

**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>
Convert	\$450 million	7.16 million	\$62.69
Bond Hedge	\$450 million	7.16 million	\$62.69
Warrants	\$450 million	7.16 million	\$75.70

**Hypothetical Quarterly Average Stock Price Matrix**

Adjusted Average Quarterly Stock Price	Approximate Quarterly Dilutive Share Count Impact ( '000s shares)			Net Dilution (Non-GAAP)	Net Dilution (GAAP)
	Convertible Notes	Note Hedge	Warrants		
Less than \$62.69	-	-	-	-	-
\$63.00	36	(36)	-	-	36
\$64.00	147	(147)	-	-	147
\$65.00	256	(256)	-	-	256
\$66.00	361	(361)	-	-	361
\$67.00	462	(462)	-	-	462
\$68.00	561	(561)	-	-	561
\$69.00	657	(657)	-	-	657
\$70.00	750	(750)	-	-	750
\$71.00	841	(841)	-	-	841
<b>QSep'14 Adjusted Average Share Price</b>	<b>842</b>	<b>(842)</b>	<b>-</b>	<b>-</b>	<b>842</b>
\$72.00	929	(929)	-	-	929
\$73.00	1,014	(1,014)	-	-	1,014
\$74.00	1,098	(1,098)	-	-	1,098
\$75.00	1,179	(1,179)	-	-	1,179
\$76.00	1,258	(1,258)	28	28	1,286
\$77.00	1,335	(1,335)	121	121	1,456
\$78.00	1,409	(1,409)	212	212	1,621
\$79.00	1,483	(1,483)	300	300	1,782
\$80.00	1,554	(1,554)	386	386	1,940
\$81.00	1,623	(1,623)	470	470	2,093
\$82.00	1,691	(1,691)	552	552	2,242
\$83.00	1,757	(1,757)	631	631	2,388
\$84.00	1,822	(1,822)	709	709	2,531
\$85.00	1,885	(1,885)	785	785	2,670

1. Please refer to the Notes to the Consolidated Financial Statements, Note 13 - Long Term Debt and Other Borrowings on Form 10-K, filed August 26, 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 above \$75.70 from the call spread hedge.