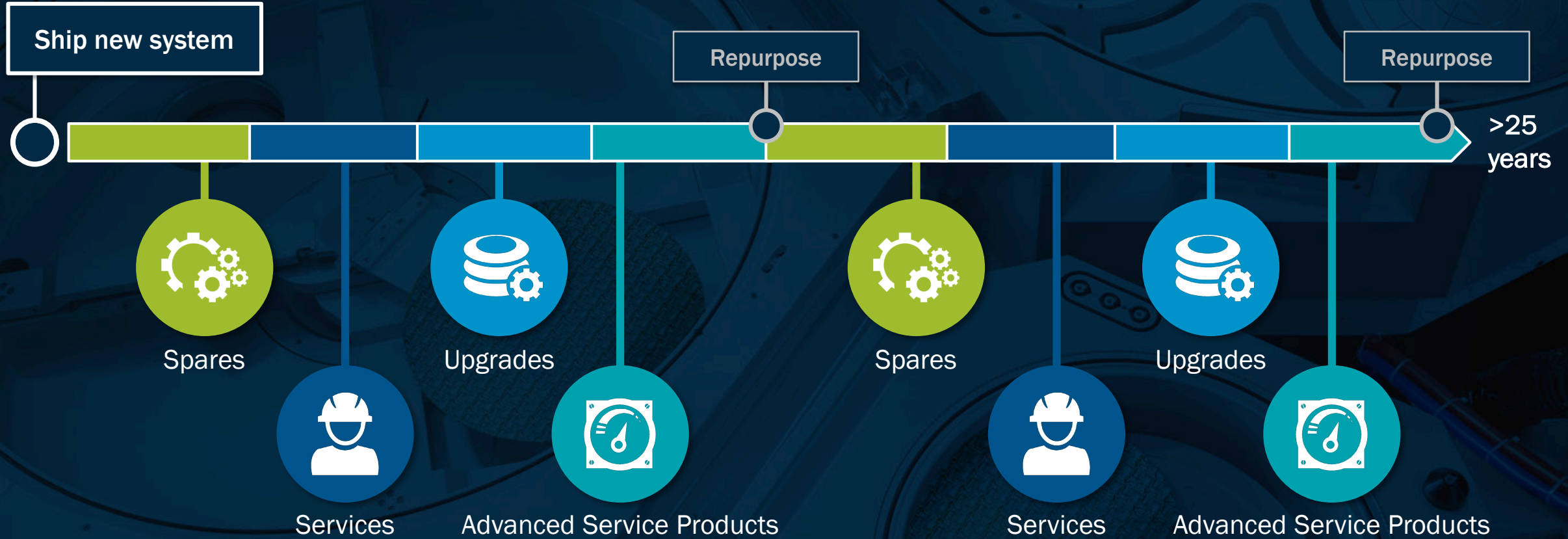
**Lam's
Leadership**

- Productivity upgrades
- Spare parts lifecycle management
- Cost reduction through continuous improvement
- Advanced solutions for capital efficiency

- Advanced system analytics
- Chamber matching
- Performance Plus parts
- Defect reduction

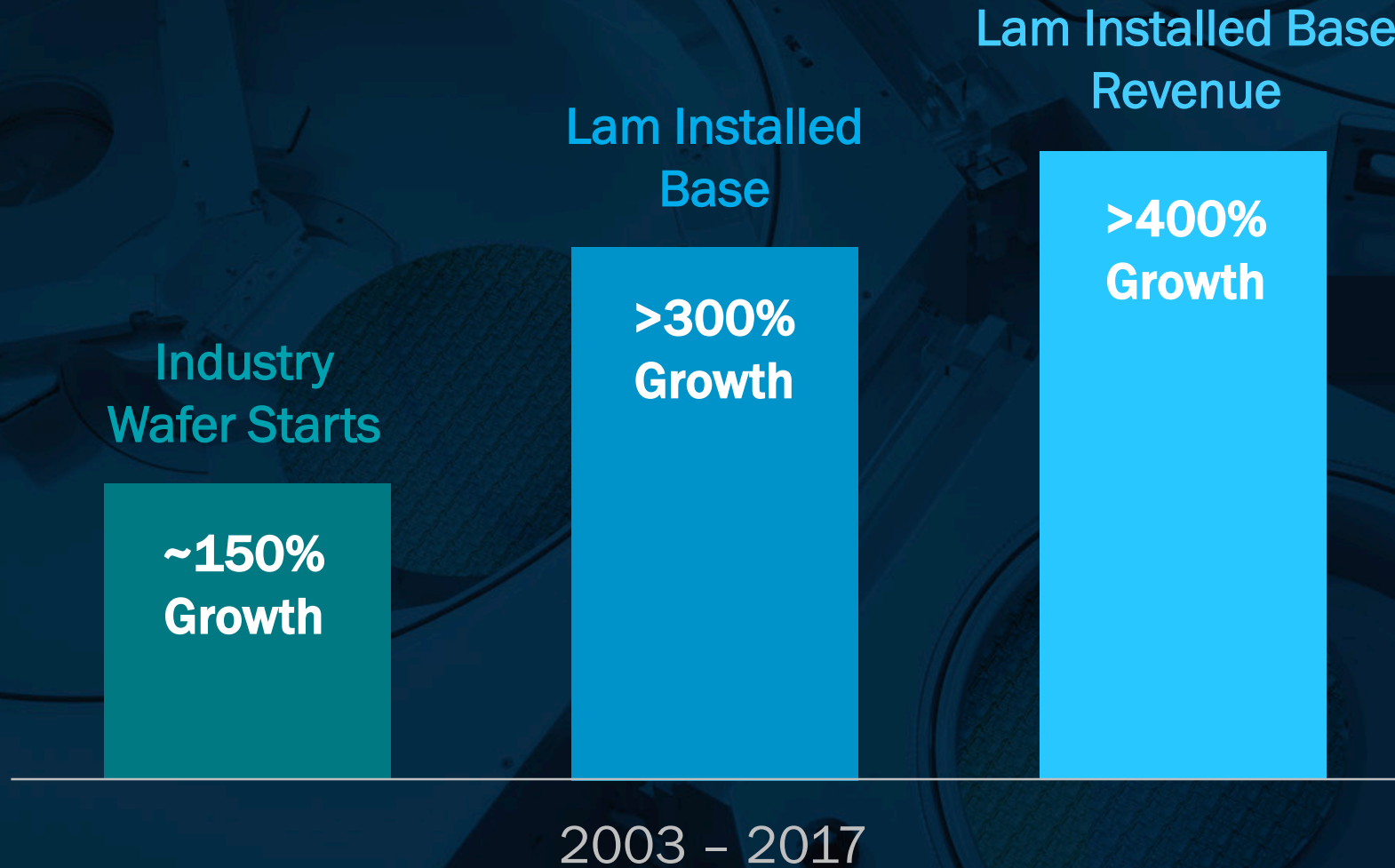
- Reliant™ for non-leading-edge applications
- Solutions for MEMS, power, RF, and mixed-signal devices
- Enabling processes for new materials

