

Lam Announces Earnings for the Quarter Ended December 26, 2004

FREMONT, Calif., January 20, 2005--Lam Research Corporation (Nasdaq: LRCX) today announced earnings for the quarter ended December 26, 2004. Revenue for the period was \$379.8 million, and net income was \$83.6 million, or \$0.59 per diluted share, compared to revenue of \$419.5 million and net income of \$89.8 million, or \$0.64 per diluted share, for the September 2004 quarter.

Gross margin for the December 2004 quarter was 52.4 percent of revenue compared to 51.2 percent of revenue in the September 2004 quarter. The improvement in gross margin was primarily the result of lower material content as a percent of revenue. In the period, operating expenses decreased to \$90.3 million, primarily due to continued expense control.

New orders recorded in backlog decreased 10 percent from the prior period to approximately \$387 million. The geographic distribution of new orders as well as revenue during the December quarter is shown in the following table:

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Cash, short-term investments and restricted cash balances increased to \$761.9 million at the end of December, and cash flows from operating activities were approximately \$150 million during the quarter. Deferred revenue and profit balances were \$123.0 million and \$73.9 million, respectively, and unshipped orders in backlog were approximately \$456 million at the end of the quarter. The value of orders shipped from backlog to Japanese customers that are not recorded as deferred revenue was approximately \$53 million. These shipments are classified as inventory at cost until title transfers.

"We are pleased with the Company's financial results this quarter," stated James W. Bagley, Lam's Chairman and Chief Executive Officer. "These solid results reflect the Company's ability to perform well during an uncertain business environment and underscore the success of the strategic initiatives we have implemented. We continue to grow our market share, increase our gross margins, and generate significant levels of cash. We believe we have the right business model and the right product set to support our customers' requirements effectively for next-generation device manufacturing and expect to continue to build upon these successes," 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 our performance during uncertain business conditions, the success of our strategic initiatives, our future ability to grow market share, increase gross margins and generate cash, and our ability to support our customers' future requirements. Business conditions in the semiconductor market may change in ways that we do not anticipate, and we might be challenged to react to those changes. Our competitors may develop new technologies that would impair our market share, margins and cash generation. Customer requirements might change in a manner in which we are not prepared to support in a timely fashion.

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 27, 2004, and Form 10-Q for the quarter ended September 26, 2004, 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 major supplier of wafer fabrication equipment and services to the world's semiconductor industry. Lam's common stock trades on the Nasdaq National Market under the symbol LRCX. The Company's World Wide Web address is <http://www.lamrc.com>.

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