

LAM RESEARCH CORP  
Form 11-K  
June 10, 2005

**Table of Contents**

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 11-K**

(Mark One)

**☐ ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2004**

**OR**

**☐ TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from \_\_\_\_\_ to \_\_\_\_\_**

**Commission file number 0-12933**

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

**SAVINGS PLUS PLAN,  
LAM RESEARCH 401(k)**

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

**LAM RESEARCH CORPORATION  
4650 Cushing Parkway  
Fremont, California 94538**

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**SAVINGS PLUS PLAN,  
LAM RESEARCH 401(k)**

**TABLE OF CONTENTS**

Financial Statements:

|   |    |
|---|----|
| <u>STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS</u>                | 2  |
| <u>STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS</u>      | 3  |
| <u>NOTES TO FINANCIAL STATEMENTS</u>                                  | 4  |
| <u>Supplemental Schedule as of December 31, 2004:</u>                 |    |
| <u>SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)</u> | 10 |
| <u>SIGNATURES</u>   | 12 |
| <u>EXHIBIT INDEX</u>  | 13 |
| EXHIBIT 23.1  | 14 |
| <u>EXHIBIT 23.1</u>   |    |

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**Table of Contents**

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

**To the Plan Administrator of the  
Savings Plus Plan,  
Lam Research 401(k)**

We have audited the financial statements of the Savings Plus Plan, Lam Research 401(k) (the Plan) as of December 31, 2004 and 2003, and for the year ended December 31, 2004, as listed in the accompanying table of contents. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Plan's management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2004 and 2003, and the changes in net assets available for benefits for the year ended December 31, 2004, in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule, as listed in the accompanying table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Mohler, Nixon & Williams  
MOHLER, NIXON & WILLIAMS  
Accountancy Corporation  
Campbell, California  
May 6, 2005

**Table of Contents****SAVINGS PLUS PLAN,  
LAM RESEARCH 401(k)****STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS**

|                                     | <b>December 31,</b> |                |
|-------------------------------------|---------------------|----------------|
|                                     | <b>2004</b>         | <b>2003</b>    |
| Assets:                             |                     |                |
| Investments, at fair value          | \$ 172,568,527      | \$ 152,517,219 |
| Participant loans                   | 2,143,521           | 2,172,282      |
| <br>                                |                     |                |
| Assets held for investment purposes | 174,712,048         | 154,689,501    |
| Liabilities:                        |                     |                |
| Other liabilities                   | 739                 | 4,595          |
| <br>                                |                     |                |
| Net assets available for benefits   | \$ 174,711,309      | \$ 154,684,906 |

See notes to financial statements.

**Table of Contents****SAVINGS PLUS PLAN,  
LAM RESEARCH 401(k)****STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS****For the year ended December 31, 2004**

Additions to net assets attributed to:

Investment income:

|   |              |
|---|--------------|
| Dividends and interest  | \$ 1,643,679 |
| Net realized and unrealized appreciation in fair value of investments | 13,204,466   |

14,848,145

Contributions:

|              |            |
|--------------|------------|
| Participants | 10,799,484 |
| Employer s   | 3,107,564  |

13,907,048

|                 |            |
|-----------------|------------|
| Total additions | 28,755,193 |
|-----------------|------------|

Deductions from net assets attributed to:

|                               |           |
|-------------------------------|-----------|
| Withdrawals and distributions | 8,589,433 |
| Administrative expenses       | 139,357   |

|                  |           |
|------------------|-----------|
| Total deductions | 8,728,790 |
|------------------|-----------|

|                            |            |
|----------------------------|------------|
| Net increase in net assets | 20,026,403 |
|----------------------------|------------|

Net assets available for benefits:

|                   |             |
|-------------------|-------------|
| Beginning of year | 154,684,906 |
|-------------------|-------------|

|             |                |
|-------------|----------------|
| End of year | \$ 174,711,309 |
|-------------|----------------|

See notes to financial statements.

