

LAM RESEARCH CORP
Form 11-K
June 19, 2008

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, 2007
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**

**SAVINGS PLUS PLAN,
LAM RESEARCH 401(k)
TABLE OF CONTENTS**

| | Page No. |
|---|-----------------|
| <u>REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u> | 1 |
| 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 |
| Supplemental Schedule as of December 31, 2007: | |
| <u>SCHEDULE H, LINE 4i SCHEDULE OF ASSETS (HELD AT END OF YEAR)</u> | 9 |
| <u>SIGNATURES</u> | 10 |
| <u>EXHIBIT INDEX</u> | |
| <u>EXHIBIT 23.1</u> | |

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, 2007 and 2006, and for the year ended December 31, 2007, 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. We were not engaged to perform an audit of the Plan's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. 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, 2007 and 2006, and the changes in net assets available for benefits for the year ended December 31, 2007, 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

June 17, 2008

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

| | December 31, | |
|-------------------------------------|---------------------|----------------|
| | 2007 | 2006 |
| Assets: | | |
| Investments, at fair value | \$ 247,742,577 | \$ 223,209,915 |
| Participant loans | 2,519,815 | 2,063,553 |
| Assets held for investment purposes | 250,262,392 | 225,273,468 |
| Employer contribution receivable | 234,949 | 169,551 |
| Dividend receivable | 1,991,505 | 715,263 |
| Total assets | 252,488,846 | 226,158,282 |
| Liabilities: | | |
| Other liabilities | 14,379 | 3,070 |
| Net assets available for benefits | \$ 252,474,467 | \$ 226,155,212 |

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, 2007**

| | |
|---|----------------|
| Additions to net assets attributed to: | |
| Investment income: | |
| Dividends and interest | \$ 16,656,019 |
| Net realized and unrealized depreciation in fair value of investments | (77,994) |
| | 16,578,025 |
| Contributions: | |
| Participants | 17,107,520 |
| Employer s | 4,729,717 |
| | 21,837,237 |
| Total additions | 38,415,262 |
| Deductions from net assets attributed to: | |
| Withdrawals and distributions | 12,011,524 |
| Administrative expenses | 84,483 |
| Total deductions | 12,096,007 |
| Net increase in net assets | 26,319,255 |
| Net assets available for benefits: | |
| Beginning of year | 226,155,212 |
| End of year | \$ 252,474,467 |

See notes to financial statements.

Table of Contents

**SAVINGS PLUS PLAN,
LAM RESEARCH 401(k)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

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. MG Trust Company, L.L.C. (MG Trust) acts 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.

Investments Investments of the Plan are held by MG Trust 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.

Table of Contents

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.

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. The percentage of individual participant s contributions in Company common stock is limited to not exceed 25%. 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.

New Accounting Pronouncements In September 2006, the Financial Accounting Standards Board (FASB) issued SFAS No. 157, Fair Value Measurements. SFAS No. 157 provides guidance for using fair value to measure assets and liabilities. It applies whenever other standards require or permit assets or liabilities to be measured at fair value but it does not expand the use of fair value in any new circumstances. In November 2007, the effective date was deferred for all non- financial assets and liabilities, except those that are recognized or disclosed at fair value on a recurring basis. The provisions of SFAS No. 157 that were not deferred are effective for financial statements issued for fiscal years beginning after November 15, 2007. We do not expect the adoption of SFAS No. 157 on January 1, 2008 to have a material effect on the Plan s reported net assets or changes in net assets.

