

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

	<b>Three Months Ended</b>	
	<b>September 26, 2004</b>	<b>June 27, 2004</b>
U.S. GAAP net income	\$ 89,750	\$ 52,655
Pre-tax adjustments:		
CMP impairment - cost of goods sold	-	2,425
CMP impairment - operating expenses	-	600
Net gain on notes and swap - other income, net	-	(4,505)
Tax expense on net reconciling items	-	370
Ongoing net income	<u>\$ 89,750</u>	<u>\$ 51,545</u>
Ongoing net income per diluted share	<u>\$ 0.64</u>	<u>\$ 0.37</u>
Number of shares used for diluted per share calculation	139,808	139,820
Income tax rate	26%	25%

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

	<b>Three Months Ended</b>	
	<b>September 26, 2004</b>	<b>June 27, 2004</b>
U.S. GAAP gross margin	\$ 214,761	\$ 159,203
CMP impairment - cost of goods sold	-	2,425
Ongoing gross margin	<u>\$ 214,761</u>	<u>\$ 161,628</u>
U.S. GAAP operating expenses	\$ 93,485	\$ 90,672
CMP impairment - operating expenses	-	(600)
Ongoing operating expenses	<u>\$ 93,485</u>	<u>\$ 90,072</u>
Ongoing operating income	<u>\$ 121,276</u>	<u>\$ 71,556</u>
Ongoing gross margin as a percent of revenue	51.2%	49.0%

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

	<b>September 26, 2004 (unaudited)</b>	<b>June 27, 2004 (1)</b>
Assets:		
Cash, cash equivalents and short-term investments	\$ 476,672	\$ 429,472
Accounts receivable, net	333,397	245,508
Inventories	112,784	108,249
Other current assets	60,751	113,159
Total current assets	<u>983,604</u>	<u>896,388</u>
Property and equipment, net	41,950	42,444
Restricted cash	112,468	112,468
Other assets	172,777	147,326
Total assets	<u>\$ 1,310,799</u>	<u>\$ 1,198,626</u>
Liabilities and stockholders' equity:		
Current liabilities	<u>\$ 387,986</u>	<u>\$ 376,606</u>
Other long-term liabilities	\$ 8,138	\$ 9,554
Stockholders' equity	914,675	812,466
Total liabilities and stockholders' equity	<u>\$ 1,310,799</u>	<u>\$ 1,198,626</u>

(1) Derived from audited financial statements

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

	<b>Three Months Ended</b>		
	<b>September 26,</b>	<b>June 27,</b>	<b>September 28,</b>
	<b>2004</b>	<b>2004</b>	<b>2003</b>
Total revenue	\$ 419,549	\$ 329,572	\$ 183,738
Cost of goods sold	204,788	170,369	105,470
Cost of goods sold - restructuring recoveries	-	-	(250)
Total cost of goods sold	204,788	170,369	105,220
Gross margin	214,761	159,203	78,518
Gross margin as a percent of revenue	51.2%	48.3%	42.7%
Research and development	50,358	49,961	38,526
Selling, general and administrative	43,127	40,711	33,993
Restructuring charges, net	-	-	1,062
Total operating expenses	93,485	90,672	73,581
Operating income	121,276	68,531	4,937
Other income, net	8	1,676	1,444
Income before income taxes	121,284	70,207	6,381
Income tax expense	31,534	17,552	1,595
Net income	<u>\$ 89,750</u>	<u>\$ 52,655</u>	<u>\$ 4,786</u>
Net income per share:			
Basic	<u>\$ 0.66</u>	<u>\$ 0.39</u>	<u>\$ 0.04</u>
Diluted	<u>\$ 0.64</u>	<u>\$ 0.38</u>	<u>\$ 0.04</u>
Number of shares used in per share calculations:			
Basic	<u>135,478</u>	<u>134,414</u>	<u>128,351</u>
Diluted	<u>139,808</u>	<u>139,820</u>	<u>134,886</u>