LAM RESEARCH CORP
Form DEF 14A
September 29, 2016
Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of

the Securities Exchange Act of 1934

Filed by the Registrant þ

Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

þ Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to §240.14a-12

LAM RESEARCH CORPORATION

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

þ No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

¨ Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Table of Contents

September 29, 2016

Dear Lam Research Stockholders,

We cordially invite you to attend, in person or by proxy, the Lam Research Corporation 2016 Annual Meeting of Stockholders. The annual meeting will be held on Wednesday, November 9, 2016, at 9:30 a.m. Pacific Standard Time in the Building CA1 Auditorium at the principal executive offices of Lam Research Corporation, which is located at 4650 Cushing Parkway, Fremont, California 94538.

At this year s annual meeting, stockholders will be asked to elect the nine nominees named in the attached proxy statement as directors to serve until the next annual meeting of stockholders, and until their respective successors are elected and qualified; to elect the two additional nominees named in the attached proxy statement in connection with the acquisition of KLA-Tencor Corporation as directors, subject to and contingent upon the acquisition being consummated prior to the 2016 annual meeting of stockholders, to serve until the next annual meeting of stockholders, and until their respective successors are elected and qualified; to cast an advisory vote to approve the compensation of our named executive officers, or Say on Pay ; and to ratify the appointment of the independent registered public accounting firm for fiscal year 2017. The Board of Directors recommends that you vote in favor of all four proposals. Management will not provide a business update during this meeting; please refer to our latest quarterly earnings report for our current outlook.

Please refer to the proxy statement for detailed information about the annual meeting and each of the proposals, as well as voting instructions. **Your vote is important, and we strongly urge you to cast your vote by the internet, phone or mail even if you plan to attend the meeting in person.**

Sincerely yours,

Lam Research Corporation

Stephen G. Newberry

Chairman of the Board

Table of Contents

Notice of 2016 Annual Meeting

of Stockholders

4650 Cushing Parkway

Fremont, California 94538

Telephone: 510-572-0200

Date and Time Wednesday, November 9, 2016
9:30 a.m. Pacific Standard Time

Place Lam Research Corporation
Building CA1 Auditorium
4650 Cushing Parkway
Fremont, California 94538

Items of Business

1. Election of nine directors to serve until the next annual meeting of stockholders, and until their respective successors are elected and qualified
2. Election of two additional directors in connection with the acquisition of KLA-Tencor Corporation (KLA-Tencor), subject to and contingent upon the acquisition being consummated prior to the 2016 annual meeting of stockholders, to serve until the next annual meeting of stockholders, and until their respective successors are elected and qualified
3. Advisory vote to approve the compensation of our named executive officers, or Say on Pay
4. Ratification of the appointment of independent registered public accounting firm for fiscal year 2017
5. Transact such other business that may properly come before the annual meeting (including any adjournment or postponement thereof)

Record Date

Only stockholders of record at the close of business on September 13, 2016, the Record Date, are entitled to notice of and to vote at the annual meeting.

Voting

Please vote as soon as possible, even if you plan to attend the annual meeting in person. You have three options for submitting your vote before the annual meeting: by the internet, phone or mail. The proxy statement and the accompanying proxy card provide detailed voting instructions.

Internet Availability of Proxy Materials

Our Notice of 2016 Annual Meeting of Stockholders, Proxy Statement and Annual Report to Stockholders are available on the Lam Research website at *http://investor.lamresearch.com* and at *www.proxyvote.com*.

By Order of the Board of Directors

Sarah A. O Dowd

Secretary

This proxy statement is first being made available and/or mailed to our stockholders on or about September 29, 2016.

Table of Contents

LAM RESEARCH CORPORATION

Proxy Statement for 2016 Annual Meeting of Stockholders

TABLE OF CONTENTS

Table of Contents

Proxy Statement Summary

To assist you in reviewing the proposals to be acted upon at the annual meeting we call your attention to the following information about the proposals and voting recommendations, the Company s director nominees and highlights of the Company s corporate governance, and executive compensation. The following description is only a summary. For more complete information about these topics please review the complete proxy statement.

We use the terms Lam Research, Lam, the Company, we, our, and us in this proxy statement to refer to Lam Corporation, a Delaware corporation.

Figure 1. Proposals and Voting Recommendations

Voting Matters	Board Vote Recommendation
Proposal 1 Election of Nine Nominees Named Herein as Directors	FOR each nominee
Proposal 2 Election of Two Additional Nominees Named Herein, Subject to and Contingent Upon the Acquisition of KLA-Tencor Corporation (KLA-Tencor) Being Consummated Prior to the 2016 Annual Meeting of Stockholders, as Directors	FOR each nominee
Proposal 3 Advisory Vote to Approve the Compensation of Our Named Executive Officers, or Say on Pay	FOR
Proposal 4 Ratification of the Appointment of the Independent Registered Public Accounting Firm for Fiscal Year 2017	FOR

Figure 2. Summary Information Regarding Director Nominees

You are being asked to vote on the election of the nine director nominees listed in the table below under the heading Existing Director Nominees and, subject to and contingent upon the acquisition of KLA-Tencor being consummated prior to this year s annual meeting of stockholders, the two additional director nominees listed under the subsequent heading Additional Director Nominees. The following table provides summary information about each director nominee as of September 13, 2016, and their biographical information is contained in the *Voting Proposals Proposal No. 1: Election of Existing Directors 2016 Nominees for Director* and *Voting Proposals Proposal No. 2: Election of Additional Directors 2016 Nominees for Director* sections below.