DELIVERING VALUE TO CUSTOMERS THROUGHOUT THE EQUIPMENT LIFECYCLE

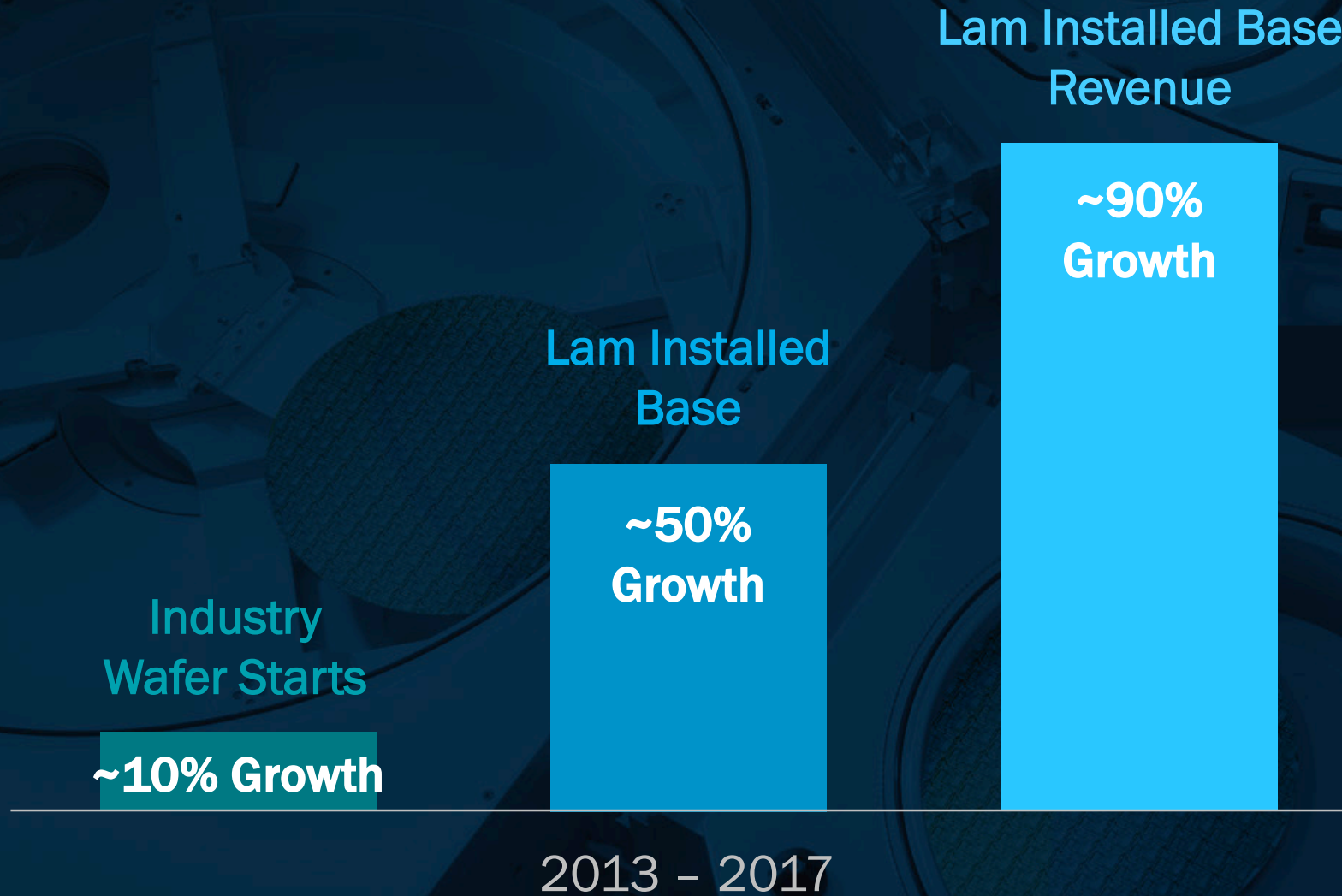


Installed Base Revenue Opportunity > Initial System Revenue

GROWTH AND STABILITY IN THE INSTALLED BASE BUSINESS

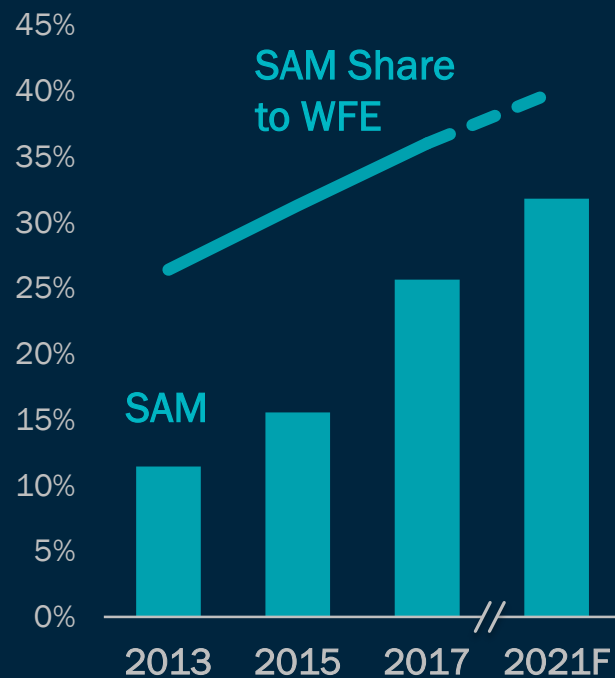


GROWTH AND STABILITY IN THE INSTALLED BASE BUSINESS



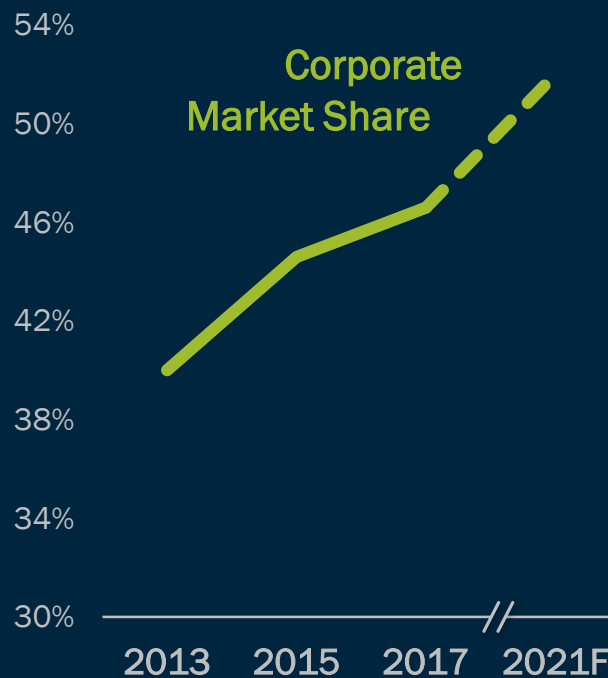
PLAN FOR \$15B OF REVENUE IN 2021 AT FLAT WFE

Technology Growth Drivers



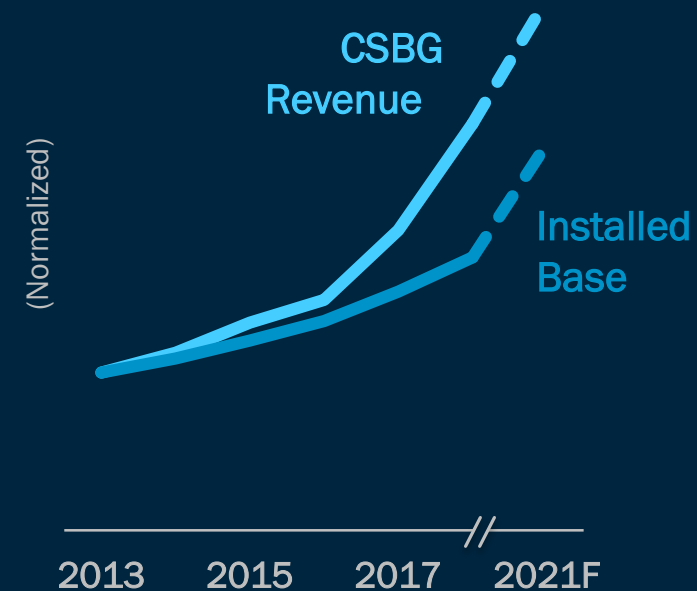
