

Lam Research Corporation Announces Results for the Quarter Ended December 30, 2001

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FREMONT, Calif., January 24, 2002—Lam Research Corporation (Nasdaq: LRCX) today announced financial results for the quarter ended December 30, 2001. Revenues of \$259.2 million were 24 percent lower than the quarter ended September 23, 2001. The net loss for the quarter was \$51.7 million, or \$0.41 per diluted share, compared to a net loss of \$8.9 million, or \$0.07 per diluted share, in the September 2001 quarter.

The net loss for the December 2001 quarter included inventory write-downs for excess, obsolete, and older-generation products of approximately \$24.1 million, a patent litigation settlement charge of \$38.8 million, impaired asset write-downs of approximately \$9.5 million for laboratory and demonstration equipment, restructuring charges of \$33.8 million, and a non-operating gain on the revaluation of the Company's derivative instruments of \$18.9 million. The after-tax effects of these adjustments were reductions of \$55.4 million in net income, or \$0.44 per diluted share. Excluding these items, net income would have been \$3.7 million, or \$0.03 per diluted share. An income tax rate of 30 percent is expected on fiscal year 2002 results. The "Analysis of Operating Statement Items" attachment to this press release provides an analysis of operating statement charges.

New orders of approximately \$124 million were about 10 percent below the previous quarter. Regional distribution of new orders for the quarter was as follows: North America, 39 percent; Europe, 17 percent; Japan, 10 percent; and Asia Pacific, 34 percent.

Revenues for the quarter were distributed as follows: North America, 27 percent; Europe, 22 percent; Japan, 21 percent; and Asia Pacific, 30 percent. Shipments for the quarter were approximately \$99 million.

Gross margin for the December 2001 quarter was \$26.6 million or 10 percent of revenue. Excluding the inventory charge of approximately \$24.1 million and the patent litigation settlement charge of \$38.8 million, gross margin was approximately \$89.5 million or 34.5 percent of revenue. This result compares to a gross margin of 37 percent in the September 2001 quarter, excluding the \$7.6 million restructuring charge in that quarter.

Research and Development and Selling, General, and Administrative expenses were \$44.4 million and \$39.3 million, respectively, after excluding the approximately \$9.5 million impaired asset write-downs. This total of \$83.7 million in operating expenses compares to \$94.4 million in operating expenses for the September 2001 quarter, excluding special charges. The \$10.7 million decrease is the result of cost-reduction programs previously announced.

Cash, Short-term Investments, and Restricted Cash amounted to \$941 million at the end of the quarter with Cash and Short-term Investments totaling \$880.1 million and Restricted Cash totaling \$60.8 million.

"We resized the company to be better aligned with current market conditions and are implementing outsourcing initiatives to reduce the fixed cost component of our business model," stated James W. Bagley, chairman and chief executive officer. "While the business environment in the wafer fab equipment industry remained challenging in the December quarter, we are seeing the first signs of improvement, which will be reflected in higher bookings and shipment levels in the March quarter," 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 future market conditions, the prospective demand for and positioning of the Company's products, bookings and shipment projections, the benefits of cost-reduction and outsourcing activities, the impact of current initiatives on the Company's operational and financial performance, and the possibility of future growth in the wafer fab equipment industry. 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 report on Form 10-K for the year ended June 24, 2001, and the Form 10-Q for the quarter ended September 23, 2001, which could cause actual results to vary from expectations. The company undertakes no obligation to update the information or statements made in this press release.

Lam Research Corporation is a leading supplier of 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

(Excel versions — [Analysis of Operating Statement Items](#) and [Consolidated Financial Tables](#))

(PDF versions — [Analysis of Operating Statement Items](#) and [Consolidated Financial Tables](#))

(In thousands, except per share data)

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LAM RESEARCH CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)

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LAM RESEARCH CORPORATION
ANALYSIS OF OPERATING STATEMENT ITEMS
(In millions, except per share data)

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