

# Lam Research Corporation Announces Earnings for the Quarter Ended December 24, 2006

FREMONT, Calif., January 17, 2007 - Lam Research Corporation (NASDAQ: LRCX) highlights for the December 2006 quarter were:

Lam Research Corporation today announced earnings for the quarter ended December 24, 2006. Revenue for the period was \$633.4 million and net income was \$167.3 million, or \$1.15 per diluted share, compared to revenue of \$604.4 million and net income of \$183.5 million, or \$1.27 per diluted share for the September 2006 quarter. Ongoing net income was \$167.3 million, or \$1.15 per diluted share in the December 2006 quarter compared with ongoing net income of \$163.9 million, or \$1.13 per diluted share, for the September 2006 quarter, reflecting the Company's investment in support of its long-term market share and product growth objectives.

Gross margin for the December 2006 quarter was \$322.9 million, or 51.0 percent, compared to gross margin of \$313.2 million, or 51.8 percent, for the September 2006 quarter. Operating expenses increased during the quarter to \$128.4 million compared to operating expenses of \$118.3 million for the September 2006 quarter, driven by investments supporting the Company's etch market share growth and new product development for markets adjacent to etch.

The Company's ongoing results exclude certain items noted below. Management uses the presentation of ongoing results to evaluate the Company's operating and financial results. The Company believes the presentation of ongoing results is useful to investors for analyzing ongoing business trends, comparing performance to prior periods, and enhancing the investor's ability to view the Company's results from management's perspective. A table presenting a reconciliation of ongoing performance to results under U.S. Generally Accepted Accounting Principles (GAAP) is included at the end of this press release and on the Company's web site. In the December 2006 quarter, there were no significant differences between the ongoing results and the results under GAAP. The September 2006 quarter ongoing presentation removes the effects of a legal judgment in favor of the Company of \$15.8 million recorded in other income, net, which was previously disclosed in the Company's Annual Report on Form 10-K for the fiscal year ended June 25, 2006, and the successful resolution of certain foreign tax matters resulting in a net tax benefit of \$10.0 million.

New orders recorded in backlog increased 7 percent sequentially to \$779 million. The geographic distribution of new orders and revenue during the December 2006 quarter is shown in the following table:

Cash and cash equivalents, short-term investments and restricted cash and investments balances were \$1.6 billion at the end of December, and cash flows provided by operating activities were \$162.0 million during the quarter. Condensed Consolidated Statements of Cash Flows are included at the end of this press release. Deferred revenue and deferred profit balances were \$284.4 million and \$176.8 million, respectively. At the end of the period, unshipped orders in backlog were approximately \$719 million, and the anticipated future revenue value of orders shipped from backlog to Japanese customers that are not recorded as deferred revenue was approximately \$64 million.

"Lam Research demonstrated strong financial and operating performance in the December quarter across key metrics," stated Steve Newberry, Lam Research's president and chief executive officer. "The results concluded what was an outstanding calendar 2006 in which the company generated record cash from operations, three consecutive quarters of 30 percent-plus operating margins, and 121 percent growth in operating income over calendar 2005. We saw significant market share gains in our etch markets and strong growth in our spares and services businesses reflecting the trust and confidence our customers have in Lam Research."

"In 2007 we will seek to continue achieving the benefits of our business model and expand upon the momentum in our core etch businesses. We are making excellent progress in our activities associated with our expansion into markets adjacent to etch and are confident that our new products will deliver the type of best-in-class, yield enhancing results that our customers have come to expect from Lam Research," 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 the future revenue value of orders shipped from backlog to Japanese customers, the future relationships between Lam Research and its customers, the benefits of our business model, the momentum of our core etch business, our expansion into markets adjacent to etch and the results delivered by our new products. Some factors that may affect these forward-looking statements include: changing business conditions in the semiconductor industry and the overall economy and our plans for reacting to those changes, changing customer demands, success of our competitors' strategies including their development of new technologies, and the technical challenges presented by our current product offerings as well as our new products. 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 report on Form 10-K for the year ended June 25, 2006, and Form 10-Q for the quarter ended September 24, 2006, 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 provider of wafer fabrication equipment and services to the world's semiconductor industry.

Lam's common stock trades on The NASDAQ Global Select Market(SM) under the symbol LRCX. Lam is a NASDAQ-100® company. The Company's World Wide Web address is <http://www.lamresearch.com>.

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