>\$1B incremental revenue

Differentiated Solutions



>\$1B of incremental revenue

Growing Recurring Revenues



>\$1B incremental revenue

DELIVERING PROFITABLE GROWTH AND RETURNS

Doug Bettinger

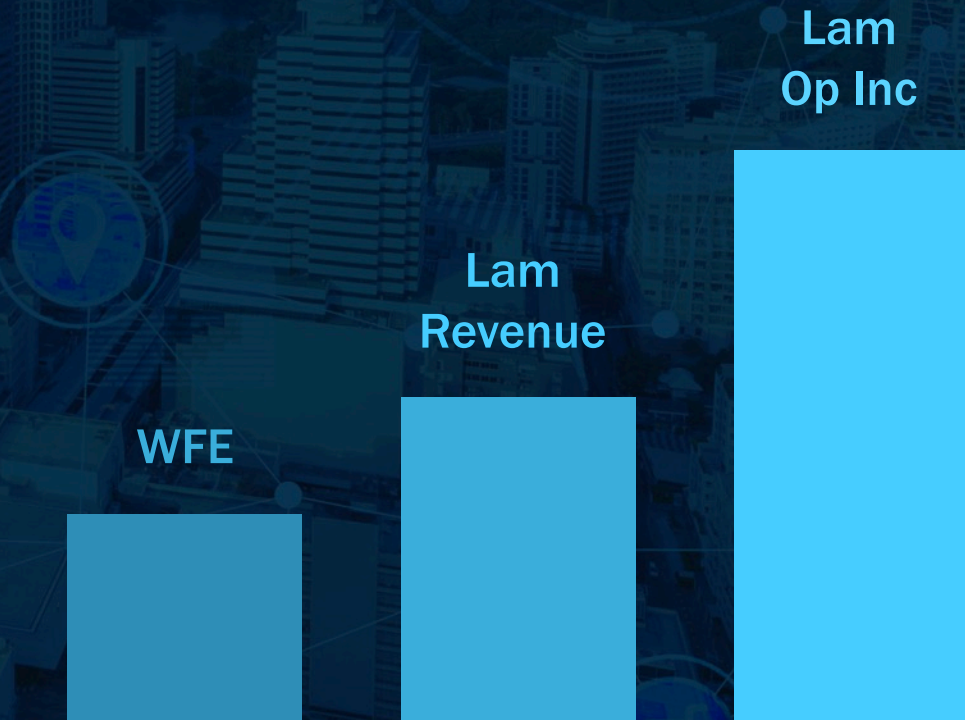
EVP & Chief Financial Officer

FINANCIAL OUTPERFORMANCE CONTINUES

2017

- Achieved **>1.5X** the industry growth rate
- Grew Operating Income at **~1.8X** Revenue
- Delivered **>94%** EPS growth year over year
- Generated **>\$2B** in Operating Cash Flow

