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FREMONT, Calif. - January 23, 2001 - Lam Research Corporation (Nasdaq: LRCX) today announced financial results for the fiscal quarter ended December 24, 2000. Record revenues of $494.3 million were 71 percent higher than the prior year and 14 percent greater than the quarter ended September 24, 2000. Excluding a one-time charge of $8.0 million for Intellectual Property purchased during the quarter, net income for the December quarter was $79.1 million, or $0.58 per share. Including one-time charges, net income of $73.5 million doubled when compared to the corresponding quarter ended December 26, 1999, resulting in earnings of $0.54 per diluted share.

Record new orders for the quarter exceeded the prior quarter by approximately 4 percent. Geographic distribution was as follows: North America, 29 percent; Europe, 22 percent; Japan, 9 percent; and Asia Pacific, 40 percent.

Revenues increased in all regions from the prior year's corresponding quarter. Sales distribution for the period was as follows: North America, 32 percent; Europe 25 percent; Japan, 16 percent; and Asia Pacific, 27 percent.

Gross margins increased to 46.7 percent of revenues compared to 43.5 percent for the quarter ended December 26, 1999, while operating expenses (excluding the one-time R&D charge) decreased as a percent of revenues to 24.5 percent, an all-time low for the company.

Cash, short-term investments and restricted cash increased to $457.5 million at the end of the period, the result of $95.8 million positive cash flow from operations.

"We are pleased with the results of the December quarter. Attaining record new orders and revenue in the current industry environment is a significant achievement," stated James W. Bagley, Lam's chairman and chief executive officer.

"For Lam, the calendar year ended with market share gains in etch, driven by major wins in oxide and polysilicon applications. With the successful introduction of the 2300 etch series, Lam's next generation suite of 200-mm and 300-mm capable etch products, we believe we are well positioned to achieve share gains as the 300-mm market begins to ramp. Our Teres® CMP system continues to gain market share and we are on target with our 300-mm CMP program as evidenced by our first 300-mm copper CMP system shipment in October."

"The company has posted seven consecutive quarters of improvements in recurring net profits. We believe the progress we have made in strengthening our operations will enable us to manage the company successfully during the current industry cycle," 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, future market share projections, the company's ability to manage future market conditions, the company's plans and objectives for future operations, market oportunities and market and competitive conditions. Such statements are based on current expectations and are subject to risks, 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 fiscal year ended June 25, 2000, and on Form 10-Q for the quarter ended September 24, 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.

Consolidated Financial Tables to Follow

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

	Three Months Ended		Six Months Ended	
	Dec 24,	Dec 26,	Dec 24,	Dec 26,
	2000	1999	2000	1999

Total revenue	$ 494,332	$ 288,620	$ 926,373	$ 530,202
Cost and expenses:				
Cost of goods sold	263,411	162,944	496,206	303,715
Gross margin	230,921	125,676	430,167	226,487
Research and development	58,722	40,284	115,253	79,548
Selling, general and administrative	62,161	38,000	115,102	72,500
Purchased technology for research and development	8,000	7,460	8,000	7,460
Operating income	102,038	39,932	191,812	66,979
Other income, net	2,926	2,752	7,565	3,130
Income before income tax expense	104,964	42,684	199,377	70,109
Income tax expense	31,496	5,976	59,820	8,719
Net income	$ 73,468	$ 36,708	$ 139,557	$ 61,390
Net income per share				
Basic	$ 0.60	$ 0.31	$ 1.13	$ 0.52
Diluted (1)	$ 0.54	$ 0.28	$ 1.02	$ 0.47

Number of shares used in per share calculation				
Basic	123,420	119,343	123,949	118,296
Diluted (1)	140,979	132,171	142,649	129,960

(1) Diluted earnings per share for the three month and six month periods ended December 24, 2000 assumes conversion of convertible subordinated notes. Accordingly, interest expense net of taxes of $3,025 and $6,050 respectively, must be added to net income for computing diluted earnings per share. Conversion of the convertible subordinated notes for the three month and six month periods ending December 26, 1999 was antidilutive and therefore excluded from the calculation of diluted earnings per share.

LAM RESEARCH CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)

	Dec. 24, 2000	June 25, 2000
	Unaudited	
Assets:		
Cash and short-term investments	$ 397,189	$ 371,722
Accounts receivable, net	424,205	323,935
Inventories	295,101	227,169
Other current assets	111,198	98,509
Total current assets	1,227,693	1,021,335

Equipment/leasehold improvements, net	130,272	119,192
Restricted cash	60,348	60,348
Other assets	52,947	43,962
Total assets	$ 1,471,260	$ 1,244,837
Liabilities and stockholders' equity:		
Total current liabilities	$ 419,650	$ 287,756
Long-term liabilities and other	312,483	321,657
Stockholders' equity and temporary equity	739,127	635,424
Total liabilities and stockholders' equity	$ 1,471,260	$ 1,244,837

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