

**Novellus Systems Convertible Note (CUSIP 670008AD3) due May 15, 2041 Dilution Schedule  
Sensitivity Based on Average Quarterly Stock Price**

Quarterly share dilution under the Treasury stock method is calculated as follows:

$$\text{Share Dilution} = \frac{(\text{Average Quarterly Share Price} \times \text{Underlying Shares}) \text{ minus Notional}}{\text{Average Quarterly Share Price}}$$

<u>Notional</u>	<u>Underlying Shares</u>	<u>Conversion Price</u>
\$700 million	20.67 million	\$33.85

**Hypothetical Quarterly Average Stock Price Matrix**

<u>Average Quarterly Stock Price (\$)</u>	<u>Approximate Quarterly Dilutive Share Count Impact ('000s shares)</u>
Less than \$33.85	-
\$37.00	1,759
\$40.00	3,177
\$43.00	4,398
\$46.00	5,459
\$49.00	6,391
\$52.00	7,215
\$55.00	7,949
\$58.00	8,607
\$61.00	9,200
\$64.00	9,738
\$67.00	10,228
\$70.00	10,675
\$73.00	11,086
\$76.00	11,465
\$79.00	11,814
\$82.00	12,138
\$85.00	12,440
\$88.00	12,720
\$91.00	12,982
\$94.00	13,228
\$97.00	13,458
\$100.00	13,674
<b>QDec'16 Adjusted Average Share Price</b>	<b>13,711</b>
\$103.00	13,878
\$106.00	14,071
\$109.00	14,252
\$112.00	14,424
\$115.00	14,587
\$118.00	14,742
\$121.00	14,889
\$124.00	15,029
\$127.00	15,162
\$130.00	15,289

1. Please refer to the Notes to the Consolidated Financial Statements, Note 11 - Long Term Debt and Other Borrowings on Form 10-Q, filed October 25, 2016, for additional information.
2. The conversion price has been adjusted to reflect the impact of the cash dividend payout on the conversion rate. Refer to Form 8-K filed December 15, 2016 for additional information.