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FREMONT, Calif. - July 29, 1999 - Lam Research Corporation (Nasdaq: LRCX), a leading supplier of wafer fabrication equipment and services to the worldwide semiconductor industry, today announced financial results for the periods ended June 30, 1999.

Revenues of $210.9 million for the fourth quarter increased sequentially by 38 percent and generated net income of $11.3 million, or $0.28 per share. This compares with revenues of $230.6 million and a net loss of $1.9 million, or $0.05 per share (excluding restructuring charges of $64.0 million, $1.67 per share) for the quarter ended June 30, 1998. Revenues increased in all regions and particularly in Asia Pacific. Geographic revenue distribution for the quarter was: North America, 38 percent; Europe, 16 percent; Japan, 7 percent; and Asia Pacific, 39 percent.

For the 12 months ended June 30, 1999, the company reported a net loss of $54.5 million or $1.42 per share on revenues of $648 million compared to an after tax loss of $0.3 million ($0.01 per share) on revenues of $1.05 billion for the previous fiscal year. These amounts exclude after tax restructuring and other non-recurring charges of $58.4 million ($1.51 per share) and $144.3 million ($3.79 per share) for fiscal years 1999 and 1998, respectively.

New orders for the quarter were up sequentially, resulting in a book to bill ratio in excess of 1.2 to 1. Geographic distribution of orders during the June quarter was: North America, 32 percent; Europe, 25 percent; Japan, 14 percent; and Asia Pacific, 29 percent.

Gross margins increased to 38.8 percent during the period from 35.5 percent in March 1999, the result of economies of scale in manufacturing and reductions in materials costs. Continued focus on cost management and administrative efficiencies drove operating expenses as a percentage of revenue significantly lower than the previous quarter.

Lam's balance sheet remains strong. Cash, short-term investments and restricted cash, increased by $18 million during the quarter and reached $372 million at June 30, 1999. Ongoing emphasis on asset management resulted in positive cash flow from operations for the second consecutive quarter, as the Accounts Receivable Days Sales Outstanding (DSO) ratio fell to 74 days and inventory management yielded substantially improved turnover performance.

"This quarter marks the company's return to profitability and we are very pleased with the progress we have made. In particular, we have significantly strengthened our etch market position and in early June, successfully launched the Exelan™ dielectric etch system. We have penetrated the CMP market with our Teres™ system which is exceeding industry technology and reliability standards," stated James W. Bagley, chairman and chief executive officer of Lam. "Our product and customer support capability, combined with the improving industry fundamentals should allow the company to further benefit from the opportunities ahead," Bagley concluded.

This press release contains certain forward-looking statements which are subject to the Safe Harbor provisions created by the Private Securities Litigation Reform Act of 1995. Such forward-looking statements relate to the prospective demand for the company's products, acceptance and competitiveness of the company's products and market transition to new processes. Such statements are based on current expectations and are subject to risks, uncertainties, and changes in condition and 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 30, 1998, and the Form 10-Q/A for the quarter ended March 31, 1999. The company undertakes no obligation to update the information in this press release.

Lam Research Corporation is a leading supplier of wafer fabrication equipment and services to the world's semiconductor industry. The company's common stock trades on the Nasdaq National Securities Market under the symbol "LRCX."

LAM RESEARCH CORPORATION CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)
(Unaudited)

	Three Months Ended June 30,		Twelve Months Ended June 30,	
	1999	1998	1999	1998
Total revenue	$ 210,885	$ 230,586	$ 647,955	$ 1,052,586
Cost and expenses:				
Cost of goods sold- on net sales	129,071	138,135	414,591	646,511
Cost of goods sold - restructuring charges	-	12,380	-	31,933
Gross margin	81,814	80,071	233,364	374,142
Research and development	37,638	48,949	142,495	206,456
Selling, general and administrative	33,109	47,704	145,698	201,900
Restructuring charges	-	51,582	53,372	116,925
Merger costs	-	-	-	17,685
Acquired in-preocess research & development	-	-	5,000	12,100
Operating income (loss)	11,067	(68,164)	(113,201)	(180,924)
Other income, net	282	1,458	288	1,799
Income (loss) before income taxes	11,349	(66,706)	(112,913)	(179,125)
Income tax benefit	-	818	-	34,526
Net income (loss)	$ 11,349	$ (65,888)	$ (112,913)	$ (144,599)
Net income (loss) per share				
Basic	$ 0.29	$ (1.72)	$ (2.93)	$ (3.80)
Diluted	$ 0.28	$ (1.72)	$ (2.93)	$ (3.80)
Number of shares used in per share calculation				
Basic	38,495	38,250	38,492	38,057

Diluted	40,881	38,250	38,492	38,057

LAM RESEARCH CORPORATION CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)
(Unaudited)

	June 30, 1999	June 30, 1998
Assets:		
Cash and short-term investments	$ 311,801	$397,156
Accounts receivable, net	170,531	176,029
Inventories	183,716	220,610
Other current assets	72,822	103,294
Total current assets	738,870	897,089
Equipment/leasehold improvements, net	103,337	144,252
Restricted cash	60,348	51,357
Other assets	76,896	58,074
Total assets	$ 979,451	$ 1,150,772
Liabilities and stockholders' equity:		
Total current liabilites	243,995	293,509
Long-term debt and other	326,500	334,174
Stockholders' equity	408,956	523,089
Total liabilities and stockholders' equity	$ 979,451	$ 1,150,772

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