Year-Over-Year Growth Rate
CY 2016 to CY 2017

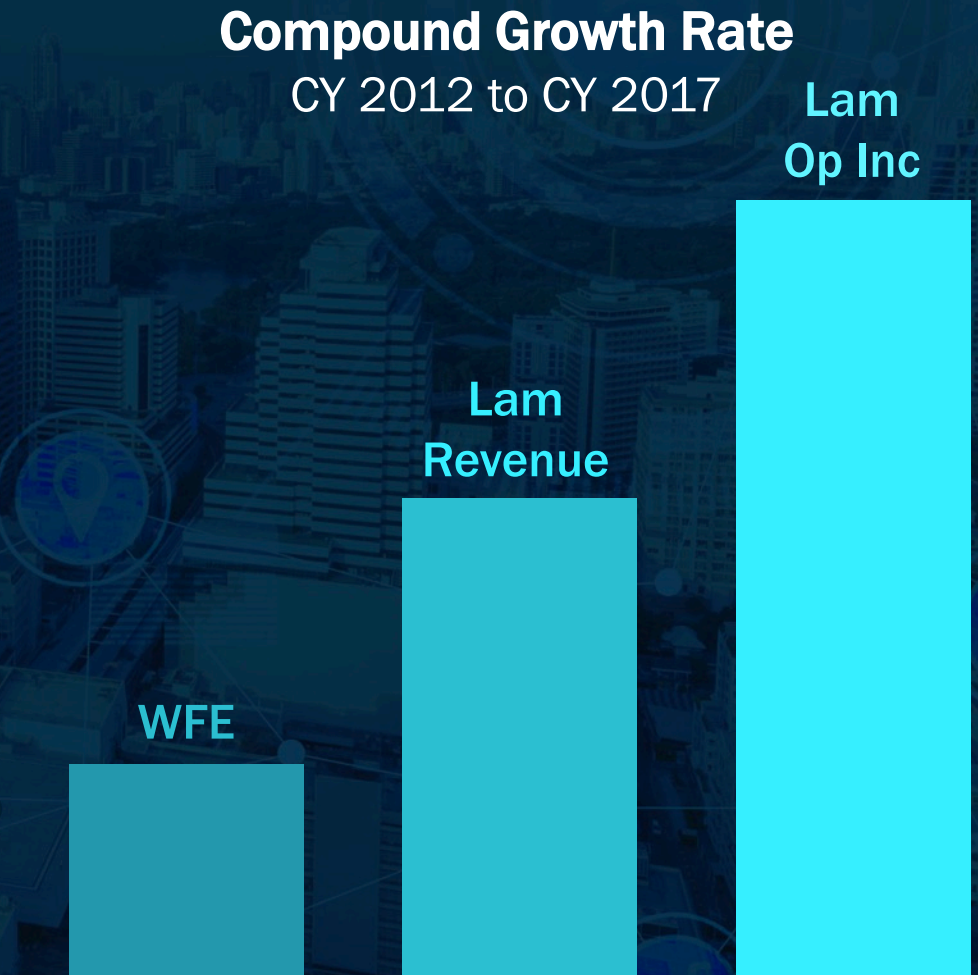


Financial outperformance metrics shown for CY 2017 relative to CY 2016 and are presented on a non-GAAP basis.
A reconciliation of U.S. GAAP results to non-GAAP results can be found at the end of this presentation.

HISTORICAL OUTPERFORMANCE TRACK RECORD

2012 – 2017

- Achieved **>2X** WFE CAGR
- Grew Operating Income at **>1.9X** Revenue CAGR
- Delivered **46%** Non-GAAP EPS CAGR
- Generated **>\$6.7B** in Operating Cash Flow



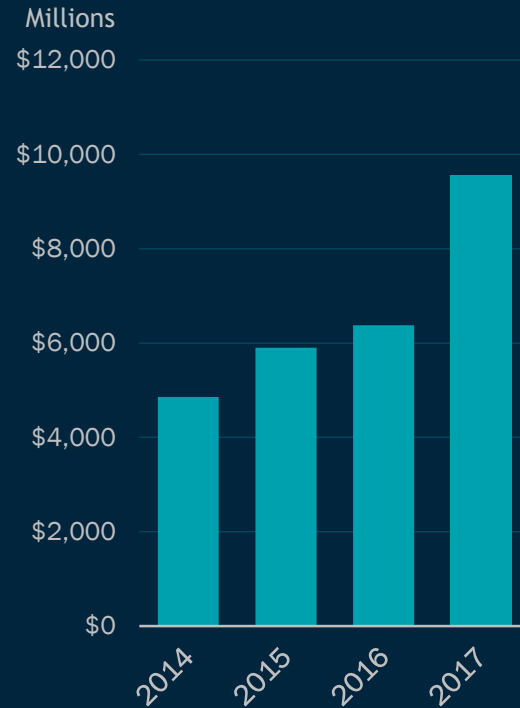
Financial outperformance metrics shown for CY 2017 relative to CY 2012 and are presented on a non-GAAP basis. Data reflect financial contribution from Novellus Systems following Lam's acquisition on June 4, 2012. A reconciliation of U.S. GAAP results to non-GAAP results can be found at the end of this presentation.