NOTE 2 RELATED PARTY AND PARTY-IN-INTEREST TRANSACTIONS

Participants may elect to invest all or portions of their accounts in the common stock of the Company. The aggregate investment in Company common stock at December 31, 2007 and 2006 was as follows:

| | 2007 | 2006 |
|------------------|-------------|-------------|
| Number of shares | 150,323 | 158,844 |
| Fair value | 6,498,584 | 8,040,683 |

NOTE 3 PARTICIPATION AND BENEFITS

Participant contributions Participants could elect to contribute from 2% to 75% of their Eligible Compensation, as defined by the Plan, 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

Table of Contents

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 2007, 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. If a participant, who is active at the end of the year, made the maximum contribution allowed by law (\$15,500 during 2007) but, due to the timing of the participant's contributions, did not receive the full 50% Company match, the Company provided a year end "true up" contribution to provide such participants with the 50% that they would have received had the timing of their contributions not limited the Company match. The Plan also allows for a discretionary profit sharing contribution. No discretionary contribution was made for the year ended December 31, 2007.

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 \$1,000.

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, 2007 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:

| | 2007 | 2006 |
|---|-------------|-------------|
| Fidelity Advisor Value Strategies Fund | 21,168,604 | 21,174,387 |
| MFS Value Fund | 33,312,109 | 30,124,331 |
| Franklin Small Mid Cap Growth Fund | 23,335,072 | 20,645,795 |
| Metlife Stable Value Account | 34,209,957 | 29,568,406 |
| Vanguard Institutional Index Fund | 28,467,456 | 25,851,822 |
| American Funds Amcap Fund | 20,594,293 | 19,152,384 |
| Dodge and Cox International Stock Fund | 30,696,168 | 24,192,037 |
| Other Funds individually less than 5% of net assets | 58,478,733* | 54,564,306* |
| | | |
| Assets held for investment purposes | 250,262,392 | 225,273,468 |

* Included in Other Funds individually less than 5% of net assets are investments in the Renaissance Investment Management, Inc. Balanced Investment Option Fund. This is a unitized fund which consists 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 investment contract accounts in the Metlife Stable Value Account are fully-benefit responsive and, therefore, have been reported in the financial statements at contract value. The fair value of the Plan's investment contract accounts approximate the contract value at December 31, 2007 and 2006.

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, 2007:

| | |
|--------------|--------------|
| Mutual funds | \$ (343,472) |
| Common stock | 34,938 |
| Bonds | 230,540 |
| | \$ (77,994) |

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

8

Table of Contents**SAVINGS PLUS PLAN,****EIN:****94-2634797****LAM RESEARCH 401(k)****PLAN #001****SCHEDULE H, LINE 4i SCHEDULE OF ASSETS (HELD AT END OF YEAR) DECEMBER 31, 2007**

| Identity of issue, borrower, lessor or similar party | Description of investment including maturity date, rate of interest, collateral, par or maturity value | Current value |
|--|---|----------------------|
| Fidelity Advisor Balanced Fund | Mutual Fund | \$ 9,446,935 |
| Fidelity Advisor Intermediate Bond Fund | Mutual Fund | 4,823,545 |
| Fidelity Advisor Value Strategies Fund | Mutual Fund | 21,168,604 |
| Franklin Small Mid Cap Growth Fund | Mutual Fund | 23,335,072 |
| American Funds Amcap Fund | Mutual Fund | 20,594,293 |
| MFS Value Fund | Mutual Fund | 33,312,109 |
| Metlife Stable Value Account | Fixed Income Fund | 34,209,957 |
| Vanguard Institutional Index Fund | Mutual Fund | 28,467,456 |
| Dodge and Cox International Stock Fund | Mutual Fund | 30,696,168 |
| Nuveen Tradewinds Value Oppportunities Fund | Mutual Fund | 6,414,771 |
| TCW Galileo Select Equities Fund | Mutual Fund | 10,304,923 |
| Renaissance Investment Management, Inc. Balanced Investment Option Fund:** | | |
| Aetna Inc. New | Common Stock | 253,897 |
| Aflac Inc. | Common Stock | 275,760 |
| Allstate Corp. | Common Stock | 232,006 |
| American International Group Inc Intl Lease Fin | Common Stock | 218,042 |
| Apache Corp | Common Stock | 279,281 |
| Archer-Daniels-Midland Co. | Common Stock | 317,210 |
| AT&T Inc. | Common Stock | 249,402 |
| Bank of America Corp. | Common Stock | 191,942 |
| Best Buy Co. | Common Stock | 292,734 |
| Boeing Company | Common Stock | 215,501 |
| Cisco Systems Inc. | Common Stock | 208,302 |
| Citigroup Inc. | Common Stock | 154,619 |
| Coca-Cola Company | Common Stock | 269,230 |
| Conocophillips | Common Stock | 235,849 |
| Dell Inc. Com | Common Stock | 221,227 |
| Emerson Elec Co | Common Stock | 285,226 |
| Exxon Mobil Corp. | Common Stock | 256,336 |
| First Energy CP | Common Stock | 280,318 |
| Franklin Resources Inc. | Common Stock | 225,885 |
| Goldman Sachs Group Inc | Common Stock | 278,920 |
| Halliburton Co Com | Common Stock | 250,433 |
| Hartford Financial Services Group | Common Stock | 239,249 |
| Hewlett Packard Co | Common Stock | 249,573 |