**Table of Contents**

**SAVINGS PLUS PLAN,  
LAM RESEARCH 401(k)**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2004 AND 2003**

**NOTE 1 - THE PLAN AND ITS SIGNIFICANT ACCOUNTING POLICIES**

**General** - The following description of the Savings Plus Plan, Lam Research 401(k) (the Plan) provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

The Plan is a defined contribution plan that was established in 1985 by Lam Research Corporation (the Company) to provide benefits to eligible employees, as defined in the Plan document. The Plan is currently designed to be qualified under the applicable requirements of the Internal Revenue Code, as amended, and the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA).

**Administration** - The Company and the Plan Committee (the Committee) manage the operation and administration of the Plan. A third-party administrator processes and maintains the records of participant data. Beginning in January 2004, American Stock Transfer and Trust Company (AST) acted as the trustee and custodian. As of December 31, 2003, Security Trust Company (STC) acted as the trustee and custodian. Substantially all expenses incurred for administering the Plan are paid by the Plan, unless paid by the Company.

**Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

**Basis of accounting** - The financial statements of the Plan are prepared on the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America.

**Reclassification** - Certain prior year amounts have been reclassified to conform to the current year presentation.

**Table of Contents**

**Investments** - Investments of the Plan are held by AST as of December 31, 2004 and were held by STC as of December 31, 2003 and are invested based solely upon instructions received from participants.

The Plan's investments are valued at fair value as of the last day of the Plan year, as measured by quoted market prices. Participant loans are valued at cost, which approximates fair value.

**Cash and cash equivalents** - All highly liquid investments purchased with an original maturity of three months or less (generally money market funds) are considered to be cash equivalents. These investments are usually held for a short period of time, pending long-term investment.

**Income taxes** - The Plan has been amended since receiving its favorable determination letter dated January 21, 2004. The Plan is operated in accordance with, and is intended to qualify under, the applicable requirements of the Internal Revenue Code and related state statutes, and the trust, which forms a part of the Plan, is intended to be exempt from federal income and state franchise taxes.

**Reconciliation of financial statements to Form 5500** - The differences between the information reported in the financial statements and the information reported in the Form 5500 arise primarily from the reporting of benefits payable in the Form 5500 of approximately \$54,000 and \$10,000 at December 31, 2004 and 2003, respectively.

**Risks and uncertainties** - The Plan provides for various investment options in any combination of investment securities offered by the Plan. In addition, Company common stock is included as an investment under the Plan. Investment securities are exposed to various risks, such as interest rate, market fluctuations and credit risks. Due to the risk associated with certain investment securities, it is at least reasonably possible that changes in market values, interest rates or other factors in the near term would materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits and the statement of changes in net assets available for benefits.

**NOTE 2 - RELATED PARTY AND PARTY-IN-INTEREST TRANSACTIONS**

Participants may elect to invest a portion of their accounts in the common stock of the Company. The aggregate investment in Company common stock at December 31, 2004 and 2003 was as follows:

|                  | 2004         | 2003          |
|------------------|--------------|---------------|
| Number of shares | 297,932      | 327,789       |
| Fair value       | \$ 8,613,214 | \$ 10,587,585 |



**Table of Contents**

**NOTE 3 - PARTICIPATION AND BENEFITS**

**Participant contributions** - During 2004 and 2003, participants could elect to contribute from 2% to 20% of their eligible pre-tax compensation per payroll period not to exceed the amount allowable under current income tax regulations. Participants who elect to contribute a portion of their eligible compensation to the Plan agree to accept an equivalent reduction in taxable compensation. Contributions withheld are invested in accordance with the participants direction.

Participants are also allowed to make rollover contributions of amounts received from other tax-qualified employer-sponsored retirement plans. Such contributions are deposited in the appropriate investment funds in accordance with the participants direction and the Plan s provisions.

**Employer contributions** - The Company may make matching contributions as defined in the Plan and as approved by the Board of Directors. In 2004, the Company matched 50% of each eligible participant s salary deferral contribution (excluding catch-up contributions) up to a maximum of the first 6% of the participant s eligible compensation on a per payroll period basis. The Plan also allows for a discretionary profit sharing contribution. No discretionary contribution was made for the year ended December 31, 2004.