Name	Age	Director Since	Independent [(1)]	Committee Membership AC	CC	NGC	Other Current Public Boards
Existing Director Nominees							
Martin B. Anstice	49	2012	No				

Eric K. Brandt	54	2010	Yes	C/FE			Yahoo!, Dentsply Sirona
Michael R. Cannon	63	2011	Yes	M		M	Seagate Technology, Dialog Semiconductor
Youssef A. El-Mansy	71	2012	Yes		M		
Christine A. Heckart	50	2011	Yes	M			
Catherine P. Lego	59	2006	Yes		C	M	Fairchild Semiconductor, IPG Photonics
Stephen G. Newberry	62	2005	No				Splunk
Abhijit Y. Talwalkar	52	2011	Yes (Lead Independent Director)		M	C	
Lih Shyng (Rick L.) Tsai	65	2016	Yes				NXP Semiconductors, Chunghwa Telecom
Additional Director Nominees (2)							
John T. Dickson	70	(2)	Yes				QLogic
Gary B. Moore	67	(2)	Yes				Finjan Holdings

(1) Independence determined based on Nasdaq rules.

(2) Currently members of KLA-Tencor board of directors

AC Audit committee

CC Compensation committee

NGC Nominating and governance committee

C Chairperson

M Member

FE Audit committee financial expert (as determined based on SEC rules)

Continues on next page u

Table of Contents

Figure 3. Corporate Governance Highlights

Board and Other Governance Information[1]	As of September 13, 2016
Size of Board as Nominated	9[2]
Average Age of Director Nominees	58.3[3]
Average Tenure of Director Nominees	5.96[4]
Number of Independent Nominated Directors	7[5]
Number of Nominated Directors Who Attended <75% of Meetings	0
Number of Nominated Directors on More Than Four Public Company Boards	0[6]
Directors Subject to Stock Ownership Guidelines	Yes
Annual Election of Directors	Yes
Voting Standard	Majority
Plurality Voting Carveout for Contested Elections	Yes
Separate Chairman and Chief Executive Officer (CEO)	Yes
Lead Independent Director	Yes
Independent Directors Meet Without Management Present	Yes
Board (Including Individual Director) and Committee Self-Evaluations	Yes
Annual Independent Director Evaluation of CEO	Yes
Risk Oversight by Full Board and Committees	Yes
Commitment to Board Refreshment and Diversity	Yes
Robust Director Nomination Process	Yes
Board Orientation/Education Program	Yes
Code of Ethics Applicable to Directors	Yes
Stockholder Ability to Act by Written Consent	Yes
Poison Pill	No
Publication of Corporate Social Responsibility Report on Our Website	Yes

(1) The table reflects board information relating to the nine director nominees in proposal number one. Corresponding information adjusted for the two additional director nominees from the KLA-Tencor board in proposal number two is reflected in any related footnotes.

(2) The size of the board as nominated is 11 if adjusted for the two additional nominees from the KLA-Tencor board in proposal number two. See *Voting Proposals* *Proposal No. 1: Election of Existing Directors* *Board Size* for additional information regarding the board size.

(3) The average age of the director nominees is 60.2 if adjusted for the two additional nominees from the KLA-Tencor board in proposal number two.

(4) The average tenure of the director nominees is 4.87 if adjusted for the two additional nominees from the KLA-Tencor board in proposal number two.

(5) The number of independent nominated directors is nine if adjusted for the two additional nominees from the KLA-Tencor board in proposal number two.

(6) The number of nominated directors on more than four public company boards is still zero if adjusted for the two additional nominees from the KLA-Tencor board in proposal number two.

