Lam Research Corporation Announces Fiscal 2001 Fourth Quarter And Year-End Results

Lam Research Corporation Announces Fiscal 2001 Fourth Quarter And Year-End Results FREMONT, Calif., July 24, 2001 - Lam Research Corporation (Nasdaq: LRCX) today announced financial results for the fiscal fourth quarter and year ended June 24, 2001. Revenues of $365.5 million were 21.4 percent lower than the March 2001 quarter. Net income for the period, including the net effect of two one-time items totaling $16.3 million (a $16.8 million restructuring charge and a $33.1 million gain from the Company's derivative financial instruments), was $58.3 million, or $0.44 per diluted share. Excluding the effect of these one-time items, net income was $36.9 million, or $0.28 per diluted share, compared to net income of $65.1 million, or $0.48 per diluted share, in the March 2001 quarter. Both quarters reflect the effect of the adoption of Securities and Exchange Commission Staff Accounting Bulletin (SAB) 101 that sets forth new guidelines on revenue recognition. The impact of this new guideline is generally to delay equipment revenue recognition from shipment to customer acceptance.

New orders for the period decreased when compared to the previous quarter. Regional distribution of new orders for the quarter ended June 24, 2001 was as follows: North America, 33 percent; Europe, 20 percent; Japan, 3 percent; and Asia Pacific, 44 percent.

Revenues for the quarter ended June 24, 2001 decreased sequentially in all geographies except Japan and were distributed as follows: North America, 27 percent; Europe, 23 percent; Japan, 11 percent; and Asia Pacific, 39 percent. Shipments for the quarter were approximately $259 million.

Gross margins of 40.4 percent of revenues compared with 43.6 percent in the March 2001 quarter as declining manufacturing output resulted in excess factory capacity. Operating expenses, excluding restructuring charges, decreased by $12.3 million to $102.1 million, reflecting the initial impact of downsizing activities.

Cash, short-term investments and restricted cash increased to $925.4 million, driven by $88.3 million positive cash flow from operations and proceeds of $350 million from long-term debt transactions. Other long-term assets include the market value ($33.1 million) at fiscal year end of the Company's equity derivatives, as required by EITF 00-19. The adoption of SAB 101 increased current liabilities by $250.8 million, the amount of deferred profit as of June 24, 2001.

"Business fundamentals reflect the continued weakness in semiconductor market conditions," stated James W. Bagley, chairman and chief executive officer. "Despite the industry-wide slowdown, Lam is well positioned with a major new product introduction in dielectric etch and strong customer acceptance of our full suite of 300 mm etch and CMP products."

"During SEMICON® West, held in San Francisco, July 16-18, 2001, Lam introduced its newest dielectric etch system, the Exelan® High Performance. The Exelan High Performance addresses critical, next-generation dielectric etch applications and began shipping into production during the June quarter."

"Our focus and efforts during the current slowdown will be on introducing new products and strengthening our customer positions to grow our market share when the industry recovers," Bagley concluded.

Explanations of the impact of certain accounting changes required by SAB 101 and EITF 00-19 are attached to this press release as the following exhibits:

- "Explanation of Revenue Recognition Under SAB 101"
- "Unaudited Quarterly Income Statements Using SAB 101 Accounting Guidelines"
- "Accounting for the Company's Equity Derivatives Under EITF 00-19"

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 future market conditions, the prospective demand for the company's products, future market share projections, the company's plans and objectives for future operations, market opportunities 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, 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 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.

LAM RESEARCH CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME UNDER SAB 101
(In thousands, except per share data)

LAM RESEARCH CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)

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