EXECUTING ON OUR PROFITABLE GROWTH COMMITMENTS

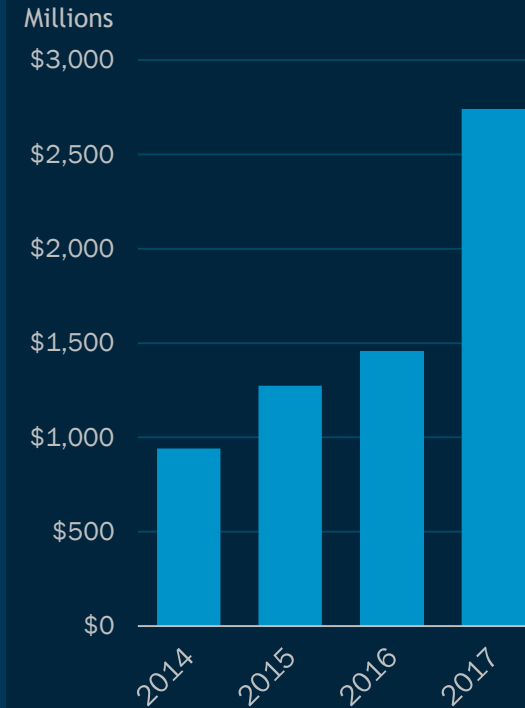
Shipments



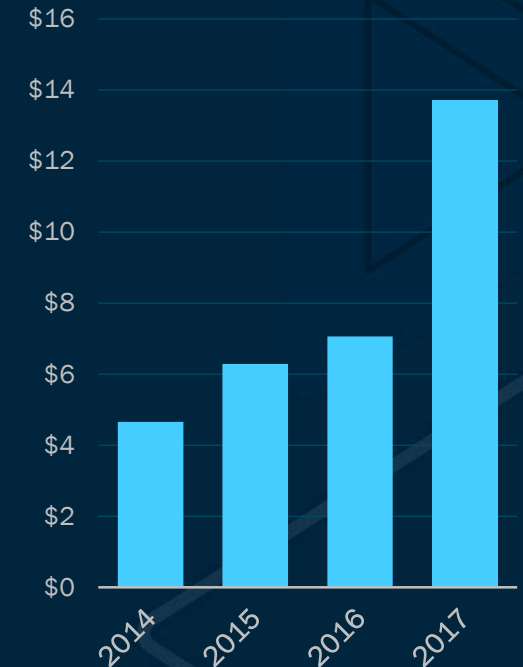
Revenue



Non-GAAP Operating Profit*



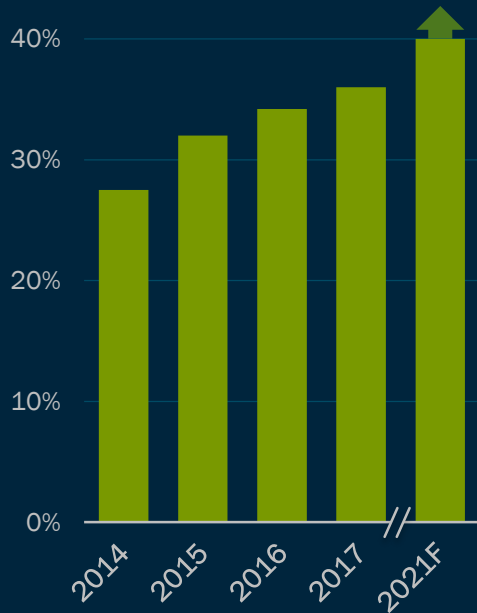
Non-GAAP Diluted EPS*



Execute

Grow market share
and SAM

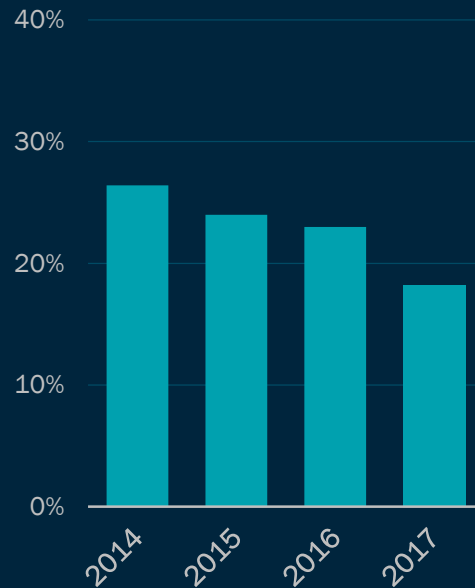
Lam SAM as % of WFE



Control

Balance scaling with
spending requirements

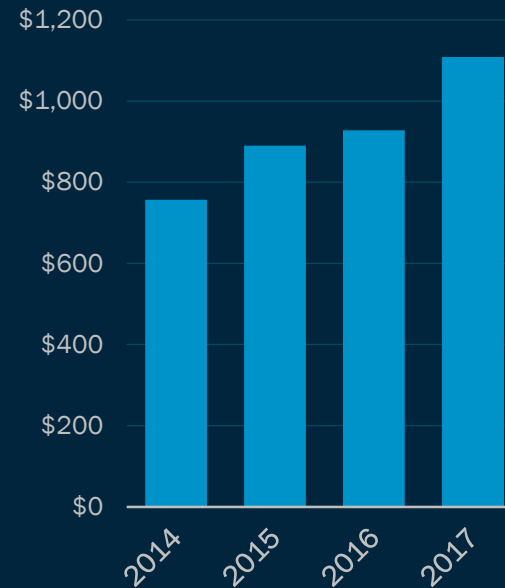
OpEx as % of Revenue¹



Allocate

Prioritize investments
in leading-edge R&D

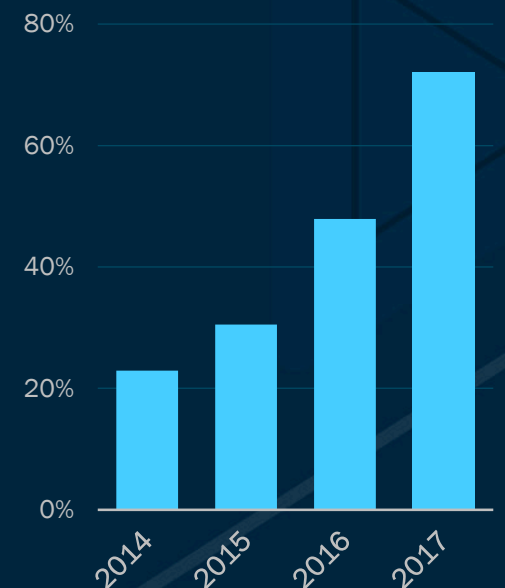
R&D Investment¹ (\$M)



Utilize

Create value from
invested capital

Return on Invested Capital²



¹ Data are presented on a non-GAAP basis. A reconciliation of U.S. GAAP results to non-GAAP results can be found at the end of this presentation.

