

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

	Three Months Ended			Twelve Months Ended	
	June 26, 2005	March 27, 2005	June 27, 2004	June 26, 2005	June 27, 2004
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(1)
Total revenue	\$ 353,767	\$ 349,337	\$ 329,572	\$ 1,502,453	\$ 935,946
Cost of goods sold	177,908	174,767	170,369	738,361	506,548
Cost of goods sold - restructuring recoveries	-	-	-	-	(1,651)
Total cost of goods sold	177,908	174,767	170,369	738,361	504,897
Gross margin	175,859	174,570	159,203	764,092	431,049
Gross margin as a percent of revenue	49.7%	50.0%	48.3%	50.9%	46.1%
Research and development	49,474	47,226	49,961	194,115	170,479
Selling, general and administrative	43,854	34,518	40,711	164,774	146,063
Restructuring charges, net	-	14,201	-	14,201	8,327
Total operating expenses	93,328	95,945	90,672	373,090	324,869
Operating income	82,531	78,625	68,531	391,002	106,180
Other income, net	6,171	643	1,676	8,120	4,470
Income before income taxes	88,702	79,268	70,207	399,122	110,650
Income tax expense	22,176	19,817	17,552	99,781	27,662
Net income	<u>\$ 66,526</u>	<u>\$ 59,451</u>	<u>\$ 52,655</u>	<u>\$ 299,341</u>	<u>\$ 82,988</u>
Net income per share:					
Basic	<u>\$ 0.48</u>	<u>\$ 0.42</u>	<u>\$ 0.39</u>	<u>\$ 2.17</u>	<u>\$ 0.63</u>
Diluted (2)	<u>\$ 0.47</u>	<u>\$ 0.41</u>	<u>\$ 0.38</u>	<u>\$ 2.10</u>	<u>\$ 0.59</u>
Number of shares used in per share calculations:					
Basic	<u>138,208</u>	<u>139,967</u>	<u>134,414</u>	<u>137,727</u>	<u>131,776</u>
Diluted (2)	<u>142,518</u>	<u>144,756</u>	<u>139,820</u>	<u>142,417</u>	<u>144,928</u>

(1) Derived from audited financial statements.

(2) Diluted net income per share for the twelve months ended June 27, 2004 includes the assumed conversion of convertible 4% notes. Accordingly, interest expense, net of taxes, of \$3.2 million must be added back to net income for computing diluted earnings per share.

LAM RESEARCH CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)

	June 26, 2005 (unaudited)	March 27, 2005 (unaudited)	June 27, 2004 (1)
Assets:			
Cash, cash equivalents and short-term investments	\$ 809,253	\$ 726,292	\$ 429,472
Accounts receivable, net	232,005	257,496	245,508
Inventories	110,051	120,353	108,249
Other current assets	93,527	79,739	113,159
Total current assets	<u>1,244,836</u>	<u>1,183,880</u>	<u>896,388</u>
Property and equipment, net	41,082	43,167	42,444
Restricted cash	85,038	112,468	112,468
Other assets	77,859	143,506	147,326
Total assets	<u>\$ 1,448,815</u>	<u>\$ 1,483,021</u>	<u>\$ 1,198,626</u>
Liabilities and stockholders' equity:			
Current liabilities	<u>\$ 379,133</u>	<u>\$ 375,352</u>	<u>\$ 376,606</u>
Other long-term liabilities	\$ 2,786	\$ 3,318	\$ 9,554
Stockholders' equity	<u>1,066,896</u>	<u>1,104,351</u>	<u>812,466</u>
Total liabilities and stockholders' equity	<u>\$ 1,448,815</u>	<u>\$ 1,483,021</u>	<u>\$ 1,198,626</u>

(1) Derived from audited financial statements.

Reconciliation of U.S. GAAP Net Income to Ongoing Net Income
(in thousands, except per share data and percentages)

	Three Months Ended	
	June 26, 2005	March 27, 2005
U.S. GAAP net income	\$ 66,526	\$ 59,451
Pre-tax net tax refund - operating expenses	-	(7,962)
Pre-tax net restructuring charges - operating expenses	-	14,201
Tax benefit on net restructuring charges and net tax refund	-	(1,560)
Ongoing net income	<u>\$ 66,526</u>	<u>\$ 64,130</u>
Ongoing net income per diluted share	<u>\$ 0.47</u>	<u>\$ 0.44</u>
Number of shares used for diluted per share calculation	142,518	144,756
Income tax rate	25%	25%

Reconciliation of U.S. GAAP Gross Margin, Operating Expenses and Operating Income to Ongoing Gross Margin, Operating Expenses and Operating Income
(in thousands)

	Three Months Ended	
	June 26, 2005	March 27, 2005
U.S. GAAP gross margin	\$ 175,859	\$ 174,570
Restructuring recoveries - cost of goods sold	-	-
Ongoing gross margin	<u>\$ 175,859</u>	<u>\$ 174,570</u>
U.S. GAAP operating expenses	\$ 93,328	\$ 95,945
Net tax refund - operating expenses	-	7,962
Net restructuring charges - operating expenses	-	(14,201)
Ongoing operating expenses	<u>\$ 93,328</u>	<u>\$ 89,706</u>
Ongoing operating income	<u>\$ 82,531</u>	<u>\$ 84,864</u>