**Vesting** - Participants are immediately vested in their entire account, including employer matching and discretionary profit sharing contributions (if any).

**Participant accounts** - Each participant s account is credited with the participant s contribution, Plan earnings or losses in funds selected by the participant, and an allocation of the Company s contribution, if any. Allocation of the Company s contribution is based on participant contributions and / or compensation, as defined in the Plan.

**Payment of benefits** - Upon termination, each participant (or beneficiary) may elect to leave his or her account balance in the Plan until age 70 1/2 or receive his or her total benefits in a lump sum amount equal to the value of the participant s account, in installments over a period of years, or over a term certain under a non-transferable annuity contract. The Plan requires lump sum distribution of participant account balances that do not exceed \$5,000.

**Loans to participants** - The Plan allows participants to borrow not less than \$1,000 and up to the lesser of \$50,000 or 50% of their account balance. The loans are secured by the participant s balance reduced by certain balances of outstanding or defaulted loans. Such loans bear interest at the available market financing rates and must be repaid to the Plan within a five-year period, unless the loan is used for the purchase of a principal residence in which case the maximum repayment period is 15 years. The specific terms and conditions of such loans are established by the Committee. Outstanding loans at December 31, 2004 carry interest rates ranging from 5.0% to 10.5%.

**Table of Contents****NOTE 4 - INVESTMENTS**

The following table presents the fair values of investments and investment funds that include 5% or more of the Plan's net assets at December 31:

|   | 2004           | 2003           |
|---|----------------|----------------|
| Fidelity Advisor Funds:                               |                |                |
| Balanced Fund   | \$ 7,989,620   | \$ 7,758,819   |
| Value Strategies Fund                                 | 22,054,892     | 19,502,858     |
| Overseas Fund   | 10,720,424     | 8,444,371      |
| MFS Value Fund  | 21,601,008     | 17,656,881     |
| Franklin Small Mid Cap Growth Fund                    | 16,393,818     | 14,486,822     |
| Metlife Stable Value Account                          | 22,197,547     | 19,140,093     |
| Vanguard Institutional Index Fund                     | 19,892,577     | 16,800,968     |
| American Funds Amcap Fund                             | 15,841,558     | 14,070,466     |
| Lam Research Corporation Common Stock                 | 8,613,214      | 10,587,585     |
| Other Funds individually less than 5% of net assets * | 29,407,390     | 26,240,638     |
| <br>  |                |                |
| Assets held for investment purposes                   | \$ 174,712,048 | \$ 154,689,501 |

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\* Included in Other Funds individually less than 5% of net assets are investments in the TCW Investment Management Company Large-Cap Growth Fund and the Renaissance Investment Management, Inc. Balanced Investment Option Fund. These funds are unitized funds which consist of a number of investments managed by the investment manager specifically for the Plan, none of which individually account for more than 5% of net assets.

The Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated (depreciated) in value as follows for the year ended December 31, 2004:

|              |               |
|--------------|---------------|
| Mutual funds | \$ 12,044,335 |
| Common stock | 1,198,224     |
| Bonds        | (38,093)      |
|              | \$ 13,204,466 |

**Table of Contents**

**NOTE 5 - PLAN TERMINATION OR MODIFICATION**

The Company intends to continue the Plan indefinitely for the benefit of its participants; however, it reserves the right to terminate or modify the Plan at any time by resolution of its Board of Directors (or other authorized party) and subject to the provisions of ERISA.

