Lam Research Corporation Announces Reduction in Work Force

Lam Research Corporation Announces Reduction in Work Force FREMONT, Calif., December 20, 2001—Lam Research Corporation (Nasdaq: LRCX) today announced it is reducing its global work force by approximately 12 percent. Approximately 400 employees are being affected. The company will record a restructuring charge against financial results for the quarter ending December 2001.

“We made this difficult decision to address the current market environment and size our operations accordingly,” stated James W. Bagley, Lam’s chairman and chief executive officer. While our near-term expectations about the business environment have not changed, the decline in the last two quarters was greater than we anticipated and required today’s actions. We remain committed to investing in research and development activities and believe that our strong product position will enable the company to demonstrate solid market share growth when the industry recovers,” Bagley concluded.

In a separate announcement released today, the Company has agreed to settle all outstanding patent litigation with Varian Semiconductor Associates. Lam has agreed to pay Varian $20 million and to issue a warrant for the purchase of 2 million shares of Lam common stock, exercisable through December 2005 at a price of $21.30 per share. $5 million is payable upon signing for licensed use of the patents during 2001 with the warrant covering licensed use of the patents in 2000 and earlier. Quarterly payments totaling the balance of $15 million will be paid over the next 3 years for future licensed use over the remaining life of the patents.

In connection with the above settlement, Lam will record a special charge of approximately $42 million: $20 million for the cash payment and a non-cash charge of $22 million, which represents the imputed value of the warrants at $21.30 per share. The charge will be reflected in the quarter ending December 2001. The Company will file a registration statement with the Securities and Exchange Commission for resale of the warrant shares by Varian.

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 include those relating to future market conditions, ongoing research and development activities, market share growth and the prospects for industry recovery, among others. Such statements are based on current expectations and are subject to risks, uncertainties, and changes in condition, significance, value and effect including those risks detailed in documents filed with the Securities and Exchange Commission, and specifically the report on Form 10-K for the fiscal year ended June 24, 2001 and the Form 10-Q for the quarter ended September 23, 2001, 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 fabrication equipment and services to the world’s semiconductor industry. Lam’s common stock trades on the Nasdaq National Market under the symbol LRCX. The Company’s World Wide Web address is http://www.lamrc.com.
