Lam Announces Earnings for the Quarter Ended March 30, 2003

FREMONT, Calif., April 16, 2003—Lam Research Corporation (Nasdaq: LRCX) today announced earnings for the quarter ended March 30, 2003. Revenue was $187.1 million, and net income was $0.8 million, or $0.01 per diluted share, compared to revenue of $184.6 million and net income of $1.5 million, or $0.01 per diluted share, for the December 2002 quarter.

Ongoing net income in the March 2003 quarter, excluding certain charges, was $3.8 million, or $0.03 per diluted share, versus net income of $2.8 million, or $0.02 per diluted share, for the December 2002 quarter. The company believes this presentation of net income, which excludes net restructuring charges, is useful for analyzing the business because it removes the effects of accelerated expense recognition connected with our outsourcing strategy and consolidation. A table that provides a reconciliation of net income under Generally Accepted Accounting Principles (GAAP) to ongoing net income is included.

New orders of $192 million increased 18 percent sequentially, and production output for the period was approximately $174 million. The geographic distribution of new orders and revenue is shown in the following table:

Gross margin for the March 2003 quarter was $75.2 million or 40.2 percent of revenue, a sequential improvement from 39.3 percent of revenue, primarily due to higher utilization levels and proactive cost management. Operating expenses, excluding restructuring items, were $72.2 million compared to $71.5 million in the December 2002 quarter, reflecting anticipated seasonal cost increases.

Operating cash generation in the period slightly exceeded $20 million and was offset by a Yen-denominated loan repayment of approximately $51 million, resulting in cash, cash equivalents and short-term investments, and restricted cash balances of $585.3 million at the end of the quarter.

“The results for the March quarter demonstrate our solid market share gains and continued focus on reducing operating expenses. This is a winning combination for Lam. Over the course of this downturn, Lam employees have driven important new customer gains, while transforming the business by implementing an aggressive outsourcing strategy. Although the industry environment is uncertain, we are confident that we will continue to deliver better solutions to our customers, which should drive better returns to our shareholders,” stated James W. Bagley, chairman and chief executive officer.

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, including market share gains, ongoing reductions in operating expenses, the Company’s strategic direction, customer solutions and shareholder returns.

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 December 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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