

# Lam Research Corporation Announces Earnings for the Quarter Ended December 28, 2003

FREMONT, Calif., January 21, 2004--Lam Research Corporation (Nasdaq: LRCX) today announced earnings for the quarter ended December 28, 2003. Revenue for the period was \$191.5 million, and net income was \$6.4 million, or \$0.05 per diluted share, compared to revenue of \$183.7 million and net income of \$4.8 million, or \$0.04 per diluted share, for the September 2003 quarter. Gross margin and operating expenses for the December 2003 quarter were \$87.2 million and \$79.2 million, respectively.

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 its outsourcing strategy and consolidation. Tables that provide reconciliations of ongoing results to results under U.S. Generally Accepted Accounting Principles (GAAP) are included.

Ongoing net income for the December 2003 quarter was \$10.0 million, or \$0.07 per diluted share, versus ongoing net income of \$5.4 million, or \$0.04 per diluted share for the previous quarter. Ongoing gross margin for the December 2003 quarter was \$86.1 million, or 45 percent of revenue, representing a sequential improvement of 2.4 percentage points. Improved utilization of factory resources and assets was the major contributor to the stronger gross margin performance.

New orders of approximately \$271 million grew 28 percent over the prior quarter, accelerating the positive momentum started early in the calendar year and yielding an ending backlog of \$375 million. The geographic distribution of new orders as well as revenue is shown in the following table:

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Total cash (cash equivalents, short-term investments, and restricted cash) increased by \$61.5 million to \$704.5 million at the end of the December quarter. Focus on efficient use of working capital, including accounts receivable and inventory, supplemented the \$31 million received from the exercise of employee stock options. Deferred revenue and profit were \$47.6 million and \$29.0 million, respectively at quarter end.

"I am pleased with the results for the December quarter," stated James W. Bagley, Lam's chairman and chief executive officer. "The Company's performance during the quarter reflects the inherent benefits of our new business model, and underscores the strength in our market position. New orders were higher than previously expected, and the business environment continues to be robust for Lam. Clearly, industry fundamentals have improved, and we are pleased that our flagship product set, the 2300™ Etch Series, is the first choice for many of the world's largest semiconductor makers," 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 benefits of the Company's business model, future market conditions (including the strength of the Company's market position, the business environment and industry fundamentals), and the prospective momentum of orders for Lam's equipment.

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 reports on Form 10-K for the year ended June 29, 2003, and the Form 10-Q for the quarter ended September 28, 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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