

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

|  | Three Months Ended |                             | Nine Months Ended |                             |
|--|--------------------|-----------------------------|-------------------|-----------------------------|
|  | Mar 31,<br>2002    | Mar 25,<br>2001             | Mar 31,<br>2002   | Mar 25,<br>2001             |
|  | (unaudited)        | (restated and<br>unaudited) | (unaudited)       | (restated and<br>unaudited) |
| Total revenue  | \$ 164,105         | \$ 465,125                  | \$ 762,858        | \$ 1,154,253                |
| Cost and expenses:   |                    |                             |                   |                             |
| Cost of goods sold   | 109,118            | 262,102                     | 516,732           | 648,531                     |
| Cost of goods sold - restructuring charges   | -                  | -                           | 7,600             | -                           |
| Cost of goods sold - Varian settlement   | -                  | -                           | 38,780            | -                           |
|  | 54,987             | 203,023                     | 199,746           | 505,722                     |
| Gross margin   |                    |                             |                   |                             |
| Research and development   | 40,552             | 58,791                      | 137,516           | 174,044                     |
| Selling, general and administrative  | 36,849             | 55,615                      | 127,538           | 170,047                     |
| Restructuring charges  | -                  | -                           | 47,221            | -                           |
| Purchased technology for<br>research and development   | -                  | -                           | -                 | 8,000                       |
|  | (22,414)           | 88,617                      | (112,529)         | 153,631                     |
| Operating income (loss)  |                    |                             |                   |                             |
| Other income (expense):  |                    |                             |                   |                             |
| Gain on equity derivative contracts<br>in Lam stock  | 16,828             | -                           | 17,718            | -                           |
| Other income (expense), net  | 615                | 4,429                       | 44                | 11,995                      |
|  | (4,971)            | 93,046                      | (94,767)          | 165,626                     |
| Income (loss) before income tax expense  |                    |                             |                   |                             |
| Income tax expense (benefit)   | (6,540)            | 27,924                      | (35,761)          | 49,695                      |
|  | 1,569              | 65,122                      | (59,006)          | 115,931                     |
| Income (loss) before cumulative effect of a<br>change in accounting principle  |                    |                             |                   |                             |
| Cumulative effect of the application of SAB 101,<br>"Revenue Recognition in Financial Statements", net<br>of \$81,441 related tax benefit effect | -                  | -                           | -                 | (122,105)                   |
|  | 1,569              | 65,122                      | (59,006)          | (6,174)                     |
| Net income (loss)  | \$ 1,569           | \$ 65,122                   | \$ (59,006)       | \$ (6,174)                  |
| Net income (loss) per share:   |                    |                             |                   |                             |
| Basic  |                    |                             |                   |                             |
| Income (loss) before cumulative effect of change<br>in accounting principle  | \$ 0.01            | \$ 0.53                     | \$ (0.47)         | \$ 0.94                     |
| Cumulative effect of change in accounting<br>principle, application of SAB 101   | -                  | -                           | -                 | (0.99)                      |
| Basic net income (loss) per share  | \$ 0.01            | \$ 0.53                     | \$ (0.47)         | \$ (0.05)                   |
| Diluted (1)  |                    |                             |                   |                             |
| Income (loss) before cumulative effect of change<br>in accounting principle  | \$ 0.01            | \$ 0.48                     | \$ (0.47)         | \$ 0.88                     |
| Cumulative effect of change in accounting<br>principle, application of SAB 101   | -                  | -                           | -                 | (0.86)                      |
| Diluted net income (loss) per share  | \$ 0.01            | \$ 0.48                     | \$ (0.47)         | \$ 0.02                     |
| Number of shares used in<br>per share calculation:   |                    |                             |                   |                             |
| Basic  | 126,747            | 123,182                     | 125,921           | 123,693                     |
| Diluted (1)  | 134,420            | 141,901                     | 125,921           | 142,400                     |

(1) For the three-month period ended March 31, 2002, diluted net income per share includes the assumed exercise of employee stock options and warrants. The assumed conversion of the convertible subordinated notes into 17,264,000 shares was antidilutive and therefore excluded from the computation of diluted net income per share. For the nine-month period ended March 31, 2002, options, warrants and convertible securities were outstanding, but all 24,809,000 potential common shares 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 period. For the three and nine month periods ended March 25, 2001, diluted net income per share includes the assumed exercise of employee stock options and the assumed conversion of the 5% convertible subordinated notes.

**LAM RESEARCH CORPORATION**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(In thousands)

|   | <b>March 31,<br/>2002<br/>(unaudited)</b> | <b>June 24,<br/>2001<br/>(1)</b> |
|---|---|----------------------------------|
| <b>Assets:</b>                                |   |                                  |
| Cash and short-term investments               | \$ 830,457                                | \$ 864,559                       |
| Accounts receivable, net                      | 125,957                                   | 248,910                          |
| Inventories                                   | 176,892                                   | 284,757                          |
| Other current assets                          | 271,142                                   | 178,380                          |
| Total current assets                          | <u>1,404,448</u>                          | <u>1,576,606</u>                 |
| Equipment/leasehold improvements, net         | 77,311                                    | 126,533                          |
| Restricted cash                               | 71,098                                    | 60,800                           |
| Other assets                                  | 70,573                                    | 107,836                          |
| Total assets                                  | <u>\$ 1,623,430</u>                       | <u>\$ 1,871,775</u>              |
| <b>Liabilities and stockholders' equity:</b>  |   |                                  |
| 5% convertible debenture                      | \$ 309,763                                | \$ -                             |
| Other current liabilities                     | 262,432                                   | 499,684                          |
| Total current liabilities                     | <u>572,195</u>                            | <u>499,684</u>                   |
| 5% convertible debenture                      | -   | 309,763                          |
| Other long-term debt and liabilities          | 354,605                                   | 349,955                          |
| Stockholders' equity                          | 696,630                                   | 712,373                          |
| Total liabilities and<br>stockholders' equity | <u>\$ 1,623,430</u>                       | <u>\$ 1,871,775</u>              |

(1) Derived from audited financial statements