

Lam Research Corporation Convertible Note (CUSIP 512807AL2) due May 15, 2018 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	\$62.55
Note Hedge	\$450 million	7.16 million	\$62.55
Warrants	\$450 million	7.16 million	\$75.54

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 \$62.55	-	-	-	-
\$64.00	163	(163)	-	-	163
\$66.00	376	(376)	-	-	376
\$68.00	576	(576)	-	-	576
\$70.00	765	(765)	-	-	765
\$72.00	944	(944)	-	-	944
\$74.00	1,113	(1,113)	-	-	1,113
\$76.00	1,273	(1,273)	44	44	1,317
<b>QDec'14 Adjusted Average Share Price</b>	<b>1,365</b>	<b>(1,365)</b>	<b>155</b>	<b>155</b>	<b>1,520</b>
\$78.00	1,425	(1,425)	227	227	1,652
\$80.00	1,569	(1,569)	401	401	1,970
\$82.00	1,706	(1,706)	567	567	2,273
\$84.00	1,837	(1,837)	725	725	2,562
\$86.00	1,962	(1,962)	875	875	2,837
\$88.00	2,080	(2,080)	1,019	1,019	3,099
\$90.00	2,194	(2,194)	1,156	1,156	3,350
\$92.00	2,303	(2,303)	1,287	1,287	3,590
\$94.00	2,407	(2,407)	1,413	1,413	3,820
\$96.00	2,507	(2,507)	1,533	1,533	4,040
\$98.00	2,602	(2,602)	1,649	1,649	4,251
\$100.00	2,694	(2,694)	1,760	1,760	4,454

1. Please refer to the Notes to the Consolidated Financial Statements, Note 12 - Long Term Debt and Other Borrowings on Form 10-Q, filed November 3, 2014, 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 June 10, 2014 for additional information.
3. Lam Research receives ~1.2M shares from the call spread hedge at the current price.