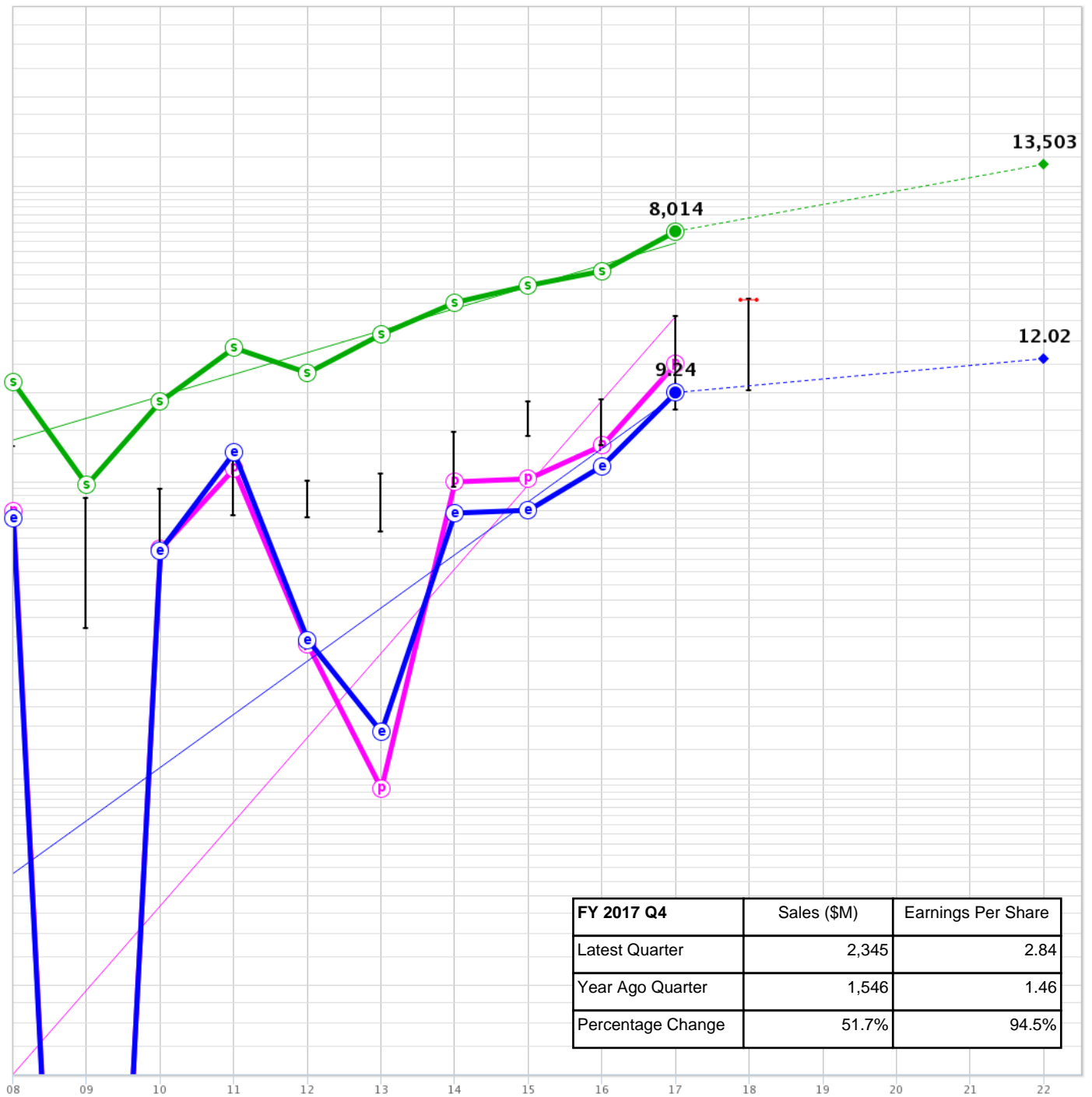


Company	Lam Research		Date	10/13/17	
Prepared by	HENRIKSON		Data taken from	BI Stock Data	
Where traded	NAS	Industry	Semiconductor Equipment &		
Capitalization --- Outstanding Amounts	Reference				
Preferred (\$M)	0.0	% Insiders	% Institution		
Common (M Shares)	186.4		0.9	97.8	
Debt (\$M)	2,693.4	% to Tot Cap	28.3	% Pot Dil	14.9

Stock Selection Guide

Symbol: LRCX

1 VISUAL ANALYSIS of Sales, Earnings, and Price



FY 2017 Q4	Sales (\$M)	Earnings Per Share
Latest Quarter	2,345	2.84
Year Ago Quarter	1,546	1.46
Percentage Change	51.7%	94.5%

