**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:**

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

|  | **Notional** | **Underlying Shares** | **Conversion Price** |
|---|---|---|---|
| Convertible Notes | $450 million | 7.35 million | $61.22 |
| Note Hedge | $450 million | 7.35 million | $61.22 |
| Warrants | $450 million | 7.35 million | $73.93 |

**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 $61.22 | - | - | | | - |
| | $62.00 | 93 | (93) | - | - | 93 |
| | $64.00 | 320 | (320) | - | - | 320 |
| | $66.00 | 533 | (533) | - | - | 533 |
| | $68.00 | 733 | (733) | - | - | 733 |
| | $70.00 | 922 | (922) | - | - | 922 |
| | $72.00 | 1,101 | (1,101) | - | - | 1,101 |
| | $74.00 | 1,270 | (1,270) | 7 | 7 | 1,277 |
| | $76.00 | 1,430 | (1,430) | 201 | 201 | 1,630 |
| | $78.00 | 1,582 | (1,582) | 384 | 384 | 1,965 |
| | $80.00 | 1,726 | (1,726) | 558 | 558 | 2,284 |
| QJun'16 Adjusted Average Share Price | $80.08 | 1,731 | (1,731) | 565 | 565 | 2,296 |
| | $82.00 | 1,863 | (1,863) | 724 | 724 | 2,587 |
| | $84.00 | 1,994 | (1,994) | 882 | 882 | 2,875 |
| | $86.00 | 2,118 | (2,118) | 1,032 | 1,032 | 3,150 |
| | $88.00 | 2,237 | (2,237) | 1,176 | 1,176 | 3,413 |
| | $90.00 | 2,351 | (2,351) | 1,313 | 1,313 | 3,663 |
| | $92.00 | 2,459 | (2,459) | 1,444 | 1,444 | 3,903 |
| | $94.00 | 2,563 | (2,563) | 1,570 | 1,570 | 4,133 |
| | $96.00 | 2,663 | (2,663) | 1,690 | 1,690 | 4,353 |
| | $98.00 | 2,759 | (2,759) | 1,806 | 1,806 | 4,564 |
| | $100.00 | 2,851 | (2,851) | 1,917 | 1,917 | 4,767 |

1. Please refer to the Notes to the Consolidated Financial Statements, Note 11 - Long Term Debt and Other Borrowings on Form 10-Q, filed April 25, 2016, 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 15, 2016 for additional information.

3. Lam Research receives ~1.2M shares from the call spread hedge at the current price.