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FREMONT, Calif. - July 29, 1999 - Lam Research Corporation (Nasdaq: LRCX), a leading supplier of wafer fabrication equipment and services to the worldwide semiconductor industry, today announced financial results for the periods ended June 30, 1999.

Revenues of \$210.9 million for the fourth quarter increased sequentially by 38 percent and generated net income of \$11.3 million, or \$0.28 per share. This compares with revenues of \$230.6 million and a net loss of \$1.9 million, or \$0.05 per share (excluding restructuring charges of \$64.0 million, \$1.67 per share) for the quarter ended June 30, 1998. Revenues increased in all regions and particularly in Asia Pacific. Geographic revenue distribution for the quarter was: North America, 38 percent; Europe, 16 percent; Japan, 7 percent; and Asia Pacific, 39 percent.

For the 12 months ended June 30, 1999, the company reported a net loss of \$54.5 million or \$1.42 per share on revenues of \$648 million compared to an after tax loss of \$0.3 million (\$0.01 per share) on revenues of \$1.05 billion for the previous fiscal year. These amounts exclude after tax restructuring and other non-recurring charges of \$58.4 million (\$1.51 per share) and \$144.3 million (\$3.79 per share) for fiscal years 1999 and 1998, respectively.

New orders for the quarter were up sequentially, resulting in a book to bill ratio in excess of 1.2 to 1. Geographic distribution of orders during the June quarter was: North America, 32 percent; Europe, 25 percent; Japan, 14 percent; and Asia Pacific, 29 percent.

Gross margins increased to 38.8 percent during the period from 35.5 percent in March 1999, the result of economies of scale in manufacturing and reductions in materials costs. Continued focus on cost management and administrative efficiencies drove operating expenses as a percentage of revenue significantly lower than the previous quarter.

Lam's balance sheet remains strong. Cash, short-term investments and restricted cash, increased by \$18 million during the quarter and reached \$372 million at June 30, 1999. Ongoing emphasis on asset management resulted in positive cash flow from operations for the second consecutive quarter, as the Accounts Receivable Days Sales Outstanding (DSO) ratio fell to 74 days and inventory management yielded substantially improved turnover performance.

"This quarter marks the company's return to profitability and we are very pleased with the progress we have made. In particular, we have significantly strengthened our etch market position and in early June, successfully launched the Exelan™ dielectric etch system. We have penetrated the CMP market with our Teres™ system which is exceeding industry technology and reliability standards," stated James W. Bagley, chairman and chief executive officer of Lam. "Our product and customer support capability, combined with the improving industry fundamentals should allow the company to further benefit from the opportunities ahead," Bagley concluded.

This press release contains certain forward-looking statements which are subject to the Safe Harbor provisions created by the Private Securities Litigation Reform Act of 1995. Such forward-looking statements relate to the prospective demand for the company's products, acceptance and competitiveness of the company's products and market transition to new processes. Such statements are based on current expectations and are subject to risks, uncertainties, and changes in condition and other risks detailed in documents filed with the Securities and Exchange Commission, including specifically the report on Form 10-K for the year ended June 30, 1998, and the Form 10-Q/A for the quarter ended March 31, 1999. The company undertakes no obligation to update the information in this press release.

Lam Research Corporation is a leading supplier of wafer fabrication equipment and services to the world's semiconductor industry. The company's common stock trades on the Nasdaq National Securities Market under the symbol "LRCX."

LAM RESEARCH CORPORATION CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)
(Unaudited)

			Three Months Ended June 30,			Twelve Months Ended June 30,			
			<u>1999</u>		<u>1998</u>		<u>1999</u>		<u>1998</u>
Total revenue			\$ 210,885		\$ 230,586		\$ 647,955		\$ 1,052,586
Cost and expenses:									
Cost of goods sold- on net sales			129,071		138,135		414,591		646,511
Cost of goods sold - restructuring charges			<u>-</u>		<u>12,380</u>		<u>-</u>		<u>31,933</u>
Gross margin			81,814		80,071		233,364		374,142
Research and development			37,638		48,949		142,495		206,456
Selling, general and administrative			33,109		47,704		145,698		201,900
Restructuring charges			-		51,582		53,372		116,925
Merger costs			-		-		-		17,685
Acquired in-process research & development			-		-		5,000		12,100
Operating income (loss)			<u>11,067</u>		<u>(68,164)</u>		<u>(113,201)</u>		<u>(180,924)</u>
Other income, net			282		1,458		288		1,799
Income (loss) before income taxes			<u>11,349</u>		<u>(66,706)</u>		<u>(112,913)</u>		<u>(179,125)</u>
Income tax benefit			-		818		-		34,526
Net income (loss)			<u>\$ 11,349</u>		<u>\$ (65,888)</u>		<u>\$ (112,913)</u>		<u>\$ (144,599)</u>
Net income (loss) per share									
Basic			\$ 0.29		\$ (1.72)		\$ (2.93)		\$ (3.80)

	Diluted			<u>\$ 0.28</u>		<u>\$&nbsp; (1.72)</u>		<u>\$ (2.93)</u>		<u>\$ (3.80)</u>
Number of shares used in per share calculation										
	Basic			38,495		38,250		38,492		38,057
	Diluted			<u>40,881</u>		<u>38,250</u>		<u>38,492</u>		<u>38,057</u>

LAM RESEARCH CORPORATION CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)
(Unaudited)

	June 30, 1999	June 30, 1998
Assets:		
Cash and short-term investments	\$ 311,801	\$397,156
Accounts receivable, net	170,531	176,029
Inventories	183,716	220,610
Other current assets	72,822	103,294
Total current assets	738,870	897,089
Equipment/leasehold improvements, net	103,337	144,252
Restricted cash	60,348	51,357
Other assets	76,896	58,074
Total assets	\$ 979,451	\$ 1,150,772
Liabilities and stockholders' equity:		
Total current liabilities	243,995	293,509
Long-term debt and other	326,500	334,174
Stockholders' equity	408,956	523,089

Total liabilities and stockholders' equity	\$ 979,451	\$ 1,150,772

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