

Lam Research Corporation Announces Earnings for the Quarter Ended June 26, 2005

FREMONT, Calif., July 20, 2005—Lam Research Corporation (Nasdaq: LRCX) today announced earnings for the quarter ended June 26, 2005. Revenue for the period was \$353.8 million, and net income was \$66.5 million, or \$0.47 per diluted share, compared to revenue of \$349.3 million and net income of \$59.5 million, or \$0.41 per diluted share, for the March 2005 quarter. Gross margin was \$175.9 million and operating expenses were \$93.3 million for the June 2005 quarter compared to gross margin of \$174.6 million and operating expenses of \$95.9 million for the March 2005 quarter.

The Company believes the presentation of ongoing results, which excludes certain special items, is useful for analyzing ongoing business trends. In the June 2005 quarter, there were no significant differences between the ongoing results and the results under U.S. Generally Accepted Accounting Principles (GAAP). The March 2005 quarter ongoing presentation removed the effects of a tax refund, which was recorded in selling, general and administrative expenses as well as additional liabilities for unoccupied facilities included in prior restructuring plans. Tables presenting reconciliations of ongoing performance to results under U.S. GAAP are included at the end of this press release and on the Company's web site.

Ongoing gross margin for the June 2005 quarter was 49.7 percent of revenue compared to 50.0 percent of revenue in the March 2005 quarter. In the period, ongoing operating expenses increased as planned to \$93.3 million from \$89.7 million in March 2005, primarily due to accelerated R&D investments. Other income increased due to higher interest income and foreign currency gains. Ongoing net income increased to \$66.5 million, or \$0.47 per diluted share, in the June 2005 quarter compared with ongoing net income of \$64.1 million, or \$0.44 per diluted share, for the March 2005 quarter.

New orders recorded in backlog remained flat sequentially at \$315 million. The geographic distribution of new orders as well as revenue during the June quarter is shown in the following table:

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Cash, short-term investments and restricted cash balances increased to \$894.3 million at the end of June, and cash flows from operations were \$134 million during the quarter. Deferred revenue and deferred profit balances were \$150.5 million and \$89.7 million, respectively. At the end of the period, unshipped orders in backlog were approximately \$351 million, and the anticipated future revenue value of orders shipped from backlog to Japanese customers that are not recorded as deferred revenue was approximately \$53 million.

"We are pleased with the results for this quarter," stated Steve Newberry, president and chief executive officer for Lam. "We continue to execute to our market share and profitability objectives, despite what has remained a challenging industry environment."

"We have made significant strides during the June quarter in advancing our position at leading-edge applications among our global customer base. Customers are selecting Lam based on our extensive production experience and our expertise with new and more challenging integration processes. Our commitment to providing superior products and services plays an important role in our customers' continuous efforts to increase productivity and yield on their leading-edge devices."

"We delivered another quarter marked by strong cash generation and market share success. I commend the entire team here at Lam for delivering value for our customers and shareholders," Newberry 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 future financial performance, our future plans for products and services, our ability to execute to market share and profitability objectives, and our future ability to develop and produce leading-edge applications and expertise that meet our customers' productivity and yield objectives. Some factors that may affect these forward-looking statements include: changing business conditions in the semiconductor industry and our plans for reacting to those changes, changing customer demands, our competitors' development of new technologies that could affect our market share, the success of our research and development programs, and our ability to develop and retain personnel with expertise needed for our success and valued by our customers. These forward-looking 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 the Form 10-Q for the quarter ended March 27, 2005, 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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