

LAM RESEARCH CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Three Months Ended			Nine Months Ended	
	March 26, 2006	December 25, 2005	March 27, 2005	March 26, 2006	March 27, 2005
CASH FLOWS FROM OPERATING ACTIVITIES:					
Net income	\$ 86,337	\$ 77,778	\$ 59,451	\$ 213,606	\$ 232,815
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation and amortization	5,208	4,995	6,324	16,235	19,212
Deferred income taxes	17,935	(647)	(13,413)	32,662	38,165
Restructuring charges, net	-	-	14,201	-	14,201
Stock-based compensation	6,029	6,044	74	17,319	367
Income tax benefit from stock option exercises	-	-	30,353	-	30,353
Other, net	(864)	109	1,308	1,087	2,631
Change in working capital accounts	(5,010)	23,126	3,001	(12,488)	(45,698)
Net cash provided by operating activities	<u>109,635</u>	<u>111,405</u>	<u>101,299</u>	<u>268,421</u>	<u>292,046</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Capital expenditures	(6,447)	(5,036)	(4,640)	(16,141)	(18,623)
Net sales (purchases) of available-for-sale securities	<u>26,703</u>	<u>14,191</u>	<u>30,976</u>	<u>92,492</u>	<u>(27,744)</u>
Net cash provided by/(used for) investing activities	<u>20,256</u>	<u>9,155</u>	<u>26,336</u>	<u>76,351</u>	<u>(46,367)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:					
Payments on capital lease	(67)	-	-	(67)	-
Treasury stock purchases	(73,602)	(61,917)	(67,793)	(214,209)	(67,793)
Reissuances of treasury stock	4,515	-	-	9,652	-
Proceeds from issuance of common stock	<u>61,602</u>	<u>61,926</u>	<u>48,923</u>	<u>135,702</u>	<u>90,848</u>
Net cash provided by/(used for) financing activities	<u>(7,552)</u>	<u>9</u>	<u>(18,870)</u>	<u>(68,922)</u>	<u>23,055</u>
Effect of exchange rate changes on cash	1,724	(1,605)	1,524	(255)	4,325
Net increase in cash and cash equivalents	124,063	118,964	110,289	275,595	273,059
Cash and cash equivalents at beginning of period	<u>633,782</u>	<u>514,818</u>	<u>326,173</u>	<u>482,250</u>	<u>163,403</u>
Cash and cash equivalents at end of period	<u>\$ 757,845</u>	<u>\$ 633,782</u>	<u>\$ 436,462</u>	<u>\$ 757,845</u>	<u>\$ 436,462</u>

LAM RESEARCH CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)

	March 26, 2006 (unaudited)	December 25, 2005 (unaudited)	June 26, 2005 (1)
Assets:			
Cash and cash equivalents	\$ 757,845	\$ 633,782	\$ 482,250
Short-term investments	233,528	258,463	\$ 327,003
Accounts receivable, net	319,150	279,185	232,005
Inventories	144,259	114,051	110,051
Other current assets	84,986	95,012	93,527
Total current assets	<u>1,539,768</u>	<u>1,380,493</u>	<u>1,244,836</u>
Property and equipment, net	43,903	41,652	41,082
Restricted cash	85,038	85,038	85,038
Other assets	70,116	75,088	77,859
Total assets	<u>\$ 1,738,825</u>	<u>\$ 1,582,271</u>	<u>\$ 1,448,815</u>
Liabilities and stockholders' equity:			
Current liabilities	<u>\$ 507,309</u>	<u>\$ 439,191</u>	<u>\$ 379,133</u>
Other long-term liabilities	\$ 1,605	\$ 1,279	\$ 2,786
Stockholders' equity	1,229,911	1,141,801	1,066,896
Total liabilities and stockholders' equity	<u>\$ 1,738,825</u>	<u>\$ 1,582,271</u>	<u>\$ 1,448,815</u>

(1) Derived from audited financial statements.

<u>Region</u>	<u>New Orders</u>	<u>Revenue</u>
North America	15%	15%
Europe	15%	13%
Japan	13%	15%
Korea	29%	29%
Asia Pacific	28%	28%

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

	Three Months Ended			Nine Months Ended	
	March 26, 2006	December 25, 2005	March 27, 2005	March 26, 2006	March 27, 2005
Total revenue	\$ 437,423	\$ 358,245	\$ 349,337	\$ 1,116,575	\$ 1,148,686
Cost of goods sold	217,769	180,735	174,767	563,332	560,453
Gross margin	219,654	177,510	174,570	553,243	588,233
Gross margin as a percent of revenue	50.2%	49.5%	50.0%	49.5%	51.2%
Research and development	61,083	55,742	47,226	168,067	144,641
Selling, general and administrative	48,303	44,859	34,518	138,317	120,920
Restructuring charges, net	-	-	14,201	-	14,201
Total operating expenses	109,386	100,601	95,945	306,384	279,762
Operating income	110,268	76,909	78,625	246,859	308,471
Operating margin as a percent of revenue	25.2%	21.5%	22.5%	22.1%	26.9%
Other income, net	7,828	9,308	643	25,624	1,949
Income before income taxes	118,096	86,217	79,268	272,483	310,420
Income tax expense	31,759	8,439	19,817	58,877	77,605
Net income	<u>\$ 86,337</u>	<u>\$ 77,778</u>	<u>\$ 59,451</u>	<u>\$ 213,606</u>	<u>\$ 232,815</u>
Net income per share:					
Basic	<u>\$ 0.62</u>	<u>\$ 0.57</u>	<u>\$ 0.42</u>	<u>\$ 1.55</u>	<u>\$ 1.69</u>
Diluted	<u>\$ 0.60</u>	<u>\$ 0.55</u>	<u>\$ 0.41</u>	<u>\$ 1.49</u>	<u>\$ 1.64</u>
Number of shares used in per share calculations:					
Basic	<u>140,122</u>	<u>136,572</u>	<u>139,967</u>	<u>137,703</u>	<u>137,566</u>
Diluted	<u>144,846</u>	<u>142,525</u>	<u>144,756</u>	<u>143,298</u>	<u>142,362</u>