Lam Research Corporation Announces Record Earnings In Fiscal 2000 Fourth Quarter

Lam Research Corporation Announces Record Earnings In Fiscal 2000 Fourth Quarter FREMONT, Calif. - July 26, 2000 - Lam Research Corporation (Nasdaq: LRCX) today announced financial results for the fiscal year and fourth quarter ended June 25, 2000. Fourth quarter revenues were $374.2 million and net income, including the benefit of a restructuring reserve reversal of $17.0 million, was $76.4 million, or $ 0.55 per diluted share. Sales for the period were 77 percent higher than the prior year's fourth quarter and 15 percent higher than the quarter ended March 26, 2000. Excluding the restructuring reserve reversal, net income for the period was $61.7 million, or $0.45 per diluted share, compared to $11.3 million, or $ 0.09 per diluted share, for the corresponding quarter ended June 30, 1999. This represents growth of 444 percent in net income and 400 percent growth in earnings per share from the prior year's quarter.

Record new orders for June exceeded the prior quarter's orders by more than 10 percent, resulting in an expansion of backlog to an all time high. Geographic orders distribution was as follows: North America, 29 percent; Europe, 29 percent; Japan, 16 percent; and Asia Pacific, 26 percent.

Revenues increased in all regions from the prior year's corresponding quarter. Geographic sales distribution for the quarter was as follows: North America, 27 percent; Europe, 29 percent; Japan, 10 percent; and Asia Pacific, 34 percent.

After excluding the restructuring reserve reversal, gross margins increased to 45.2 percent of revenues, and operating expenses of $99.2 million represented an all time low as a percentage of total sales, reflecting Lam's ongoing emphasis on productivity improvements.

For the year ended June 25, 2000, the company reported net income of $180.1 million, or $1.36 per diluted share compared to a net loss of $54.5 million, or $0.47 per diluted share for the year ended June 30, 1999. These amounts exclude a non-recurring credit of $28.5 million in fiscal year 2000 and non-recurring charges of $58.4 million in fiscal year 1999. Revenues for fiscal year 2000 were $1,231 million, 90 percent higher than revenues of $648 million in fiscal year 1999.

"The company's performance this quarter reflects both the strong demand for semiconductor capital equipment as well as our increased penetration in the etch and CMP markets," stated James W. Bagley, chairman and chief executive officer. "I am pleased with the robust growth in new orders for our advanced etch and CMP systems and the continued improvement in the company's operating profit.

"The move to copper and low-k materials, the transition to the sub 0.13 µm technology node, and the implementation of 300 mm pilot lines are converging at a time when the industry is ramping production capacity to meet the broad demand for semiconductor devices. Lam is well positioned to continue to benefit from the industry's need for next-generation, leading edge wafer processing systems," 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 March 26, 2000, 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 http://www.lamrc.com.

(1)Diluted earnings per share for the three and twelve month periods ended June 25, 2000 assumes conversion of convertible subordinated notes (the "Notes"). Accordingly, interest expense net of taxes of $3,840 and $14,996 respectively, must be added to net income for computing diluted earnings per share. Conversion of the Notes for all other periods presented was antidilutive and therefore excluded from the calculation of diluted earnings per share.

Fourth-Quarter