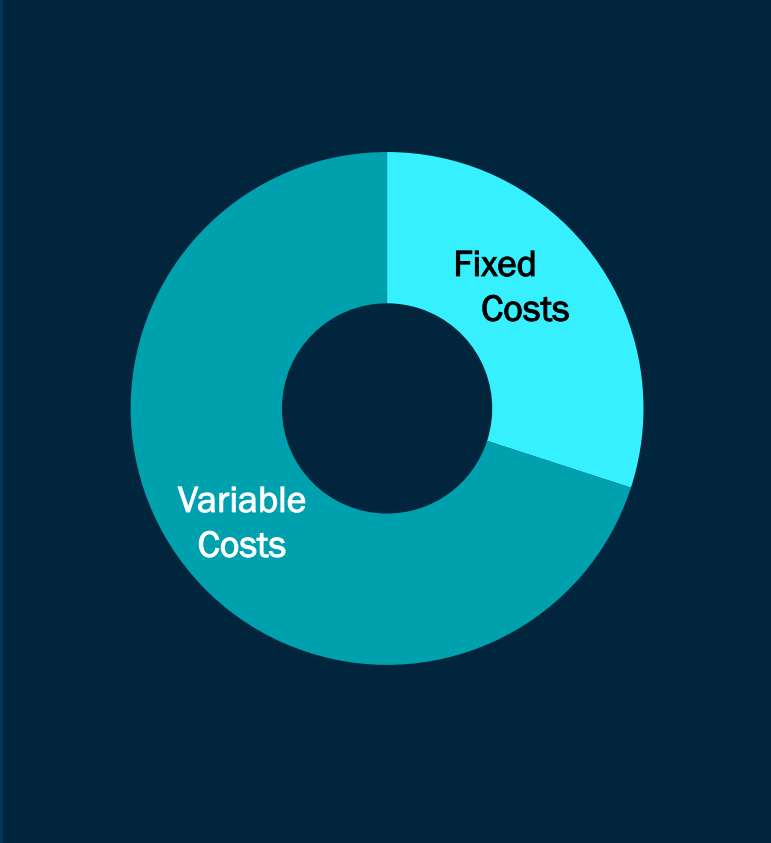
² The Company defines ROIC as tax-effected annualized adjusted operating profit divided by invested capital. All years represented used annualized non-GAAP Operating Income and non GAAP tax expense for QDec of each year. Tax rate for QDec'17 is normalized and excludes all benefit recorded by the Company as a result of the U.S tax reform. Invested capital is defined as equity plus debt and capital leases, less cash, cash equivalents, and investments.

BUSINESS MODEL FLEXIBILITY

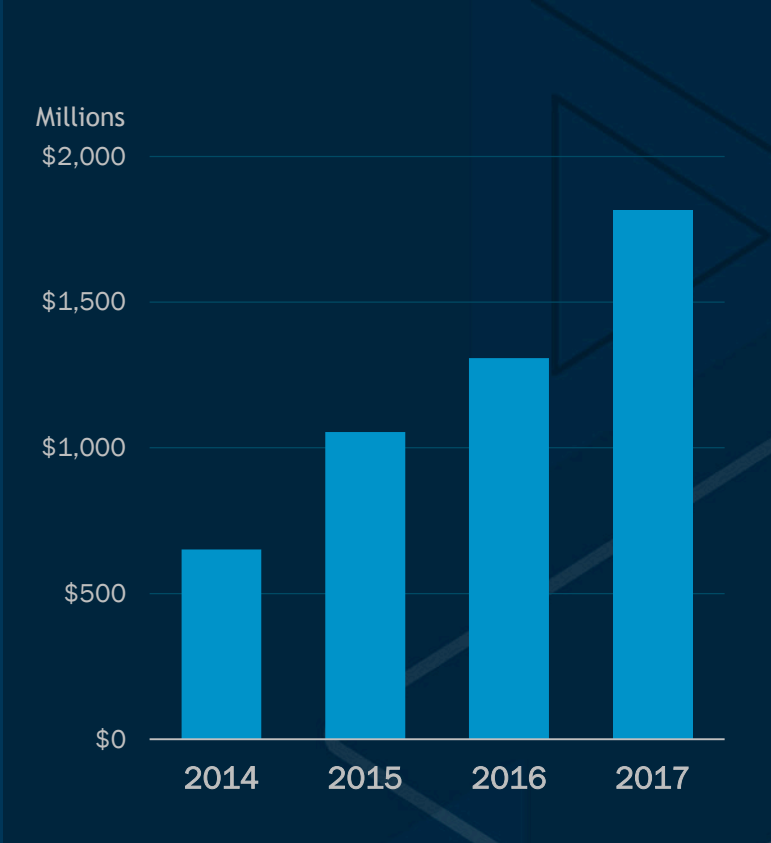
Shipments



Variable Portion of Total Costs



Free Cash Flow



TARGET MODEL

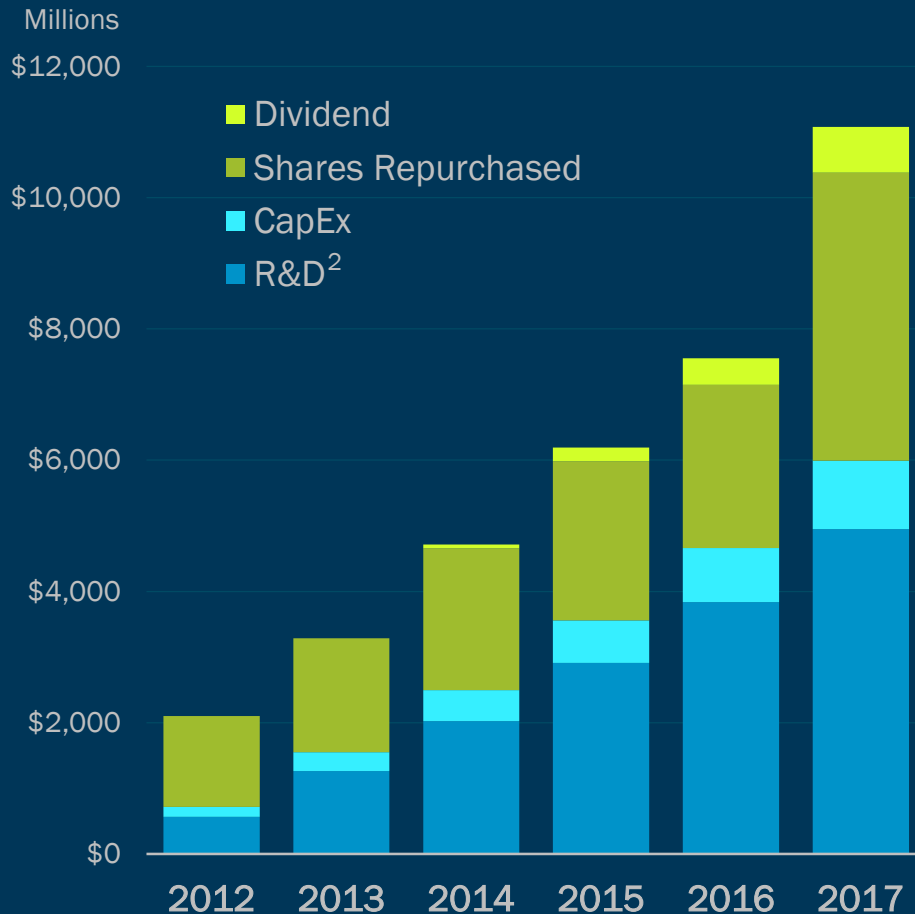
	CY 2017 Actual	CY 2021 Financial Model
WFE Assumption	\$47B	Flat to 2018
Revenue	\$9.6B	\$14.5B – \$15.5B
Non-GAAP Operating Margin	28.7%	32% – 33%
Non-GAAP Diluted Earnings per Share	\$13.70	\$23 – \$25
Free Cash Flow	\$1.8B	28% – 29%