**Table of Contents**

SUPPLEMENTAL SCHEDULE

**Table of Contents****SAVINGS PLUS PLAN,  
LAM RESEARCH 401(k)****EIN: 94-2634797****PLAN #001****SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR) DECEMBER 31, 2004**

| <b>Identity of issue, borrower,<br/>lessor or similar party</b> | <b>Description of investment including maturity date,<br/>rate of interest, collateral, par or maturity value</b> | <b>Current<br/>value</b> |
|---|---|--------------------------|
| Fidelity Advisor Balanced Fund                                  | Mutual Fund   | \$ 7,989,620             |
| Fidelity Advisor Intermediate Bond<br>Fund                      | Mutual Fund   | 4,306,615                |
| Fidelity Advisor Overseas Fund                                  | Mutual Fund   | 10,720,424               |
| Fidelity Advisor Value Strategies<br>Fund                       | Mutual Fund   | 22,054,892               |
| Franklin Small Mid Cap Growth<br>Fund                           | Mutual Fund   | 16,393,818               |
| American Funds Amcap Fund                                       | Mutual Fund   | 15,841,558               |
| MFS Value Fund  | Mutual Fund   | 21,601,008               |
| Metlife Stable Value Account                                    | Fixed Income Fund   | 22,197,547               |
| Vanguard 500 Index Fund   | Mutual Fund   | 19,892,577               |
| TCW Investment Management<br>Company                            |   |                          |
| Large Cap Growth: **  |   |                          |
| Aflac Inc.  | Common Stock  | 251,112                  |
| Amazon Com Inc.   | Common Stock  | 620,060                  |
| American Intern 1 Grp   | Common Stock  | 159,644                  |
| Amgen Inc.  | Common Stock  | 292,267                  |
| Apollo Group Cl A   | Common Stock  | 328,409                  |
| Applied Material  | Common Stock  | 168,486                  |
| Cisco Systems Inc.  | Common Stock  | 190,012                  |
| Commerce Bancorp Nj   | Common Stock  | 98,854                   |
| Dell Inc.   | Common Stock  | 410,949                  |
| Ebay Inc.   | Common Stock  | 829,039                  |
| Electronic Arts   | Common Stock  | 374,521                  |
| Genentech Inc. New  | Common Stock  | 682,242                  |
| General Electric Co.  | Common Stock  | 177,171                  |
| Harley-Davidson Inc.  | Common Stock  | 106,070                  |
| Maxim Integrated Prods Inc.                                     | Common Stock  | 441,110                  |
| Network Appl. Inc.  | Common Stock  | 741,736                  |
| Pixar Com   | Common Stock  | 321,551                  |
| Progressive Corp.   | Common Stock  | 753,294                  |
| Qualcomm  | Common Stock  | 590,717                  |
| Starbucks Corp.   | Common Stock  | 454,604                  |
| Symantec Corp.  | Common Stock  | 262,932                  |
| Wal-Mart Stores Inc.  | Common Stock  | 167,598                  |
| Walgreen Co.  | Common Stock  | 206,546                  |
| Xilinx Inc.   | Common Stock  | 285,455                  |
| Xm Satellite Radio Hldgs A                                      | Common Stock  | 389,931                  |
| Yahoo Inc.  | Common Stock  | 872,104                  |
| Wheat First/Evergreen US Govt                                   | Money Market  | 240,505                  |



