# Lam Research Corporation Announces 2003 Fourth Quarter Earnings

FREMONT, Calif., July 23, 2003--Lam Research Corporation (Nasdaq: LRCX) today announced earnings for the fourth quarter and year ended June 29, 2003. Revenue for the June 2003 quarter was $186.1 million, and net income was $3.7 million, or $0.03 per diluted share, compared to revenue of $187.1 million and net income of $0.8 million, or $0.01 per diluted share, for the March 2003 quarter.

The Company believes the presentation of ongoing results, which excludes the effects of significant net tax benefits and net restructuring charges, is useful for analyzing the business because it better enables comparisons for ongoing operations and removes the effects of expense recognition connected with our outsourcing strategy and consolidation. Tables that provide reconciliations of ongoing results to results under Generally Accepted Accounting Principles (GAAP) are included. Ongoing net income in the June 2003 quarter was $2.5 million, or $0.02 per diluted share, versus ongoing net income of $3.8 million, or $0.03 per diluted share, for the March 2003 quarter.

New orders of $192 million in the June 2003 quarter reached levels recorded in the prior quarter; the geographic distribution of new orders as well as revenue is shown in the following table:

Ongoing gross margin for the June 2003 quarter was $76.5 million, or 41.1 percent of revenue, a sequential improvement from 40.2 percent of revenue. The improved performance includes the contribution of our outsourcing strategy and other cost reduction initiatives. Ongoing operating expenses were $74.9 million compared to $72.2 million in the March 2003 quarter, the result of an increased number of working days and higher employee compensation costs. Production output for the period was approximately $175 million.

Owing to focused asset management initiatives, operating cash generation in the period was approximately $32 million, driving total cash (cash equivalents, short-term investments, and restricted cash) up $41 million to $626 million at the end of the fiscal year.

"The results for the June quarter highlighted our progress on a number of key metrics," stated James W. Bagley, Lam's chairman and chief executive officer. "Notably, our market share gains in dielectric etch and 300 mm contributed to a positive book-to-bill in a difficult business environment. In addition, our outsourcing initiatives and cost reduction efforts continue to improve our gross margin," continued Bagley.

"Lam employees have made significant contributions to our success, and their efforts have resulted in a suite of compelling products and services for our customers, and increasing returns for our shareholders," 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 (including market share gains), ongoing reductions in operating expenses, and the Company's future financial performance, ability to deliver 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 March 30, 2003, 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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