- | | | | |
|-----------------------------------|-------|--|-------|
| (1) Historical Sales Growth | 18.6% | (3) Historical Earnings Per Share Growth | 51.2% |
| (2) Estimated Future Sales Growth | 11.0% | (4) Estimated Future Earnings Per Share Growth | 5.4% |

2 EVALUATING Management

Lam Research

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Last 5 Year Avg.
Pre-tax Profit on Sales	23.3%	-23.6%	20.2%	24.7%	7.7%	1.9%	15.7%	14.1%	16.3%	22.6%	14.1%
% Earned on Equity	24.4%	-21.0%	19.3%	29.0%	9.7%	2.4%	12.2%	11.5%	14.7%	22.2%	12.6%
% Debt To Capital	14.7%	3.1%	1.3%	23.1%	19.9%	22.5%	21.0%	31.6%	42.4%	28.3%	29.2%

3 PRICE-EARNINGS HISTORY as an indicator of the future

This shows how stock prices have fluctuated with earnings and dividends. It is building block for translating earnings into future stock prices.

CLOSING PRICE 189.90 (10/13/17)

HIGH THIS YEAR 190.31

LOW THIS YEAR 93.69

	A	B	C	D	E	F	G	H
Year	Price		Earnings	Price Earnings Ratio		Dividend	% Payout	% High Yield
	High	Low	Per Share	High A / C	Low B / C	Per Share	F / C * 100	F / B * 100
2013	49.1	31.2	0.66	74.4	47.2	0.00	0.0	0.0
2014	68.0	44.1	3.62	18.8	12.2	0.18	5.0	0.4
2015	85.7	65.8	3.70	23.2	17.8	0.84	22.7	1.3
2016	87.2	61.2	5.22	16.7	11.7	1.20	23.0	2.0
2017	167.1	80.7	9.24	18.1	8.7	1.65	17.9	2.0
AVERAGE		56.6		30.2	19.5		13.7	
CURRENT/TTM			9.22			1.80	19.5	
AVERAGE PRICE EARNINGS RATIO: 24.9				CURRENT PRICE EARNINGS RATIO: 20.6				

4 EVALUATING RISK and REWARD over the next 5 years

Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward.

A HIGH PRICE - NEXT 5 YEARS

Avg. High P/E 24.9 X Estimate High Earnings/Share 12.02 = Forecasted High Price \$ 299.3

B LOW PRICE - NEXT 5 YEARS

(a) Avg. Low P/E 15.0 X Estimate Low Earnings/Share 9.24 = Forecasted Low Price \$ 138.6

(b) Avg. Low Price of Last 5 Years 56.6

(c) Recent Market Low Price 61.2

(d) Price Dividend Will Support $\frac{\text{Indicated Dividend}}{\text{High Yield}} = \frac{1.80}{2.05\%} = 88.0$

Selected Forecasted Low Price \$ 140.0

C ZONING using 25%-50%-25%

Forecasted High Price 299.3 Minus Forecasted Low Price 140.0 = 159.3 Range. 25% of Range 39.8

Buy Zone 140.0 to 179.8

Hold Zone 179.8 to 259.5

Sell Zone 259.5 to 299.3

Present Market Price of 189.90 is in the **HOLD** Zone

D UPSIDE DOWNSIDE RATIO (POTENTIAL GAIN VS. RISK OR LOSS)

$\frac{\text{High Price} - \text{Present Price}}{\text{Present Price} - \text{Low Price}} = \frac{299.3 - 189.90}{189.90 - 140.0} = \frac{109.40}{49.90} = 2.2$ To 1

E PRICE TARGET (Note: This shows the potential market price appreciation over the next five years in simple interest terms.)

$\frac{\text{High Price} - \text{Closing Price}}{\text{Closing Price}} = \frac{299.3 - 189.90}{189.90} = 1.5761$ X 100 = 157.61 - 100 = 57.6 % Appreciation

5 5-YEAR POTENTIAL

This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

A $\frac{\text{Indicated Annual Dividend}}{\text{Closing Price}} = \frac{1.65}{189.90} = 0.0095 = 0.9\%$ Current Yield

B AVERAGE YIELD - USING FORECAST HIGH P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast High PE}} = \frac{17.1\%}{24.90} = 0.7\%$

AVERAGE YIELD - USING FORECAST AVERAGE P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast Average PE}} = \frac{17.1\%}{19.95} = 0.9\%$

C COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E

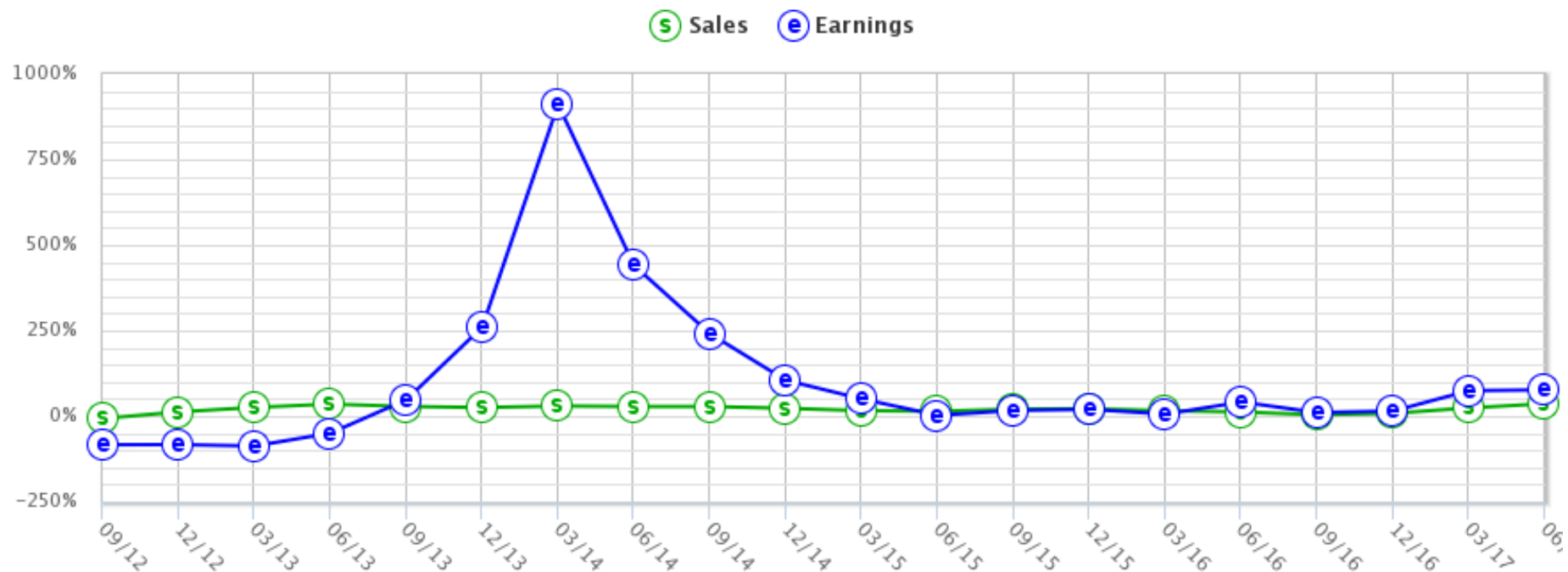
Annualized Appreciation 9.5 %
Average Yield 0.7 %
Annualized Rate of Return 10.2 %

COMPOUND ANNUAL RETURN - USING FORECAST AVG P/E

Annualized Appreciation 4.8 %
Average Yield 0.9 %
Annualized Rate of Return 5.6 %

Quarterly Growth Trend Data

Graph: Trailing 4 Quarters, Last 5 Years of Data



Period	Quarterly Data								Last 12 Months Data								
	EPS		Pre-Tax Profit			Sales		Income Tax Rate	EPS	Pre-Tax Profit		Sales	Income Tax		%Change		
	\$	%Change	\$ Mil	%Sales	%Change	\$ Mil	%Change		\$	\$ Mil	%Sales	\$ Mil	%Rate	EPS	Pre-Tax Profit	Sales	
06/17	2.84	94.5	603.5	25.7	114.0	2,344.9	51.7	12.8	9.22	1,811.7	22.6	8,013.6	126.2	7.0	76.6	88.7	36.1
03/17	3.10	278.0	530.6	24.6	229.7	2,154.0	63.9	-8.3	7.84	1,490.2	20.7	7,215.0	86.7	5.8	74.2	75.6	23.9
12/16	1.81	41.4	384.8	20.4	84.2	1,882.3	32.0	13.5	5.56	1,120.5	17.6	6,375.0	118.9	10.6	14.9	22.3	8.0
09/16	1.47	-11.4	292.8	17.9	-5.0	1,632.4	2.0	9.9	5.03	944.6	16.0	5,918.3	52.4	5.5	10.3	6.6	3.7
06/16	1.46	97.3	282.0	18.2	65.2	1,546.3	4.4	8.2	5.22	960.1	16.3	5,885.9	44.8	4.7	41.1	29.6	11.9
03/16	0.82	-29.3	160.9	12.2	-29.6	1,314.1	-5.7	10.9	4.50	848.8	14.6	5,821.0	71.3	8.4	5.9	-1.3	15.8
12/15	1.28	28.0	208.9	14.7	16.7	1,425.5	15.7	-6.7	4.84	916.5	15.5	5,900.3	74.4	8.1	19.5	12.7	21.4
09/15	1.66	107.5	308.3	19.3	89.6	1,600.0	38.8	6.4	4.56	886.5	15.5	5,707.0	89.4	10.1	16.3	11.5	20.3
06/15	0.74	-42.6	170.7	11.5	-41.0	1,481.4	18.6	23.1	3.70	740.9	14.1	5,259.3	87.5	11.8	2.2	2.4	14.2
03/15	1.16	20.8	228.6	16.4	25.5	1,393.3	13.5	9.8	4.25	859.7	17.1	5,026.7	93.5	10.9	50.2	69.2	15.7

