

Lam Research Corporation Announces Fiscal 2001 Third Quarter Results

Lam Research Corporation Announces Fiscal 2001 Third Quarter Results FREMONT, Calif., April 11, 2001-Lam Research Corporation (Nasdaq: LRCX) today announced financial results for the fiscal quarter ended March 25, 2001. Revenues of \$421.5 million were 29 percent higher than the prior year. Profit before taxes for the quarter was \$63.5 million, up \$4.5 million from pre-tax income (excluding the benefit of a restructuring charge reversal) recorded in the corresponding quarter a year ago. Net income for the March 2001 quarter was \$44.4 million, or \$0.33 per diluted share.

New orders for the period declined by approximately 60 percent when compared to the record levels attained in the previous quarter. Regional distribution of orders was as follows: North America, 35 percent; Europe, 24 percent; Japan, 8 percent; and Asia Pacific, 33 percent.

Revenues fell sequentially by 15 percent as semiconductor manufacturers cancelled orders in backlog or postponed equipment deliveries. Sales distribution for the period was as follows: North America, 26 percent; Europe, 25 percent; Japan, 12 percent; and Asia Pacific, 37 percent.

Cash, short-term investments and restricted cash increased to \$505.2 million, the result of focused asset management programs.

Gross margins decreased to 41.0 percent of revenues, the effect of customers requesting shipment delays within manufacturing lead times. Operating expenses declined to \$114.0 million in the quarter compared to \$128.9 million in the prior quarter, reflecting the initial impact of cost reduction measures.

"On February 28, the company announced several initiatives targeted at controlling costs, including executive pay reductions and mandatory shutdown days. While these steps have resulted in significant expense reductions, the further weakness in the wafer fab equipment market throughout March has necessitated more aggressive actions. As a result, we intend to reduce our global headcount by approximately 15 percent, to be implemented this month," stated James W. Bagley, Lam's chairman and chief executive officer.

"The wafer fab equipment industry is experiencing weakness across all geographic regions. A slowing economy, coupled with over capacity in the semiconductor industry, has resulted in a sharp reduction to our new orders, as well as push-outs and cancellations to our backlog."

"Despite these challenges, cyclical slowdowns in our industry are opportune times to strengthen our market position, and introduce new, leading edge products. We believe our products in etch and CMP address our customers' most pressing technical requirements, while delivering them cost of ownership advantages that are redefining this industry benchmark. We believe our 2300 family of next generation etch systems, targeted at 300 mm wafer processing, as well as our innovative CMP systems, will enable the company to continue to gain market share," Bagley concluded.

Statements made in this press release which are not statements of historical fact are forward-looking statements and are subject to the Safe Harbor provisions created by the Private Securities Litigation Reform Act of 1995. Such forward-looking statements relate, but are not limited to, the prospective demand for the company's products, future market share projections, the company's ability to manage future market conditions, the company's plans and objectives for future operations, market opportunities, future product performance and market and competitive conditions.

Such statements are based on current expectations and are subject to risks, uncertainties and changes in condition, significance, value and effect as well as other risks detailed in documents filed with the Securities and Exchange Commission, including, specifically the reports on Form 10-K for the fiscal year ended June 25, 2000, and on Form 10-Q for the quarter ended December 24, 2000, which could cause actual results to vary from expectations. The company undertakes no obligation to update the information in this press release.

Lam Research Corporation is a leading supplier of front-end wafer processing equipment and services to the worldwide semiconductor manufacturing industry. The company's common stock trades on the Nasdaq National Market under the symbol "LRCX". Lam's World Wide Web address is <http://www.lamrc.com>.

Consolidated Financial Tables to Follow

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(1) Diluted earnings per share for the three and nine-month periods ended March 25, 2001 and for the three month period ended March 26, 2000 assumes conversion of convertible subordinated notes. Accordingly, interest expense net of taxes of \$3,025, \$9,075 and \$3,717, respectively, must be added to net income for computing diluted earnings per share. Conversion of the convertible subordinated notes for the nine-month period ended March 26, 2000 was antidilutive and therefore excluded from the calculation of diluted earnings per share.

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(1) Derived from June 25, 2000 audited financial statements.

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