

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

	Three Months Ended		Twelve Months Ended	
	June 30,	June 24,	June 30,	June 24,
	2002	2001	2002	2001
	(unaudited)	(unaudited)		
Total revenue	\$ 180,256	\$ 365,536	\$ 943,114	\$ 1,519,789
Cost and expenses:				
Cost of goods sold	115,586	213,790	632,319	862,321
Cost of goods sold - restructuring charges	-	3,989	7,600	3,989
Cost of goods sold - on restructuring recovery	(1,674)	-	(1,674)	-
Cost of goods sold - Varian settlement	-	-	38,780	-
Gross margin	66,344	147,757	266,089	653,479
Research and development	41,701	53,204	179,217	227,248
Selling, general and administrative	34,322	48,872	161,860	218,919
Restructuring charges	-	12,780	47,221	12,780
Restructuring charge recovery	(2,371)	-	(2,371)	-
Purchased technology for research and development	-	-	-	8,000
Operating income (loss)	(7,308)	32,901	(119,838)	186,532
Other income (expense):				
Loss on equity derivative contracts in Lam stock	(25,954)	-	(8,236)	-
Other income, net	35	3,107	79	15,102
Income (loss) before income tax expense	(33,227)	36,008	(127,995)	201,634
Income tax expense (benefit)	(2,182)	10,802	(37,944)	60,497
Income (loss) before cumulative effect of a change in accounting principle	(31,045)	25,206	(90,051)	141,137
Cumulative effect of the application of EITF 00-19, "Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's Own Stock, no related tax	-	33,074	-	33,074
Cumulative effect of the application of SAB 101, "Revenue Recognition in Financial Statements", net of \$81,441 related tax benefit effect	-	-	-	(122,105)
Net income (loss)	\$ (31,045)	\$ 58,280	\$ (90,051)	\$ 52,106
Net income (loss) per share:				
Basic				
Income (loss) before cumulative effect of change in accounting principle	\$ (0.24)	\$ 0.20	\$ (0.71)	\$ 1.14
Cumulative effect of change in accounting principle, application of EITF 00-19	\$ -	\$ 0.27	\$ -	\$ 0.27
Cumulative effect of change in accounting principle, application of SAB 101	\$ -	\$ -	\$ -	\$ (0.99)
Basic net income (loss) per share	\$ (0.24)	\$ 0.47	\$ (0.71)	\$ 0.42
Diluted (1)				
Income (loss) before cumulative effect of change in accounting principle	\$ (0.24)	\$ 0.19	\$ (0.71)	\$ 1.07
Cumulative effect of change in accounting principle, application of EITF 00-19	\$ -	\$ 0.25	\$ -	\$ 0.25
Cumulative effect of change in accounting principle, application of SAB 101	\$ -	\$ -	\$ -	\$ (0.92)
Diluted net income (loss) per share	\$ (0.24)	\$ 0.44	\$ (0.71)	\$ 0.39
Number of shares used in per share calculation:				
Basic	127,661	124,343	126,356	123,856
Diluted (1)	127,661	133,531	126,356	132,243

(1) For the three and twelve-month periods ended June 30, 2002, options, warrants and convertible notes were outstanding, but 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 periods. For the three and twelve-month periods ended June 24, 2001, diluted net income per share includes the assumed exercise of employee stock options. The assumed conversion of the convertible subordinated notes was antidilutive and therefore excluded from the computation of diluted net income per share.

LAM RESEARCH CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)

	June 30, 2002	June 24, 2001
	<u>(1)</u>	<u>(1)</u>
Assets:		
Cash and short-term investments	\$ 874,205	\$ 864,559
Accounts receivable, net	132,113	248,910
Inventories	180,799	284,757
Other current assets	<u>168,307</u>	<u>178,380</u>
Total current assets	1,355,424	1,576,606
Equipment/leasehold improvements, net	67,496	126,533
Restricted cash	70,983	60,800
Other assets	<u>138,388</u>	<u>107,836</u>
Total assets	<u><u>\$ 1,632,291</u></u>	<u><u>\$ 1,871,775</u></u>
Liabilities and stockholders' equity:		
5% convertible debenture	\$ 309,763	\$ -
Other current liabilities	<u>287,781</u>	<u>499,684</u>
Total current liabilities	597,544	499,684
5% convertible debenture	-	309,763
Other long-term debt and liabilities	359,691	349,955
Stockholders' equity	675,056	712,373
Total liabilities and stockholders' equity	<u><u>\$ 1,632,291</u></u>	<u><u>\$ 1,871,775</u></u>

(1) Derived from audited financial statements