Quarterly Growth Trend Data

Graph: Trailing 4 Quarters, Last 5 Years of Data

Quarterly Data									Last 12 Months Data								
Period	EPS		Pre-Tax Profit			Sales		Income Tax Rate	EPS	Pre-Tax Profit		Sales	Income Tax		%Change		
	\$	%Change	\$ Mil	%Sales	%Change	\$ Mil	%Change			\$	\$ Mil		%Sales	\$ Mil	%Rate	EPS	Pre-Tax Profit
12/14	1.00	14.9	178.9	14.5	11.4	1,232.2	10.4	1.1	4.05	813.2	16.7	4,860.8	88.4	10.9	104.5	153.3	22.7
09/14	0.80	60.0	162.7	14.1	78.4	1,152.4	13.5	13.3	3.92	794.9	16.8	4,744.6	98.6	12.4	240.9	426.3	28.0
06/14	1.29	158.0	289.5	23.2	289.9	1,248.8	26.6	19.4	3.62	723.4	15.7	4,607.3	76.9	10.6	440.3	985.2	28.0
03/14	0.96	772.7	182.1	14.8	3,730.7	1,227.4	45.3	9.7	2.83	508.1	11.7	4,344.7	9.8	1.9	910.7	3,244.6	29.5
12/13	0.87	2,075.0	160.6	14.4	1,818.4	1,116.1	29.6	7.3	1.98	321.0	8.1	3,962.3	382.6	119.2	260.0	329.4	25.0
09/13	0.50	2,400.0	91.1	9.0	1,245.5	1,015.1	11.9	6.2	1.15	151.0	4.1	3,707.1	240.9	159.5	47.4	21.9	28.2
06/13	0.50	354.5	74.2	7.5	225.9	986.2	32.9	-15.4	0.67	66.7	1.9	3,598.9	115.2	172.8	-50.0	-67.4	35.0
03/13	0.11	-71.1	-5.0	-0.6	-109.2	844.9	28.2	478.8	0.28	15.2	0.5	3,354.5	27.6	181.8	-87.5	-95.2	25.4
12/12	0.04	-85.2	-9.3	-1.1	-123.5	860.9	47.4	168.6	0.55	74.8	2.4	3,168.5	49.5	66.2	-83.4	-83.8	12.1
09/12	0.02	-96.6	6.8	0.7	-92.2	906.9	33.3	59.1	0.78	123.9	4.3	2,891.6	34.9	28.2	-83.8	-81.4	-7.1
06/12	0.11	-89.1	22.8	3.1	-83.4	741.8	-1.4	20.7	1.34	204.4	7.7	2,665.2	36.4	17.8	-76.9	-74.5	-17.7
03/12	0.38	-73.8	54.6	8.3	-72.5	659.0	-18.6	16.4	2.24	318.7	11.9	2,675.4	46.8	14.7	-61.9	-61.3	-15.9
12/11	0.27	-84.8	39.8	6.8	-83.6	584.0	-32.9	16.5	3.31	462.8	16.4	2,825.5	58.5	12.6	-38.4	-40.3	-6.0
09/11	0.58	-62.6	87.3	12.8	-60.8	680.4	-15.6	17.7	4.82	665.2	21.4	3,112.3	70.7	10.6	16.7	6.6	18.7
06/11	1.01	-8.2	137.1	18.2	-13.9	752.0	8.2	8.1	5.79	800.9	24.7	3,237.7	75.9	9.5	113.7	86.2	51.7
03/11	1.45	54.3	198.7	24.6	31.8	809.1	27.9	8.3	5.88	823.1	25.9	3,181.0	86.1	10.5	553.3	294.6	92.1
12/10	1.78	229.6	242.1	27.8	165.2	870.7	78.7	8.4	5.37	775.1	25.8	3,004.6	104.2	13.4	431.5	726.0	150.8
09/10	1.55	1,092.3	223.0	27.7	672.1	805.9	153.0	13.1	4.13	624.3	23.8	2,621.1	108.0	17.3	275.7	340.3	163.7
