



## Lam Research Corporation Announces 2002 Fourth Quarter And Year-End Results

FREMONT, Calif., July 23, 2002—Lam Research Corporation (Nasdaq: LRCX) today announced financial results for the fourth quarter and year ended June 30, 2002. Revenues of \$180.3 million in the June quarter were 10 percent higher than the March 2002 quarter. Net loss for the quarter was \$31.0 million, or \$0.24 per diluted share, including a non-taxable loss of \$26.0 million on equity derivative contracts in Lam stock (Other Income/Expense) and a restructuring reserve recovery of \$4.1 million (\$1.7 million in Cost of Goods Sold and \$2.4 million in Operating Expenses). This compares to net income of \$1.6 million, or \$0.01 per diluted share, in the March 2002 quarter, which included a non-taxable gain of \$16.8 million on equity derivative contracts in Lam stock. Excluding the loss from the equity derivative contracts and restructuring reserve recovery, the June 2002 quarter net loss was \$7.9 million, or \$0.06 per diluted share.

New orders of \$234 million increased by 41.0 percent sequentially. Regional distribution of new orders was North America, 16 percent; Europe, 21 percent; Japan, 5 percent; and Asia Pacific, 58 percent.

Geographical breakdown of revenue for the quarter was North America, 38 percent; Europe, 15 percent; Japan, 14 percent; and Asia Pacific, 33 percent. Shipments for the period were approximately \$198 million.

Excluding restructuring reserve recovery, gross margin for the June 2002 quarter was \$64.7 million or 35.9 percent of revenue, compared to \$55.0 million or 33.5 percent of revenue in the previous quarter, reflecting efficiencies gained from higher volumes and the favorable impact of cost reductions.

Excluding restructuring reserve recovery, operating expenses of \$76.0 million were \$1.4 million lower than the prior quarter. Increased investments in product development activities were offset by lower SG&A costs.

Cash, Short-term Investments, and Restricted Cash totaled \$945.2 million at the end of June 2002, an increase of \$43.6 million over the prior quarter, principally from improvements in accounts receivable turnover.

“Current business activities reflect the ongoing investment in leading-edge capacity by our customers,” stated James W. Bagley, chairman and chief executive officer. “Semiconductor manufacturers are developing several next-generation technologies, particularly for sub-90-nm processes involving 193-nm resists, where our 2300™ Etch Series systems are demonstrating flexibility and cost-effectiveness in implementing challenging integration schemes. In CMP, we believe our Teres® systems are demonstrating superior results when planarizing new materials such as low k and copper. We expect the requirements for these advanced technologies to continue to drive capital investment and provide new market share opportunities for the Company,” 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, the prospective demand for the Company’s products, market share opportunities, process results and our customers’ plans for capital investment and technology development. 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 24, 2001 and the Form 10-Q for the quarter ended March 31, 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		Twelve Months Ended	
	June 30, 2002 (unaudited)	June 24, 2001 (unaudited)	June 30, 2002	June 24, 2001
Total revenue	\$ 180,256	\$ 365,536	\$ 943,114	\$ 1,519,789
Cost and expenses:				
Cost of goods sold	115,586	213,790	632,319	862,321
Cost of goods sold - restructuring charges	-	3,989	7,600	3,989
Cost of goods sold - on restructuring recovery	(1,674)	-	(1,674)	-
Cost of goods sold - Varian settlement	-	-	38,780	-
Gross margin	66,344	147,757	266,089	653,479
Research and development	41,701	53,204	179,217	227,248
Selling, general and administrative	34,322	48,872	161,860	218,919
Restructuring charges	-	12,780	47,221	12,780
Restructuring charge recovery	(2,371)	-	(2,371)	-
Purchased technology for research and development	-	-	-	8,000
Operating income (loss)	(7,306)	32,901	(119,838)	186,532
Other income (expense):				
Loss on equity derivative contracts in Lam stock	(25,954)	-	(8,236)	-
Other income, net	35	3,107	79	15,102
Income (loss) before income tax expense	(33,227)	36,008	(127,995)	201,634
Income tax expense (benefit)	(2,182)	10,802	(37,944)	60,497
Income (loss) before cumulative effect of a change in accounting principle	(31,045)	25,206	(90,051)	141,137
Cumulative effect of the application of EITF 00-19, "Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's Own Stock, no related tax	-	33,074	-	33,074
Cumulative effect of the application of SAB 101, "Revenue Recognition in Financial Statements", net of \$81,441 related tax benefit effect	-	-	-	(122,105)
Net income (loss)	\$ (31,045)	\$ 58,280	\$ (90,051)	\$ 52,106
Net income (loss) per share:				
Basic				
Income (loss) before cumulative effect of change in accounting principle	\$ (0.24)	\$ 0.20	\$ (0.71)	\$ 1.14
Cumulative effect of change in accounting principle, application of EITF 00-19	\$ -	\$ 0.27	\$ -	\$ 0.27
Cumulative effect of change in accounting principle, application of SAB 101	\$ -	\$ -	\$ -	\$ (0.99)
Basic net income (loss) per share	\$ (0.24)	\$ 0.47	\$ (0.71)	\$ 0.42
Diluted (1)				
Income (loss) before cumulative effect of change in accounting principle	\$ (0.24)	\$ 0.19	\$ (0.71)	\$ 1.07
Cumulative effect of change in accounting principle, application of EITF 00-19	\$ -	\$ 0.25	\$ -	\$ 0.25
Cumulative effect of change in accounting principle, application of SAB 101	\$ -	\$ -	\$ -	\$ (0.92)
Diluted net income (loss) per share	\$ (0.24)	\$ 0.44	\$ (0.71)	\$ 0.39
Number of shares used in per share calculation:				
Basic	127,661	124,343	126,356	123,856
Diluted (1)	127,661	133,531	126,356	132,243

(1) For the three and twelve-month periods ended June 30, 2002, 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. For the three and twelve-month periods ended June 24, 2001, diluted net income per share includes the assumed exercise of employee stock options. The assumed conversion of the convertible subordinated notes was antidilutive and therefore excluded from the computation of diluted net income per share.

LAM RESEARCH CORPORATION  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(In thousands)

	June 30, 2002 (1)	June 24, 2001 (1)
Assets:		
Cash and short-term investments	\$ 874,205	\$ 864,559
Accounts receivable, net	132,113	248,910
Inventories	180,799	284,757
Other current assets	168,307	178,380
Total current assets	<u>1,355,424</u>	<u>1,576,606</u>
Equipment/leasehold improvements, net	67,496	126,533
Restricted cash	70,983	60,800
Other assets	138,388	107,836
Total assets	<u>\$ 1,632,291</u>	<u>\$ 1,871,775</u>
Liabilities and stockholders' equity:		
5% convertible debenture	\$ 309,763	\$ -
Other current liabilities	287,781	499,684
Total current liabilities	<u>597,544</u>	<u>499,684</u>
5% convertible debenture	-	309,763
Other long-term debt and liabilities	359,691	349,955
Stockholders' equity	675,056	712,373
Total liabilities and stockholders' equity	<u>\$ 1,632,291</u>	<u>\$ 1,871,775</u>

(1) Derived from audited financial statements

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