

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

	Three Months Ended			Six Months Ended	
	December 26, 2004	September 26, 2004	December 28, 2003	December 26, 2004	December 28, 2003
Total revenue	\$ 379,800	\$ 419,549	\$ 191,508	\$ 799,349	\$ 375,246
Cost of goods sold	180,898	204,788	105,372	385,686	210,842
Cost of goods sold - restructuring recoveries	-	-	(1,079)	-	(1,329)
Total cost of goods sold	180,898	204,788	104,293	385,686	209,513
Gross margin	198,902	214,761	87,215	413,663	165,733
Gross margin as a percent of revenue	52.4%	51.2%	45.5%	51.7%	44.2%
Research and development	47,057	50,358	39,078	97,415	77,604
Selling, general and administrative	43,275	43,127	34,141	86,402	68,134
Restructuring charges, net	-	-	5,948	-	7,010
Total operating expenses	90,332	93,485	79,167	183,817	152,748
Operating income	108,570	121,276	8,048	229,846	12,985
Other income, net	1,298	8	473	1,306	1,917
Income before income taxes	109,868	121,284	8,521	231,152	14,902
Income tax expense	26,254	31,534	2,130	57,788	3,725
Net income	<u>\$ 83,614</u>	<u>\$ 89,750</u>	<u>\$ 6,391</u>	<u>\$ 173,364</u>	<u>\$ 11,177</u>
Net income per share:					
Basic	<u>\$ 0.61</u>	<u>\$ 0.66</u>	<u>\$ 0.05</u>	<u>\$ 1.27</u>	<u>\$ 0.09</u>
Diluted	<u>\$ 0.59</u>	<u>\$ 0.64</u>	<u>\$ 0.05</u>	<u>\$ 1.23</u>	<u>\$ 0.08</u>
Number of shares used in per share calculations:					
Basic	<u>137,255</u>	<u>135,478</u>	<u>131,020</u>	<u>136,366</u>	<u>129,688</u>
Diluted	<u>142,268</u>	<u>139,808</u>	<u>139,658</u>	<u>141,108</u>	<u>137,502</u>

LAM RESEARCH CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)

	December 26, 2004 (unaudited)	September 26, 2004 (unaudited)	June 27, 2004 (1)
Assets:			
Cash, cash equivalents and short-term investments	\$ 649,400	\$ 476,672	\$ 429,472
Accounts receivable, net	248,498	333,397	245,508
Inventories	129,302	112,784	108,249
Other current assets	70,025	60,751	113,159
Total current assets	<u>1,097,225</u>	<u>983,604</u>	<u>896,388</u>
Property and equipment, net	45,154	41,950	42,444
Restricted cash	112,468	112,468	112,468
Other assets	139,154	172,777	147,326
Total assets	<u><u>\$ 1,394,001</u></u>	<u><u>\$ 1,310,799</u></u>	<u><u>\$ 1,198,626</u></u>
Liabilities and stockholders' equity:			
Current liabilities	<u>\$ 356,584</u>	<u>\$ 387,986</u>	<u>\$ 376,606</u>
Long-term debt and other liabilities	<u>\$ 7,268</u>	<u>\$ 8,138</u>	<u>\$ 9,554</u>
Stockholders' equity	<u>1,030,149</u>	<u>914,675</u>	<u>812,466</u>
Total liabilities and stockholders' equity	<u><u>\$ 1,394,001</u></u>	<u><u>\$ 1,310,799</u></u>	<u><u>\$ 1,198,626</u></u>

(1) Derived from audited financial statements