06/10	1.10	254.9	159.3	22.9	355.6	695.3	219.3	12.1	2.71	430.1	20.2	2,133.8	105.3	24.5	212.4	263.5	91.2
03/10	0.94	159.5	150.7	23.8	182.9	632.8	262.8	20.2	0.90	208.6	12.6	1,656.3	22.8	11.0	179.6	264.9	13.1
12/09	0.54	384.2	91.3	18.7	304.6	487.2	71.9	23.8	-1.62	-123.8	-10.3	1,197.9	-4.5	3.6	-227.6	-164.8	-37.1
09/09	0.13	85.7	28.9	9.1	13.1	318.5	-27.7	41.9	-2.35	-259.7	-26.1	994.1	-23.7	9.1	-199.2	-165.4	-55.4
06/09	-0.71	-224.6	-62.3	-28.6	-183.9	217.8	-61.5	-42.0	-2.41	-263.1	-23.6	1,115.9	-39.4	15.0	-169.3	-145.6	-54.9
03/09	-1.58	-292.7	-181.7	-104.2	-233.7	174.4	-71.6	-9.2	-1.13	-126.5	-8.6	1,464.3	-33.1	26.2	-127.0	-117.7	-43.4
12/08	-0.19	-120.9	-44.6	-15.7	-127.7	283.4	-53.6	45.8	1.27	191.1	10.0	1,903.7	65.8	34.4	-71.9	-75.6	-27.4
09/08	0.07	-94.1	25.5	5.8	-87.6	440.4	-35.7	65.3	2.37	397.0	17.8	2,230.7	119.7	30.1	-50.2	-52.1	-15.7
06/08	0.57	-55.5	74.3	13.1	-64.8	566.2	-16.6	2.8	3.48	577.0	23.3	2,474.9	119.7	20.8	-28.2	-31.9	-3.6
03/08	0.82	-28.7	135.9	22.1	-33.3	613.8	-5.6	23.8	4.19	713.9	27.6	2,587.3	177.8	24.9	-5.2	-11.3	7.2
12/07	0.91	-20.9	161.3	26.4	-22.3	610.3	-3.6	28.7	4.52	781.8	29.8	2,623.7	185.5	23.7	16.8	8.6	19.2
09/07	1.18	-7.1	205.5	30.0	-8.7	684.6	13.3	27.7	4.76	828.1	31.3	2,646.8	177.3	21.4	45.6	38.4	37.5
06/07	1.28	50.6	211.2	31.1	25.1	678.5	29.1	19.4	4.85	847.7	33.0	2,566.6	162.0	19.1	106.4	92.1	56.3
03/07	1.15	91.7	203.7	31.3	72.5	650.3	48.7	19.1	4.42	805.3	33.4	2,413.7	170.5	21.2	125.5	123.0	64.2
12/06	1.15	109.1	207.6	32.8	140.8	633.4	76.8	19.4	3.87	719.7	32.7	2,200.8	166.3	23.1			
09/06	1.27	262.9	225.2	37.3	230.3	604.4	88.3	18.5	3.27	598.3	31.1	1,925.7	123.9	20.7			

Quarterly Growth Trend Data

Graph: Trailing 4 Quarters, Last 5 Years of Data

Quarterly Data									Last 12 Months Data								
Period	EPS		Pre-Tax Profit			Sales		Income Tax Rate	EPS	Pre-Tax Profit		Sales	Income Tax		%Change		
	\$	%Change	\$ Mil	%Sales	%Change	\$ Mil	%Change	\$		\$ Mil	%Sales		\$ Mil	%Rate	EPS	Pre-Tax Profit	Sales
06/06	0.85	84.8	168.8	32.1	90.3	525.6	48.6	27.6	2.35	441.3	26.9	1,642.2	101.2	22.9			
03/06	0.60		118.1	27.0		437.4		26.9									
12/05	0.55		86.2	24.1		358.2		9.8									
09/05	0.35		68.2	21.2		320.9		27.4									
06/05	0.46		88.7	25.1		353.8		25.0									