Lam Announces Earnings for the Quarter Ended December 29, 2002

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Lam Announces Earnings for the Quarter Ended December 29, 2002 FREMONT, Calif., January 22, 2003—Lam Research Corporation (Nasdaq: LRCX) today announced earnings for the quarter ended December 29, 2002. Revenue was $184.6 million, and net income was $1.5 million, or $0.01 per diluted share, including net restructuring charges of $1.8 million associated with the Company's strategy of reducing its fixed-cost infrastructure. This compares to revenue of $197.5 million and net losses of $13.7 million, or $0.11 per diluted share for the September 2002 quarter, which included losses of $16.4 million on equity derivative contracts in Lam stock.

New orders of $163 million decreased approximately 12 percent sequentially. Regional distribution of new orders was North America, 23 percent; Europe, 21 percent; Japan, 7 percent; and Asia Pacific, 49 percent.

Geographical breakdown of revenue for the quarter was North America, 31 percent; Europe, 16 percent; Japan, 7 percent; and Asia Pacific, 46 percent. Production output for the period was approximately $152 million.

Gross margin for the December 2002 quarter was $72.5 million or 39.3 percent of revenue. Excluding the restructuring reserve recovery, gross margin for the December 2002 quarter was $72.2 million or 39.1 percent of revenue. Operating Expenses, excluding restructuring items, were $71.5 million compared to $74.7 million in the September 2002 quarter, reflecting sustained investment in engineering and technology programs as well as the impact of cost management activities.

Cash, Short-term Investments, and Restricted Cash rose to $613.9 million at the end of the quarter, a sequential increase of $11.6 million generated from operations.

"Our successful implementation of expense controls and reduction of our fixed-cost infrastructure supported our ability to generate earnings this quarter, despite current market conditions. We maintained our investment levels in key research and development projects, ensuring our continued technology leadership position for next-generation processes," stated James W. Bagley, chairman and chief executive officer.

"Although end-market demand remains uncertain, customers are making technology buys to produce a wide range of devices. We expect this to result in a modest increase in March quarter orders," 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 future market conditions, ongoing research and development investment levels, continued technology leadership, and the prospects for future orders. 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 year ended June 30, 2002, and the Form 10-Q for the quarter ended September 29, 2002, which could cause actual results to vary from expectations. The Company undertakes no obligation to update the information or statements made 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.

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