Financial model presented on a non-GAAP basis.

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

RETURNING VALUE TO SHAREHOLDERS

Cumulative Investments and Capital Return¹



- Generated over **\$5.6B** in Free Cash Flow from 2012 to 2017
- Cumulative investment in R&D and CapEx of **~\$6.0B** since 2012
- Initiated quarterly dividend of \$0.18/share in 2014, increasing over time to **\$0.50** in 2017
- Executed **~\$4.4B** in share repurchases from 2012 to 2017
- Returned **~90%** of FCF in dividends and share repurchases from 2012 to 2017

¹ Data reflect financial contribution from Novellus Systems following Lam's acquisition on June 4, 2012.

² Data are presented on a non-GAAP basis. A reconciliation of U.S. GAAP results to non-GAAP results can be found at the end of this presentation.

CAPITAL ALLOCATION STRATEGY

Capital Return

Plan to return at least 50% of Free Cash Flow over the next five years

Dividend

Increase quarterly dividend 120% to \$1.10/share, with a bias to grow over time

Share Repurchase

\$2B additional share repurchase authorization;
\$4B total share repurchase authorized since Nov 2017

SUMMARY



Concluded an extraordinary year in 2017, with record performance in shipments, revenue, and non-GAAP EPS



Continuing to invest for growth and success with value-creating strategies



Increasing our capital allocation strategy in line with company growth

Q&A SESSION



Satya Kumar

VP, Investor Relations



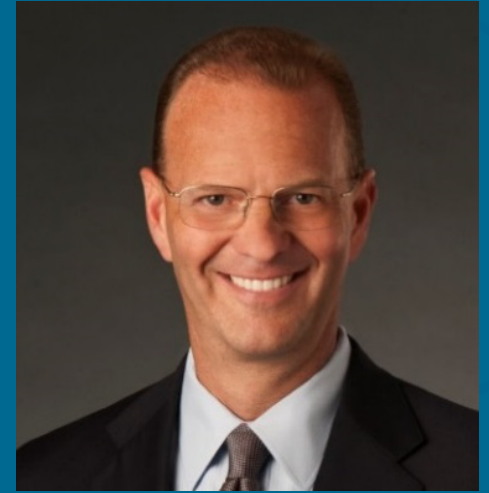
Martin Anstice

Chief Executive Officer



Tim Archer

President &
Chief Operating Officer



Doug Bettinger

EVP &
Chief Financial Officer

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

APPENDIX - RECONCILIATION

Reconciliation of U.S. GAAP Net Income and Dilutive Shares to Non-GAAP Net Income and Number of Dilutive Shares (in thousands) (unaudited)

	Twelve Months Ended December 24, 2017
U.S. GAAP net income	\$ 1,681,872
Pre-tax non-GAAP items:	
Amortization related to intangible assets acquired through certain business combinations - cost of goods sold	86,456
Amortization related to intangible assets acquired through certain business combinations - selling, general and administrative	65,653
Cost associated with business process reengineering - selling, general and administrative	9,565
Business combination acquisition- and/or integration-related costs - selling, general and administrative	2,029
Amortization of note discounts - other expense, net	18,799
Net tax benefit on non-GAAP items	(22,633)
Income tax expense resulting from tax reform	756,889
Net tax benefit on conclusion of certain tax matters	(109,744)
Non-GAAP net income	\$ 2,488,886.00
Non-GAAP net income per diluted share	\$ 13.70
U.S. GAAP number of shares used for diluted per share calculation	184,859
Effect of convertible note hedge	(3,184)
Non-GAAP number of shares used for per diluted share calculation	181,675

APPENDIX - RECONCILIATION

Reconciliation of U.S. GAAP Net Income and Dilutive Shares to Non-GAAP Net Income and Number of Dilutive Shares (in thousands) (unaudited)

	Twelve Months Ended December 25, 2016
U.S. GAAP net income	\$ 999,016
Pre-tax non-GAAP items:	
Amortization related to intangible assets acquired through certain business combinations - cost of goods sold	85,000
Costs associated with rationalization of certain product configurations - cost of goods sold	6,127
Novellus acquisition-related inventory fair value impact - cost of goods sold	128
Costs associated with campus consolidation - research and development	11,319
Product rationalization - research and development	1,650
Restructuring charges - research and development	115
Amortization related to intangible assets acquired through certain business combinations - selling, general and administrative	64,333
Business combination acquisition- and/or integration-related costs - selling, general and administrative	43,565
Litigation settlement - selling, general and administrative	4,000
Restructuring charges - selling, general and administrative	(85)
Gain on sale of real property, net of associated exit costs - selling, general and administrative	(15,223)
Amortization of note discounts - other expense, net	28,409
Amortization of bridge loan issuance costs - other expenses, net	20,270
KLA-Tencor acquisition funding interest expense, net - other expense, net	24,212
Costs related to early termination of KLA-Tencor acquisition funding - other expense, net	34,518
Net tax benefit on non-GAAP items	(58,559)
Net tax benefit on conclusion of certain tax matters	(3,017)
Change to income tax benefit from court ruling	(887)
Non-GAAP net income	\$ 1,244,891
Non-GAAP net income per diluted share	\$ 7.06
U.S. GAAP number of shares used for diluted per share calculation	178,895
Effect of convertible note hedge	(2,531)
Non-GAAP number of shares used for per diluted share calculation	176,364

