

Lam Research Corporation Convertible Note (CUSIP 512807AJ7) due May 15, 2016 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>
Convertible Notes	\$450 million	7.16 million	\$62.41
Note Hedge	\$450 million	7.16 million	\$62.41
Warrants	\$450 million	7.16 million	\$70.65

Hypothetical Quarterly Average Stock Price Matrix

Adjusted Average Quarterly Stock Price	Approximate Quarterly Dilutive Share Count Impact (^{'000s} shares)				
	Convertible Notes	Note Hedge	Warrants	Net Dilution (Non-GAAP)	Net Dilution (GAAP)
	Less than \$62.41	-	-	-	-
\$64.00	179	(179)	-	-	179
\$66.00	392	(392)	-	-	392
\$68.00	593	(593)	-	-	593
\$70.00	782	(782)	-	-	782
\$72.00	960	(960)	135	135	1,095
\$74.00	1,129	(1,129)	326	326	1,455
\$76.00	1,289	(1,289)	507	507	1,796
\$78.00	1,441	(1,441)	679	679	2,120
QMar'15 Adjusted Average Share Price	1,530	(1,530)	780	780	2,310
\$80.00	1,585	(1,585)	842	842	2,428
\$82.00	1,722	(1,722)	998	998	2,720
\$84.00	1,853	(1,853)	1,146	1,146	2,999
\$86.00	1,978	(1,978)	1,287	1,287	3,264
\$88.00	2,097	(2,097)	1,421	1,421	3,518
\$90.00	2,210	(2,210)	1,550	1,550	3,760
\$92.00	2,319	(2,319)	1,673	1,673	3,992
\$94.00	2,423	(2,423)	1,791	1,791	4,214
\$96.00	2,523	(2,523)	1,904	1,904	4,426
\$98.00	2,618	(2,618)	2,012	2,012	4,630
\$100.00	2,710	(2,710)	2,116	2,116	4,826

1. Please refer to the Notes to the Consolidated Financial Statements, Note 12 - Long Term Debt and Other Borrowings on Form 10-Q, filed February 3, 2015, 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 March 13, 2015 for additional information.
3. Lam Research receives ~0.8M shares from the call spread hedge at the current price.