



Lam Research Corporation Announces Financial Results for the Quarter Ended September 29, 2002

FREMONT, Calif., October 17, 2002—Lam Research Corporation (Nasdaq: LRCX) today announced financial results for the quarter ended September 29, 2002. Revenues of \$197.5 million increased approximately 10% sequentially. Net loss for the quarter was \$13.7 million, or \$0.11 per diluted share, including a non-taxable loss of \$16.4 million on equity derivative contracts in Lam stock recorded in Other Expense. This compares to net losses of \$31.0 million, or \$0.24 per diluted share, in the June 2002 quarter, which included losses of \$26.0 million on equity derivative contracts and a restructuring reserve recovery of \$4.1 million. For the September quarter, excluding the charges outlined above, income after tax was \$0.02 per diluted share.

New orders of \$185 million decreased sequentially, approximately 21 percent. Regional distribution of new orders was North America, 37 percent; Europe, 23 percent; Japan, 9 percent; and Asia Pacific, 31 percent.

Geographical breakdown of revenue for the quarter was North America, 23 percent; Europe, 18 percent; Japan, 11 percent; and Asia Pacific, 48 percent. Production output for the period was approximately \$212 million.

Gross margin for the September quarter improved to \$79.0 million or 40.0 percent of revenue, compared to 35.9 percent of revenue in the prior quarter, excluding the restructuring reserve recovery recorded in June. The increase in gross margin as a percent of revenue stems from improved manufacturing utilization and a more favorable product mix. Operating expenses of \$74.7 million declined from the prior quarter after excluding the restructuring reserve recovery recorded in June.

Cash, Short-term Investments, and Restricted Cash totaled \$602.4 million at the end of the quarter, after the previously announced \$309.8 million notes repayment and \$39.1 million purchase of Lam common stock resulting from settlement of all equity derivative contracts during September.

“Total orders in the semiconductor equipment industry declined in the September quarter, reflecting cut-backs and delays in capital spending as announced by several customers. Demand drivers for integrated circuits remain uncertain with market researchers expecting continued weakness in the PC and communications markets,” stated James W. Bagley, chairman and chief executive officer.

“Although our business reflects these industry conditions, we had several key accomplishments this quarter. We met our revenue and operating profit objectives, generated cash from operations, and completed several phases of our outsourcing initiatives. Although the environment remains challenging, I am pleased with the Company’s performance this quarter. We will continue to manage our expenses prudently and invest in R&D to ensure we are well positioned for the next cycle of growth in capital spending,” 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, expense management, R&D investment and the prospects for future growth. 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 report on Form 10-K for the year ended June 30, 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>.

Consolidated Financial Tables to Follow
([Excel](#) / [PDF](#) versions)

LAM RESEARCH CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)

	Three Months Ended	
	Sept. 29, 2002	Sept. 23, 2001
	(unaudited)	(unaudited)
Total revenue	\$ 197,520	\$ 339,580
Cost and expenses:		
Cost of goods sold	118,526	213,869
Cost of goods sold - restructuring charges	<u>-</u>	<u>7,600</u>
Gross margin	78,994	118,111
Research and development	41,382	47,230
Selling, general and administrative	33,359	47,165
Restructuring charges	-	13,448
Operating income	<u>4,253</u>	<u>10,268</u>
Other expense:		
Loss on equity derivative contracts in Lam stock	(16,407)	(17,994)
Other expense, net	(662)	(185)
Loss before income tax expense	<u>(12,816)</u>	<u>(7,911)</u>
Income tax expense	898	1,009
Net loss	<u>\$ (13,714)</u>	<u>\$ (8,920)</u>
Net loss per share:		
Basic	<u>\$ (0.11)</u>	<u>\$ (0.07)</u>
Diluted (1)	<u>\$ (0.11)</u>	<u>\$ (0.07)</u>
Number of shares used in per share calculation:		
Basic	<u>126,931</u>	<u>125,340</u>
Diluted (1)	<u>126,931</u>	<u>125,340</u>

(1) For the three-month periods ended September 29, 2002, and September 23, 2001, options, warrants, and convertible notes were outstanding, but were excluded from the computation of diluted net loss per common share because the effect would have been antidilutive due to the net loss for the periods.

LAM RESEARCH CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)

	Sept. 29, 2002 (unaudited)	June 30, 2002 (1)
Assets:		
Cash and short-term investments	\$ 540,459	\$ 874,205
Accounts receivable, net	136,352	132,113
Inventories	161,220	180,799
Other current assets	150,279	168,307
Total current assets	<u>988,310</u>	<u>1,355,424</u>
Equipment/leasehold improvements, net	63,105	67,496
Restricted cash	61,907	70,983
Other assets	151,401	138,388
Total assets	<u>\$ 1,264,723</u>	<u>\$ 1,632,291</u>
Liabilities and stockholders' equity:		
5% convertible debenture	\$ -	\$ 309,763
Other current liabilities	274,329	287,781
Total current liabilities	<u>274,329</u>	<u>597,544</u>
Other long-term debt and liabilities	372,033	359,691
Stockholders' equity	618,361	675,056
Total liabilities and stockholders' equity	<u>\$ 1,264,723</u>	<u>\$ 1,632,291</u>

(1) Derived from audited financial statements

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