

Lam Research Corporation

Analysis of Operating Statement Items

(In millions, except per share data)

	Three months ended Dec. 30, 2001		Three months ended Sep. 23, 2001	
	<u>Amount</u>	<u>Income/ (loss) per diluted share</u>	<u>Amount</u>	<u>Income/ (loss) per diluted share</u>
Net income/(loss) reported	\$ (51.7)	\$ (0.41)	\$ (8.9)	\$ (0.07)
Operating statement adjustments:				
(1) Excess and obsolete inventory charge included in cost of goods sold	24.1			
(2) Patent litigation settlement charge included in cost of goods sold	38.8			
(3) Restructuring charges included in cost of goods sold			7.6	
(4) Impaired asset write-downs included in operating expense	9.5			
(5) Restructuring charges included in operating expense	33.8		13.4	
(6) (Gain)/loss on equity derivative contracts in Lam stock * included in other income/expense	(18.9)		18.0	
Subtotal of adjustments	<u>87.3</u>		<u>39.0</u>	
Income tax benefit	<u>(31.9)</u>		<u>(2.1)</u>	
Net income after adjustments	\$ <u>3.7</u>	\$ 0.03	\$ <u>28.0</u>	\$ 0.21
Income tax rate	30%		10%	

* Note: There is no tax effect associated with the equity derivative.