

**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>
Convert	\$450 million	7.16 million	\$62.69
Bond Hedge	\$450 million	7.16 million	\$62.69
Warrants	\$450 million	7.16 million	\$70.96

**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)	4	4	845
<b>QSep'14 Adjusted Average Share Price</b>	<b>\$71.02</b>	<b>842</b>	<b>(842)</b>	<b>6</b>	<b>848</b>
\$72.00	929	(929)	104	104	1,032
\$73.00	1,014	(1,014)	201	201	1,215
\$74.00	1,098	(1,098)	295	295	1,393
\$75.00	1,179	(1,179)	387	387	1,565
\$76.00	1,258	(1,258)	476	476	1,734
\$77.00	1,335	(1,335)	563	563	1,898
\$78.00	1,409	(1,409)	648	648	2,057
\$79.00	1,483	(1,483)	731	731	2,213
\$80.00	1,554	(1,554)	811	811	2,365
\$81.00	1,623	(1,623)	890	890	2,513
\$82.00	1,691	(1,691)	967	967	2,657
\$83.00	1,757	(1,757)	1,041	1,041	2,798
\$84.00	1,822	(1,822)	1,114	1,114	2,936
\$85.00	1,885	(1,885)	1,186	1,186	3,070

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 ~0.8M shares above \$70.96 from the call spread hedge.