

LAM RESEARCH CORP  
Form 10-Q  
October 25, 2016  
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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FORM 10-Q

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(Mark One)  
 QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT  
OF 1934  
For the quarterly period ended September 25, 2016  
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

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

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Delaware 94-2634797  
(State or other jurisdiction of (I.R.S. Employer  
incorporation or organization) Identification No.)  
4650 Cushing Parkway 94538  
Fremont, California  
(Address of principal executive offices) (Zip Code)  
(510) 572-0200  
(Registrant's telephone number, including area code)

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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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes  No

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

Large accelerated filer  Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company) Smaller reporting company

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 October 20, 2016, the Registrant had 162,829,959 shares of common stock outstanding.

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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	
	September	September
	25,	27,
	2016	2015
Revenue	\$1,632,419	\$1,600,043
Cost of goods sold	916,222	877,680
Gross margin	716,197	722,363
Research and development	235,240	234,209
Selling, general and administrative	165,010	152,726
Total operating expenses	400,250	386,935
Operating income	315,947	335,428
Other expense, net	(23,154 )	(27,121 )
Income before income taxes	292,793	308,307
Income tax expense	(28,958 )	(19,628 )
Net income	\$263,835	\$288,679
Net income per share:		
Basic	\$1.64	\$1.82
Diluted	\$1.47	\$1.66
Number of shares used in per share calculations:		
Basic	160,607	158,352
Diluted	180,017	174,374
Cash dividend declared per common share	\$0.30	\$0.30

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CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands)

(unaudited)

	Three Months Ended	
	September	September
	25,	27,
	2016	2015
Net income	\$263,835	\$288,679
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustment	4,501	(7,822 )
Cash flow hedges:		
Net unrealized losses during the period	(2,421 )	(544 )
Net losses reclassified into earnings	11,950	341
	9,529	(203 )
Available-for-sale investments:		
Net unrealized (losses) gains during the period	(2,723 )	2,748
Net losses reclassified into earnings	903	20
	(1,820 )	2,768
Defined benefit plans, net change in unrealized component	123	95
Other comprehensive loss, net of tax	12,333	(5,162 )
Comprehensive income	\$276,168	\$283,517

See Notes to Condensed Consolidated Financial Statements

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

	September 25, 2016 (unaudited)	June 26, 2016 (1)
<b>ASSETS</b>		
Cash and cash equivalents	\$5,861,701	\$5,039,322
Investments	1,352,775	1,788,612
Accounts receivable, less allowance for doubtful accounts of \$7,124 as of September 25, 2016 and \$5,155 as of June 26, 2016	1,290,317	1,262,145
Inventories	931,581	971,911
Prepaid expenses and other current assets	162,628	151,160
Total current assets	9,599,002	9,213,150
Property and equipment, net	649,587	639,608
Restricted cash and investments	255,640	250,421
Goodwill	1,385,838	1,386,276
Intangible assets, net	526,593	564,921
Other assets	219,702	209,939
Total assets	\$12,636,362	\$12,264,315
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Trade accounts payable	\$349,743	\$348,199
Accrued expenses and other current liabilities	765,655	772,910
Deferred profit	417,855	349,199
Current portion of convertible notes and capital leases	952,999	947,733
Total current liabilities	2,486,252	2,418,041
Senior notes, convertible notes, and capital leases, less current portion	3,378,179	3,378,129
Income taxes payable	241,671	231,514
Other long-term liabilities	142,910	134,562