



Lam Research Corporation Announces Fiscal 2001 Third Quarter Results

Additional Cost Cutting Measures to Include a Reduction in Global Headcount

FREMONT, Calif., April 11, 2001-Lam Research Corporation (Nasdaq: LRCX) today announced financial results for the fiscal quarter ended March 25, 2001. Revenues of \$421.5 million were 29 percent higher than the prior year. Profit before taxes for the quarter was \$63.5 million, up \$4.5 million from pre-tax income (excluding the benefit of a restructuring charge reversal) recorded in the corresponding quarter a year ago. Net income for the March 2001 quarter was \$44.4 million, or \$0.33 per diluted share.

New orders for the period declined by approximately 60 percent when compared to the record levels attained in the previous quarter. Regional distribution of orders was as follows: North America, 35 percent; Europe, 24 percent; Japan, 8 percent; and Asia Pacific, 33 percent.

Revenues fell sequentially by 15 percent as semiconductor manufacturers cancelled orders in backlog or postponed equipment deliveries. Sales distribution for the period was as follows: North America, 26 percent; Europe, 25 percent; Japan, 12 percent; and Asia Pacific, 37 percent.

Cash, short-term investments and restricted cash increased to \$505.2 million, the result of focused asset management programs.

Gross margins decreased to 41.0 percent of revenues, the effect of customers requesting shipment delays within manufacturing lead times. Operating expenses declined to \$114.0 million in the quarter compared to \$128.9 million in the prior quarter, reflecting the initial impact of cost reduction measures.

"On February 28, the company announced several initiatives targeted at controlling costs, including executive pay reductions and mandatory shutdown days. While these steps have resulted in significant expense reductions, the further weakness in the wafer fab equipment market throughout March has necessitated more aggressive actions. As a result, we intend to reduce our global headcount by approximately 15 percent, to be implemented this month," stated James W. Bagley, Lam's chairman and chief executive officer.

"The wafer fab equipment industry is experiencing weakness across all geographic regions. A slowing economy, coupled with over capacity in the semiconductor industry, has resulted in a sharp reduction to our new orders, as well as push-outs and cancellations to our backlog."

"Despite these challenges, cyclical slowdowns in our industry are opportune times to strengthen our market position, and introduce new, leading edge products. We believe our products in etch and CMP address our customers' most pressing technical requirements, while delivering them cost of ownership advantages that are redefining this industry benchmark. We believe our 2300 family of next generation etch systems, targeted at 300 mm wafer processing, as well as our innovative CMP systems, will enable the company to continue to gain market share," 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, the prospective demand for the company's products, future market share projections, the company's ability to manage future market conditions, the company's plans and objectives for future operations, market opportunities, future product performance 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, including, specifically the reports on Form 10-K for the fiscal year ended June 25, 2000, and on Form 10-Q for the quarter ended December 24, 2000, 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 front-end 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>.

Consolidated Financial Tables to Follow

LAM RESEARCH CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except per share data)

(Unaudited)

	Three Months Ended		Nine Months Ended	
	Mar 25,	Mar 26,	Mar 25,	Mar 26,
	2001	2000	2001	2000
Total revenue	\$ 421,525	\$ 326,349	\$ 1,347,898	\$ 856,551
Cost and expenses:				
Cost of goods sold	248,541	182,212	744,747	485,927
Cost of goods sold - on restructuring	----	(849)	----	(849)
Gross margin	172,984	144,986	603,151	371,473
Research and development	58,791	45,881	174,044	125,429
Selling, general and administrative	55,167	41,147	170,269	113,647
Restructuring recovery	----	(18,083)	----	(18,083)
Purchased technology for research and development	----	----	8,000	7,460
Operating income	59,026	76,041	250,838	143,020
Other income, net	4,429	1,883	11,994	5,013
Income before income tax expense	63,455	77,924	262,832	148,033
Income tax expense	19,037	10,909	78,857	19,628
Net income	\$ 44,418	\$ 67,015	\$ 183,975	\$ 128,405
Net income per share				
Basic	\$ 0.36	\$ 0.55	\$ 1.49	\$ 1.07
Diluted (1)	\$ 0.33	\$ 0.48	\$ 1.36	\$ 0.97
Number of shares used in per share calculation				
Basic	123,182	122,646	123,693	119,747
Diluted (1)	141,901	145,931	142,400	131,752

(1) Diluted earnings per share for the three and nine-month periods ended March 25, 2001 and for the three month period ended March 26, 2000 assumes conversion of convertible subordinated notes. Accordingly, interest expense net of taxes of \$3,025, \$9,075 and \$3,717, respectively, must be added to net income for computing diluted earnings per share. Conversion of the convertible subordinated notes for the nine-month period ended March 26, 2000 was antidilutive and therefore excluded from the calculation of diluted earnings per share.

LAM RESEARCH CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands)

	Mar. 25, 2001 Unaudited	June 25, 2000 (1)
Assets:		
Cash and short-term investments	\$ 444,868	\$ 371,722
Accounts receivable, net	362,300	323,935
Inventories	328,429	227,169
Other current assets	108,574	98,509
Total current assets	<u>1,244,171</u>	<u>1,021,335</u>
Equipment/leasehold improvements, net	133,115	119,192
Restricted cash	60,348	60,348
Other assets	56,811	43,962
Total assets	<u>\$ 1,494,445</u>	<u>\$ 1,244,837</u>
Liabilities and stockholders' equity:		
Total current liabilities	\$ 326,124	\$ 287,756
Long-term liabilities and other	312,163	321,657
Stockholders' equity and temporary equity	856,158	635,424
Total liabilities and stockholders' equity	<u>\$ 1,494,445</u>	<u>\$ 1,244,837</u>

(1) Derived from June 25, 2000 audited financial statements.