

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

| | Three Months Ended | | Six Months Ended | |
|---|--------------------|-----------------------------|--------------------|-----------------------------|
| | Dec 30, 2001 | Dec 24, 2000 | Dec 30, 2001 | Dec 24, 2000 |
| | (unaudited) | (restated and unaudited) | (unaudited) | (restated and unaudited) |
| Total revenue | \$ 259,173 | \$ 384,097 | \$ 598,753 | \$ 689,128 |
| Cost and expenses: | | | | |
| Cost of goods sold | 193,745 | 214,066 | 407,614 | 386,429 |
| Cost of goods sold - restructuring charges | - | - | 7,600 | - |
| Cost of goods sold - Varian settlement | 38,780 | - | 38,780 | - |
| Gross margin | <u>26,648</u> | <u>170,031</u> | <u>144,759</u> | <u>302,699</u> |
| Research and development | 49,734 | 58,722 | 96,964 | 115,253 |
| Selling, general and administrative | 43,524 | 61,996 | 90,689 | 114,432 |
| Restructuring charges | 33,773 | - | 47,221 | - |
| Purchased technology for research and development | - | 8,000 | - | 8,000 |
| Operating income (loss) | <u>(100,383)</u> | <u>41,313</u> | <u>(90,115)</u> | <u>65,014</u> |
| Other income (expense): | | | | |
| Gain on equity derivative contracts in Lam stock | 18,884 | - | 890 | - |
| Other income (expense), net | <u>(386)</u> | <u>2,926</u> | <u>(571)</u> | <u>7,566</u> |
| Income (loss) before income tax expense | <u>(81,885)</u> | <u>44,239</u> | <u>(89,796)</u> | <u>72,580</u> |
| Income tax expense (benefit) | <u>(30,230)</u> | <u>13,270</u> | <u>(29,221)</u> | <u>21,771</u> |
| Income (loss) before cumulative effect of change in accounting principle | <u>(51,655)</u> | <u>30,969</u> | <u>(60,575)</u> | <u>50,809</u> |
| Cumulative effect of the application of SAB 101, "Revenue Recognition in Financial Statements", net of \$81,441 related tax benefit | <u>-</u> | <u>-</u> | <u>-</u> | <u>(122,105)</u> |
| Net income (loss) | <u>\$ (51,655)</u> | <u>\$ 30,969</u> | <u>\$ (60,575)</u> | <u>\$ (71,296)</u> |
| Net income (loss) per share: | | | | |
| Basic | | | | |
| Income (loss) before cumulative effect of change in accounting principle | \$ (0.41) | \$ 0.25 | \$ (0.48) | \$ 0.41 |
| Cumulative effect of change in accounting principle, application of SAB 101 | <u>-</u> | <u>-</u> | <u>-</u> | <u>(0.99)</u> |
| Basic net income (loss) per share | <u>\$ (0.41)</u> | <u>\$ 0.25</u> | <u>\$ (0.48)</u> | <u>\$ (0.58)</u> |
| Diluted | | | | |
| Income (loss) before cumulative effect of change in accounting principle | \$ (0.41) | \$ 0.24 | \$ (0.48) | \$ 0.38 |
| Cumulative effect of change in accounting principle, application of SAB 101 | <u>-</u> | <u>-</u> | <u>-</u> | <u>(0.92)</u> |
| Diluted net income (loss) per share | <u>\$ (0.41)</u> | <u>\$ 0.24</u> | <u>\$ (0.48)</u> | <u>\$ (0.54)</u> |
| Number of shares used in per share calculation | | | | |
| Basic | <u>125,674</u> | <u>123,420</u> | <u>125,507</u> | <u>123,949</u> |
| Diluted | <u>125,674</u> | <u>130,392</u> | <u>125,507</u> | <u>132,063</u> |

LAM RESEARCH CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)

| | December 30, 2001 (unaudited) | June 24, 2001 (1) |
|---|--|----------------------------------|
| Assets: | | |
| Cash and short-term investments | \$ 880,134 | \$ 864,559 |
| Accounts receivable, net | 133,268 | 248,910 |
| Inventories | 185,629 | 284,757 |
| Other current assets | <u>244,251</u> | <u>178,380</u> |
| Total current assets | 1,443,282 | 1,576,606 |
| Property and equipment, net | 85,510 | 126,533 |
| Restricted cash | 60,800 | 60,800 |
| Other assets | <u>74,369</u> | <u>107,836</u> |
| Total assets | <u><u>\$ 1,663,961</u></u> | <u><u>\$ 1,871,775</u></u> |
| Liabilities and stockholders' equity: | | |
| 5% convertible debenture | \$ 309,763 | \$ - |
| Other current liabilities | <u>315,717</u> | <u>499,684</u> |
| Total current liabilities | 625,480 | 499,684 |
| 5% convertible debenture | - | 309,763 |
| Other long-term debt and liabilities | 357,984 | 349,955 |
| Stockholders' equity | 680,497 | 712,373 |
| Total liabilities and stockholders' equity | <u><u>\$ 1,663,961</u></u> | <u><u>\$ 1,871,775</u></u> |

(1) Derived from audited financial statements