



**Part II Organizational Action** (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶  
The conversion rate adjustment on the convertible debt instrument results in a distribution under Section 305(c).

18 Can any resulting loss be recognized? ▶ N/A

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶  
The adjustment occurred on September 12, 2016; therefore, the reportable tax year for Lam is fiscal year year ending June 25, 2017.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature ▶ *Odette Marie* Date ▶ 9/13/16

Print your name ▶ ODETTE GO Title ▶ VP, GLOBAL TREASURY

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
Firm's name ▶	Firm's EIN ▶		Phone no.	
Firm's address ▶				

**Form 8937**

**Issuer's name: Lam Research Corporation (referred as "The Company" thereafter in this document)**

**FEIN: 94-2634797**

**CUSIP number: 512807 AL2**

**Part II**

**Line 14.** On September 1, 2016, Lam Research Corporation's (referred as "The Company" thereafter) board of directors declared a quarterly cash dividend payment of \$0.30 per share of the Company's common stock for 2016 September quarter to be paid out on September 28, 2016. Section 14.04(d) of the Indenture provides for an increase in the Conversion Rate in connection with this dividend.

On the dividend declaration date, September 1, 2016, The Company provided the first Notice of Conversion Rate Adjustment in connection with the dividend to the Indenture Note Trustee, The Bank of New York Mellon Trust Company (referred as "BONY" thereafter), for distribution to Note Holders. On the ex-dividend date, September 12, 2016, the Company prepared the 2<sup>nd</sup> Notice with a detailed Conversion Rate Adjustment for distribution to Note Holder. The 2<sup>nd</sup> Notice was sent to BONY and attached to the 8-K filed by the Company dated September 14, 2016.

**Line 15.** Section 14.04(d) of the Indenture (CUSIP number: 512807 AL2) provides for an increase in the Conversion Rate in connection with the dividend mentioned above.

**The Conversion Rate Adjustment (CR') Calculation Illustration:**

$$CR' = CR_0 \times ((SP_0) / (SP_0 - C))$$

$$\text{The Bond Basis Increment} = (CR' - CR_0) \times SP_0$$

CR<sub>0</sub> = the Conversion Rate in effect immediately prior to the open of business on the Ex-Dividend Date for such dividend or distribution;

CR' = the Conversion Rate in effect immediately after the open of business on the Ex-Dividend Date for such dividend or distribution;

SP<sub>0</sub> = the Last Reported Sale Price of the Common Stock on the Trading Day immediately preceding the Ex-Dividend Date for such dividend or distribution; and

C = the amount in cash per share the Company distributes to holders of its Common Stock.

There is deemed distribution to the Bond Holders resulted from the Conversion Rate Adjustment which is to increase the basis in the corresponding bond.

**The Deemed Distribution (i.e. increment to the bond basis) illustration:**

$$\text{Deemed Distribution} = (CR' - CR_0) \times SP_0$$

**Line 16.** The Conversion Rate relating to the Notes, previously equal to 16.3354 shares of Common Stock per \$1,000 principal amount of Notes, was increased to 16.3893 shares of Common Stock per \$1,000 principal amount of Notes as a result of the cash dividend paid on September 28, 2016 by the Company.

The above Conversion Rate Increase resulted in deemed distribution of \$4.9146 per \$1,000 principal amount of Notes to the bond holder and subsequently increases the bond basis accordingly.

**Please see below for calculation detailed illustrated for \$1,000 principal amount of Notes:**

$$CR' = CR_0 \times ((SP_0) / (SP_0 - C)) = 16.3354 \times ((\$91.18) / (\$91.18 - \$0.30)) = 16.3893$$

$$\text{Deemed Distribution} = (CR' - CR_0) \times SP_0 = (16.3893 - 16.3354) \times \$91.18 = \$4.9146$$

$$CR_0 = 16.3354$$

$$CR' = 16.3893$$

$$SP_0 = \$91.18$$

$$C = \$0.30$$