**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:**

$$\text{Share Dilution} = \frac{(\text{Average Quarterly Share Price X Underlying Shares}) \text{ minus Notional}}{\text{Average Quarterly Share Price}}$$

|  | Notional | Underlying Shares | Conversion Price |
|---|---|---|---|
| Convertible Notes | $450 million | 7.16 million | $62.41 |
| Note Hedge | $450 million | 7.16 million | $62.41 |
| Warrants | $450 million | 7.16 million | $75.37 |

**Hypothetical Quarterly Average Stock Price Matrix**

| | Adjusted Average Quarterly Stock | Convertible Notes | Note Hedge | Warrants | Net Dilution (Non-GAAP) | Net Dilution (GAAP) |
|---|---|---|---|---|---|---|
| | | | Approximate Quarterly Dilutive Share Count Impact ('000s shares) | | | |
| | 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) | - | - | 960 |
| | $74.00 | 1,129 | (1,129) | - | - | 1,129 |
| | $76.00 | 1,289 | (1,289) | 60 | 60 | 1,349 |
| | $78.00 | 1,441 | (1,441) | 243 | 243 | 1,684 |
| QMar'15 Adjusted Average Share Price | $79.22 | 1,530 | (1,530) | 351 | 351 | 1,880 |
| | $80.00 | 1,585 | (1,585) | 417 | 417 | 2,003 |
| | $82.00 | 1,722 | (1,722) | 583 | 583 | 2,306 |
| | $84.00 | 1,853 | (1,853) | 741 | 741 | 2,594 |
| | $86.00 | 1,978 | (1,978) | 891 | 891 | 2,869 |
| | $88.00 | 2,097 | (2,097) | 1,035 | 1,035 | 3,132 |
| | $90.00 | 2,210 | (2,210) | 1,172 | 1,172 | 3,382 |
| | $92.00 | 2,319 | (2,319) | 1,303 | 1,303 | 3,622 |
| | $94.00 | 2,423 | (2,423) | 1,429 | 1,429 | 3,852 |
| | $96.00 | 2,523 | (2,523) | 1,550 | 1,550 | 4,072 |
| | $98.00 | 2,618 | (2,618) | 1,665 | 1,665 | 4,284 |
| | $100.00 | 2,710 | (2,710) | 1,776 | 1,776 | 4,486 |

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 ~1.2M shares from the call spread hedge at the current price.