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FREMONT, Calif. - January 20, 2000 - Lam Research Corporation (Nasdaq: LRCX ) today announced financial results for the fiscal quarter ended December 26, 1999. Revenues of $288.6 million were 103 percent higher than the prior year's second quarter revenues and 19 percent greater than the quarter ended September 26, 1999. Net income was $36.7 million, or $0.83 per diluted share, including a one time charge of $7.5 million for research and development technology purchased from Oliver Design, Inc., and compared favorably to a net loss of $82.8 million or $(2.16) per diluted share, for the corresponding quarter ended December 31, 1998. Excluding the one time charge, net income for the period was $43.1 million, or $0.98 per diluted share, compared to an ongoing net loss of $24.4 million, or $(0.64) per diluted share (excluding special items) for the prior year's quarter, and net income of $24.7 million, or $0.58 per diluted share, for the previous quarter ended September 26, 1999. Second fiscal quarter net income included a provision for income tax of $6.0 million or 14 percent of quarterly profits, reflecting a revised estimated effective tax rate of 13 percent for the fiscal year ending June 25, 2000, which is in line with the current profitability outlook of the company.

New orders for the December quarter exceeded the prior quarter's orders by approximately 25 percent, resulting in an expansion of backlog for the fifth consecutive quarter. Geographic orders distribution for the quarter was as follows: North America, 30 percent; Europe, 30 percent; Japan, 13 percent; and Asia Pacific, 27 percent.

Revenues increased in all regions from the prior year's corresponding quarter. Geographic sales distribution for the quarter was as follows: North America, 28 percent; Europe, 31 percent; Japan, 10 percent; and Asia Pacific, 31 percent.

Gross margins increased to 43.5 percent of revenues and operating expenses of $78.3 million (excluding one time R&D charges) continued to decline as a percentage of total sales, driven by cost reduction programs and ongoing emphasis on productivity improvements.

Cash, cash equivalents, short-term investments and restricted cash rose to $387.7 million at the end of the December quarter as higher inventory turnover and lower accounts receivable days of sales outstanding generated $35.3 million positive cash flow during the quarter.

"Demand for semiconductor capital equipment strengthened considerably during the December quarter. Orders for our leading edge equipment came in well above our initial expectations," stated James W. Bagley, chairman and chief executive officer.

"During the previous cycle, we focused our efforts on developing new products that offer our customers next-generation technology with the lowest overall cost of ownership and implementing a set of business processes that will support the company in the current cycle and beyond. I am pleased with the progress we have made in both areas," 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 prospective demand for the company's products, the company's plans and objectives for future operations and market and competitive conditions, and other risks detailed in documents filed with the Securities and Exchange Commission, including, specifically the report on Form 10-K for the fiscal year ended June 30, 1999 and the Form 10-Q for the quarter ended September 26, 1999, which could cause actual results to vary from expectations. The company undertakes no obligation to update the information in this press release.

Lam Research Corporation is a leading supplier of front-end 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 .

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