APPENDIX - RECONCILIATION

Reconciliation of U.S. GAAP Net Income and Dilutive Shares to Non-GAAP Net Income and Number of Dilutive Shares (in thousands) (unaudited)

	Twelve Months Ended December 27, 2015
U.S. GAAP net income	\$ 849,215
Pre-tax non-GAAP items:	
Amortization related to intangible assets acquired through certain business combinations - cost of goods sold	85,072
Novellus acquisition-related inventory fair value impact - cost of goods sold	2,149
Impairment of long-lived assets - cost of goods sold	9,821
Restructuring charges - cost of goods sold	371
Restructuring charges - research and development	4,240
Amortization related to intangible assets acquired through certain business combinations - selling, general and administrative	64,332
Business combination acquisition-related costs - selling, general and administrative	17,392
Restructuring charges - selling, general and administrative	5,021
Goodwill impairment - selling, general and administrative	79,444
Amortization of note discounts - other expense, net	36,148
Amortization of bridge loan issuance costs -other expenses, net	13,573
Net tax benefit on non-GAAP items	(43,912)
Net income tax expense (benefit) on resolution or additional accrual for certain tax matters	954
Income tax benefit related to tax extenders, primarily the research and development credit	(13,603)
Change to income tax benefit from court ruling	(21,925)
Non-GAAP net income	\$ 1,088,292
Non-GAAP net income per diluted share	\$ 6.29
U.S. GAAP number of shares used for diluted per share calculation	175,681
Effect of convertible note hedge	(2,692)
Non-GAAP number of shares used for per diluted share calculation	172,989

APPENDIX - RECONCILIATION

Reconciliation of U.S. GAAP Net Income and Dilutive Shares to Non-GAAP Net Income and Number of Dilutive Shares (in thousands) (unaudited)

	Twelve Months Ended December 28, 2014
U.S. GAAP net income	\$ 715,812
Pre-tax non-GAAP items:	
Amortization related to intangible assets acquired through certain business combinations - cost of goods sold	85,534
Costs associated with rationalization of certain product configurations - cost of goods sold	6,455
Novellus acquisition-related inventory fair value impact - cost of goods sold	3,268
Synthetic lease impairment - cost of goods sold	1,558
Amortization related to intangible assets acquired through certain business combinations - selling, general and administrative	65,250
Restructuring charges - selling, general and administrative	1,915
Costs associated with rationalization of certain product configurations - selling, general and administrative	3,008
Costs associated with disposition of business - selling, general and administrative	1,103
Impairment of long lived asset - selling, general and administrative	4,000
Synthetic lease impairment - selling, general and administrative	5,356
Gain on sale of real estate	(83,090)
Amortization of note discounts - other expense, net	33,795
Net gain associated with the disposition of business - other (income) expense	(4,331)
Net tax benefit on non-GAAP items	(16,512)
Net tax benefit on conclusion of certain tax matters	(302)
Income tax benefit related to tax extenders, primarily the research and development credit	(11,094)
Net tax benefit on valuation allowance release	(2,811)
Non-GAAP net income	\$ 808,914
Non-GAAP net income per diluted share	\$ 4.66
U.S. GAAP number of shares used for diluted per share calculation	174,786
Effect of convertible note hedge	(1,104)
Non-GAAP number of shares used for per diluted share calculation	173,682

APPENDIX - RECONCILIATION

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

	Twelve Months Ended			
	December 24, 2017	December 25, 2016	December 27, 2015	December 28, 2014
US GAAP gross margin	\$ 4,395,275	\$ 2,833,043	\$ 2,591,013	\$ 2,130,030
Pre-tax non-GAAP items:				
Amortization related to intangible assets acquired through certain business combinations	86,456	85,000	85,072	85,534
Product and product configuration rationalization	-	6,127	-	6,455
Novellus acquisition-related inventory fair value impact	-	128	2,149	3,268
Impairment of long-lived assets	-	-	9,821	-
Synthetic lease impairment	-	-	-	1,558
Restructuring charges	-	-	371	-
Non-GAAP gross margin	\$ 4,481,731	\$ 2,924,298	\$ 2,688,426	\$ 2,226,845
U.S. GAAP gross margin as a percentage of revenue	46.0%	44.4%	43.9%	43.8%
Non-GAAP gross margin as a percentage of revenue	46.9%	45.9%	45.6%	45.8%
U.S. GAAP operating expenses	\$ 1,818,325	\$ 1,577,274	\$ 1,585,751	\$ 1,365,204
Amortization related to intangible assets acquired through certain business combinations	(65,653)	(64,333)	(64,332)	(65,250)
Cost associated with business process reengineering	(9,565)	-	-	-
Business combination acquisition and integration related costs	(2,029)	(43,565)	(17,392)	-
Costs associated with campus consolidation	-	(11,319)	-	-
Litigation settlement	-	(4,000)	-	-
Product and product configuration rationalization	-	(1,650)	-	(3,008)
Restructuring charges	-	(30)	(9,261)	(1,915)
Synthetic lease impairment	-	-	-	(5,356)
Impairment of long lived asset	-	-	-	(4,000)
Costs associated with disposition of business	-	-	-	(1,103)
Goodwill impairment	-	-	(79,444)	-
Gain on sale of assets	-	15,223	-	-
Non-GAAP operating expenses	\$ 1,741,078	\$ 1,467,600	\$ 1,415,322	\$ 1,284,572
Non-GAAP operating income	\$ 2,740,653	\$ 1,456,698	\$ 1,273,104	\$ 942,273
U.S. GAAP operating margin as a percent of revenue	27.0%	19.7%	17.0%	15.7%
Non-GAAP operating margin as a percent of revenue	28.7%	22.9%	21.6%	19.4%

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