**Table of Contents**

| <b>Identity of issue, borrower, lessor or similar party</b> | <b>Description of investment including maturity date, rate of interest, collateral, par or maturity value</b> | <b>Current value</b> |
|---|---|----------------------|
| Renaissance Investment Management, Inc.                     |   |                      |
| Balanced Investment Option: **                              |   |                      |
| Aflac Inc.  | Common Stock  | 218,722              |
| Allstate Corp.  | Common Stock  | 212,052              |
| Ambac Inc.  | Common Stock  | 209,431              |
| American Express Co.  | Common Stock  | 226,044              |
| Amgen Inc.  | Common Stock  | 171,922              |
| Autodesk Inc.   | Common Stock  | 283,486              |
| Autozone Inc.   | Common Stock  | 196,773              |
| Bank of America Corp.                                       | Common Stock  | 197,358              |
| Bear Stearns Cos Inc.                                       | Common Stock  | 358,085              |
| Beckman Coulter   | Common Stock  | 200,970              |
| Best Buy Co.  | Common Stock  | 267,390              |
| Biomet Inc.   | Common Stock  | 188,746              |
| Black & Decker  | Common Stock  | 293,697              |
| Centex Corp.  | Common Stock  | 289,559              |
| Cisco Systems Inc.  | Common Stock  | 173,880              |
| Citigroup Inc.  | Common Stock  | 183,084              |
| Computer Associates Int 1                                   | Common Stock  | 204,996              |
| Constellation Energy  | Common Stock  | 113,646              |
| Cvs Corp.   | Common Stock  | 223,322              |
| Deere & Co.   | Common Stock  | 244,032              |
| Deluxe Corp.  | Common Stock  | 153,053              |
| Eaton Corp.   | Common Stock  | 224,678              |
| Electronic Arts   | Common Stock  | 246,720              |
| Entergy Corp.   | Common Stock  | 196,011              |
| Exelon Corp.  | Common Stock  | 231,368              |
| Freescale Semiconductor-B                                   | Common Stock  | 20,012               |
| Gap Inc.  | Common Stock  | 179,520              |
| Georgia Pacific Grp Corp.                                   | Common Stock  | 283,536              |
| H&R Block Inc.  | Common Stock  | 167,825              |
| Harley-Davidson Inc.  | Common Stock  | 200,475              |
| Intel Corporation   | Common Stock  | 161,040              |
| Johnson Controls Inc.                                       | Common Stock  | 222,674              |
| Mcdonalds Corp.   | Common Stock  | 224,420              |
| Mckesson Hboc Inc.  | Common Stock  | 178,536              |
| Metlife Inc.  | Common Stock  | 263,315              |
| Microsoft Corporation                                       | Common Stock  | 155,778              |
| Monsanto Company New  | Common Stock  | 377,740              |
| Motorola Inc.   | Common Stock  | 169,850              |
| National Semiconductor                                      | Common Stock  | 177,526              |
| Occidental Petroleum Corp.                                  | Common Stock  | 291,508              |
| Procter & Gamble Co.  | Common Stock  | 187,272              |
| Quest Diagnostics Inc.                                      | Common Stock  | 210,210              |
| Staples Inc.  | Common Stock  | 235,970              |

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|  |   |                |
|--|---|----------------|
| Symantec Corp.                             | Common Stock                              | 175,168        |
| Texas Instruments Inc.                     | Common Stock                              | 196,960        |
| Tyson Foods, Inc., CI A                    | Common Stock                              | 200,376        |
| Unitedhealth Group Inc.                    | Common Stock                              | 305,464        |
| Valero Energy Corp New                     | Common Stock                              | 271,946        |
| Walgreen Co.                               | Common Stock                              | 195,495        |
| Wellpoint Inc.                             | Common Stock                              | 231,150        |
| Xto Energy Inc.                            | Common Stock                              | 360,876        |
| U.S. Treasury Note, 5.875% due<br>11-15-05 | Bonds                                     | 302,847        |
| U.S. Treasury Note, 5.500% due<br>02-15-08 | Bonds                                     | 426,200        |
| U.S. Treasury Note, 4.750% due<br>11-15-08 | Bonds                                     | 416,073        |
| Wheat First/Evergreen US Govt              | Money Market                              | 93,600         |
| * Lam Research Corporation<br>Common Stock | Company Stock                             | 8,613,214      |
| * Cash and cash equivalents                | Money Market                              | 147,948        |
| * Participant loans                        | Interest rates ranging from 5.0% to 10.5% | 2,143,521      |
| Total                                      |   | \$ 174,712,048 |

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\* Party-in-interest

\*\* These funds are unitized funds which consist of a number of investments managed specifically for the Plan, which are listed individually on this Schedule.



**Table of Contents**

**SIGNATURES**

*The Plan.* Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

Lam Research Corporation  
Registrant

Date: June 10, 2005

By: /s/ Mark S. Frey

Mark S. Frey  
Title: *Chairman, Savings Plus Plan, Lam Research 401(k) Committee*

On behalf of the administrator of  
the Savings Plus Plan, Lam Research 401(k)

**Table of Contents**

**EXHIBIT INDEX**

| <b>Exhibit Number</b> | <b>Description</b>  |
|-----------------------|---|
| 23.1                  | Consent of Mohler, Nixon & Williams, Accountancy Corporation, Independent Registered Public Accounting Firm |