

Lam Announces Earnings for the Quarter Ended September 28, 2003

FREMONT, Calif., October 15, 2003--Lam Research Corporation (Nasdaq: LRCX) today announced earnings for the quarter ended September 28, 2003. Revenue for the September 2003 quarter was \$183.7 million, and net income was \$4.8 million, or \$0.04 per diluted share, compared to revenue of \$186.1 million and net income of \$3.7 million, or \$0.03 per diluted share, for the June 2003 quarter.

The Company believes the presentation of ongoing results, which excludes certain special items, is useful for analyzing the business because it enables comparisons for ongoing operations by removing the effects of expense recognition connected with our outsourcing strategy and consolidation. Tables that provide reconciliations of ongoing results to results under Generally Accepted Accounting Principles (GAAP) are included. Ongoing net income in the September 2003 quarter was \$5.4 million, or \$0.04 per diluted share, versus ongoing net income of \$2.5 million, or \$0.02 per diluted share, for the June 2003 quarter.

Gross margin and operating expenses calculated according to GAAP for the September 2003 quarter were \$78.5 million and \$73.6 million, respectively. Ongoing gross margin for the September 2003 quarter was \$78.3 million, or 42.6 percent of revenue, which represents an improvement of 1.5 percentage points when compared to the previous quarter, while ongoing operating expenses declined to \$72.5 million sequentially. Favorable utilization of factory and field infrastructure contributed to the improved performance, reflecting continued execution of our outsourcing initiatives.

New orders of approximately \$211 million in the September 2003 quarter represent 10 percent sequential growth, continuing the positive momentum started early in the calendar year. The geographic distribution of new orders as well as revenue is shown in the following table:

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Production output for the period was approximately \$158 million. As of September 28, 2003, deferred revenue and profit were \$46.9 million and \$28.4 million, respectively, and backlog was \$291.4 million.

Total cash (cash equivalents, short-term investments, and restricted cash) increased by \$17.1 million to \$642.9 million at the end of the September quarter, due primarily to the exercise of employee stock options.

"There are early signs that demand for wafer processing equipment is improving," stated James W. Bagley, Lam's chairman and chief executive officer. "Our orders this quarter are indicative of an improved market environment as well as our improved market position."

"Since September 2001, we have been evolving our new business model. This new model, coupled with a competitive portfolio of products and services, should enable us to expand profitability over the course of the entire industry cycle," 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 future demand for wafer processing equipment, the impact of Lam's new business model and the Company's future profitability.

Such statements are based on current expectations and are subject to 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 29, 2003, 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>.

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