**Lam Research Corporation**

**Analysis of Operating Statement Items**
(In millions, except per share data)

<table>
<thead>
<tr>
<th></th>
<th>Three months ended Dec. 30, 2001</th>
<th></th>
<th>Three months ended Sep. 23, 2001</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount</td>
<td>Income/ (loss) per per</td>
<td>Amount</td>
</tr>
<tr>
<td></td>
<td>(diluted share)</td>
<td>diluted share</td>
<td></td>
</tr>
<tr>
<td>Net income/(loss)</td>
<td>$ (51.7)</td>
<td>$ (0.41)</td>
<td>$ (8.9)</td>
</tr>
<tr>
<td>reported</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating statement</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>adjustments:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(1) Excess and</td>
<td>24.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>obsolete inventory</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>charge included in</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>cost of goods sold</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(2) Patent litigation</td>
<td>38.8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>settlement charge</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>included in cost of</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>goods sold</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(3) Restructuring</td>
<td></td>
<td></td>
<td>7.6</td>
</tr>
<tr>
<td>charges included in</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>cost of goods sold</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(4) Impaired asset</td>
<td>9.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>write-downs included</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>in operating expense</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(5) Restructuring</td>
<td>33.8</td>
<td></td>
<td>13.4</td>
</tr>
<tr>
<td>charges included in</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>operating expense</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(6) (Gain)/loss on</td>
<td>(18.9)</td>
<td>18.0</td>
<td>39.0</td>
</tr>
<tr>
<td>equity derivative</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>contracts in Lam stock* included in other income/expense</td>
<td>87.3</td>
<td>39.0</td>
<td></td>
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<tr>
<td>Subtotal of</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>adjustments</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income tax benefit</td>
<td>(31.9)</td>
<td>(2.1)</td>
<td></td>
</tr>
<tr>
<td>Net income after</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>adjustments</td>
<td>$ 3.7</td>
<td>$ 0.03</td>
<td>$ 28.0</td>
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<tr>
<td>Income tax rate</td>
<td>30%</td>
<td></td>
<td>10%</td>
</tr>
</tbody>
</table>

* Note: There is no tax effect associated with the equity derivative.