

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	\$62.55
Note Hedge	\$450 million	7.16 million	\$62.55
Warrants	\$450 million	7.16 million	\$70.81

Hypothetical Quarterly Average Stock Price Matrix

Adjusted Average Quarterly Stock	Approximate Quarterly Dilutive Share Count Impact ( <sup>'000s</sup> 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)	119	119	1,063	
\$74.00	1,113	(1,113)	310	310	1,423	
\$76.00	1,273	(1,273)	491	491	1,764	
<b>QDec'14 Adjusted Average Share Price</b>	<b>\$77.20</b>	<b>1,365</b>	<b>(1,365)</b>	<b>595</b>	<b>595</b>	<b>1,960</b>
\$78.00	1,425	(1,425)	663	663	2,088	
\$80.00	1,569	(1,569)	826	826	2,395	
\$82.00	1,706	(1,706)	981	981	2,688	
\$84.00	1,837	(1,837)	1,129	1,129	2,966	
\$86.00	1,962	(1,962)	1,270	1,270	3,232	
\$88.00	2,080	(2,080)	1,405	1,405	3,485	
\$90.00	2,194	(2,194)	1,534	1,534	3,728	
\$92.00	2,303	(2,303)	1,657	1,657	3,960	
\$94.00	2,407	(2,407)	1,775	1,775	4,181	
\$96.00	2,507	(2,507)	1,887	1,887	4,394	
\$98.00	2,602	(2,602)	1,996	1,996	4,598	
\$100.00	2,694	(2,694)	2,100	2,100	4,794	

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 ~0.8M shares from the call spread hedge at the current price.