Edgar Filing: LAM RESEARCH CORP - Form 11-K

| | | |
|--|---|-----------|
| Honeywell International Inc. | Common Stock | 266,783 |
| Illinois Tool Works Inc. | Common Stock | 229,740 |
| Intl Business Machines Inc | Common Stock | 230,253 |
| Johnson & Johnson | Common Stock | 254,127 |
| Kimberly Clark Corp Com | Common Stock | 247,058 |
| Kohls Corp. | Common Stock | 196,253 |
| Kroger Co | Common Stock | 242,340 |
| Lilly Eli Co | Common Stock | 232,994 |
| Lincoln Natl Corp Ind Com | Common Stock | 225,952 |
| Mcdonalds Corp. | Common Stock | 268,394 |
| Microsoft Corp. | Common Stock | 298,221 |
| Monsanto Company | Common Stock | 372,933 |
| Morgan Stanley | Common Stock | 195,339 |
| Nike Inc Cl B | Common Stock | 236,917 |
| Nordstrom Inc. | Common Stock | 264,603 |
| Nucor Inc. | Common Stock | 257,015 |
| Nvidia Corp. | Common Stock | 249,639 |
| Oracle Corp. | Common Stock | 268,567 |
| Pfizer Inc | Common Stock | 227,505 |
| PPL Corp | Common Stock | 261,023 |
| Prudential Fincl Inc | Common Stock | 247,021 |
| Texas Instruments Inc. | Common Stock | 233,366 |
| United Technologies Corp. | Common Stock | 248,143 |
| Unitedhealth Group Inc. | Common Stock | 285,762 |
| Valero Energy Corp New | Common Stock | 247,276 |
| Wal-Mart Stores Inc | Common Stock | 267,689 |
| Wyeth | Common Stock | 230,186 |
| U.S. Treasury Note, 4.000% due 03-15-10 | Bonds | 2,097,224 |
| U.S. Treasury Note, 4.875% due 04-30-11 | Bonds | 1,816,910 |
| U.S. Treasury Note, 5.125% due 05-15-16 | Bonds | 1,315,048 |
| MG Trust Managed Account | Money Market | 283,377 |
| * Lam Research Unitized Stock Fund: | | |
| * Lam Research Corporation | Company Stock | |
| Common Stock | | 6,498,584 |
| * MG Trust United NOW | Money Market | |
| Account | | 483,365 |
| * Cash and cash equivalents | Money Market | 8,195 |
| * Participant loans | Interest rates ranging from 5.0% to 10.5% | 2,519,815 |

Total \$ 250,262,392

* Party-in-interest

** This fund is a
unitized fund
which consists

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 18, 2008

By: /s/ Roch Leblanc

Roch Leblanc

Title: *Chairman, Savings Plus Plan, Lam
Research 401(k) Committee*
Lam Research Corporation

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

Table of Contents

EXHIBIT INDEX

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