2

Figure 4. Executive Compensation Highlights

What We Do
Pay for Performance (Pages 14-16, 20-22, 23-25) Our executive compensation program is designed to pay for performance with 100% of the short-term incentive program tied to company financial, strategic and operational performance metrics, 50% of the long-term incentive program tied to total shareholder return, or TSR, performance, and 50% of the long-term incentive program awarded in stock options and service-based restricted stock units, or RSUs.
Three-Year Performance Period for Our 2016 Long-Term Incentive Program (Pages 23-25) Our current long-term incentive program is designed to pay for performance over a period of three years.
Absolute and Relative Performance Metrics (Pages 20-22, 23-25) Our annual and long-term incentive programs for executive officers include the use of absolute and relative performance factors.
Balance of Annual and Long-Term Incentives Our incentive programs provide a balance of annual and longer-term incentives.
Different Performance Metrics for Annual and Long-Term Incentive Programs (Pages 20-22, 23-25) Our annual and long-term incentive programs use different performance metrics.
Capped Amounts (Pages 20, 24-25) Amounts that can be earned under the annual and long-term incentive programs are capped.
Compensation Recovery/Clawback Policy (Page 17) We have a policy in which we can recover the excess amount of cash incentive-based compensation granted and paid to our officers who are covered by section 16 of the Exchange Act.
Prohibit Option Repricing Our stock incentive plans prohibit option repricing without stockholder approval (excluding adjustments due to specified corporate transactions and changes in capitalization).
Hedging and Pledging Policy (Page 7) We have a policy applicable to our executive officers and directors that prohibits pledging and hedging.
Stock Ownership Guidelines (Page 17) We have stock ownership guidelines for each of our executive officers and certain other senior executives; each of our NEOs has met his or her individual ownership level under the current program or has a period of time remaining under the guidelines to do so.
Independent Compensation Advisor (Page 18) The compensation committee benefits from its utilization of an independent compensation advisor retained directly by the committee that provides no other services to the Company.
Stockholder Engagement We engage with stockholders and stockholder advisory firms to obtain feedback concerning our compensation program.
What We Don t Do
Tax Gross-Ups for Perquisites, for Other Benefits or upon a Change in Control (Pages 27-30, 35-36) Our executive officers do not receive tax gross-ups for perquisites, for other benefits or upon a change in control[1].
Single-Trigger Change in Control Provisions (Pages 26, 35-36) None of our executive officers has single-trigger change in control agreements.

(1) Our executive officers may receive tax gross-ups in connection with relocation benefits that are widely available to all of our employees.

Continues on next page u

Table of Contents

Stock Ownership

Security Ownership of Certain Beneficial Owners and Management

The table below sets forth the beneficial ownership of shares of Lam common stock by: (i) each person or entity who we believe based on our review of filings made with the United States Securities and Exchange Commission, or the SEC, beneficially owned as of September 13, 2016, more than 5% of Lam s common stock on the date set forth below; (ii) each current director of the Company; (iii) each director nominee identified in proposal number two, (iv) each NEO identified below in the *Compensation Matters Executive Compensation and Other Information Compensation Discussion and Analysis* section; and (v) all current directors, additional nominees identified in proposal number two and

current executive officers as a group. With the exception of 5% owners, and unless otherwise noted, the information below reflects holdings as of September 13, 2016, which is the Record Date for the 2016 annual meeting and the most recent practicable date for determining ownership. For 5% owners, holdings are as of the dates of their most recent ownership reports filed with the SEC, which are the most practicable dates for determining their holdings. The percentage of the class owned is calculated using 161,264,422 as the number of shares of Lam common stock outstanding on September 13, 2016.

Figure 5. Beneficial Ownership Table

Name of Person or Identity of Group	Shares Beneficially Owned (#)[1]	Percentage of Class
5% Stockholders		
JPMorgan Chase & Co. 270 Park Avenue New York, NY 10017	15,777,361[2]	9.8%
The Vanguard Group, Inc. 100 Vanguard Boulevard Malvern, PA 19355	13,678,637[3]	8.5%
BlackRock Inc. 55 East 52nd Street New York, NY 10055	10,331,709[4]	6.4%
	8,023,367[5]	5.0%

Ameriprise Financial, Inc. 145 Ameriprise Financial Center Minneapolis, MN 55474		
Directors		
Martin B. Anstice (also a Named Executive Officer)	134,363	*
Eric K. Brandt	24,430	*
Michael R. Cannon	20,730	*
Youssef A. El-Mansy	22,333	*
Christine A. Heckart	15,230	*
Catherine P. Lego	46,238	*
Stephen G. Newberry	32,840	*
Krishna C. Saraswat	23,896	*
Abhijit Y. Talwalkar	21,330	*
Lih Shyng (Rick L.) Tsai		*
Additional Director Nominees		
John T. Dickson		*
Gary B. Moore		*
Named Executive Officers (NEOs)		
Timothy M. Archer	183,185(6)	*
Douglas R. Bettinger	46,716	*
Richard A. Gottscho	104,120	*
Sarah A. O Dowd	69,808	*
All current directors, additional director nominees and executive officers as a group (16 people)	745,219(6)	*

4

Table of Contents

* Less than 1%

(1) Includes shares subject to outstanding stock options that are now exercisable or will become exercisable within 60 days after September 13, 2016, as well as restricted stock units, or RSUs, that will vest within that time period, as follows:

	Shares
Martin B. Anstice	39,765
Eric K. Brandt	2,600
Michael R. Cannon	2,600
John T. Dickson	
Youssef A. El-Mansy	2,600
Christine A. Heckart	2,600
Catherine P. Lego	2,600
Gary B. Moore	
Stephen G. Newberry	2,600
Krishna C. Saraswat	2,600
Abhijit Y. Talwalkar	2,600
Lih Shyng (Rick L.) Tsai	
Timothy M. Archer	117,926
Douglas R. Bettinger	15,172
Richard A. Gottscho	57,144
Sarah A. O Dowd	32,539
All current directors, additional director nominees and executive officers as a group (16 people)	283,346

The terms of any outstanding stock options that are now exercisable are reflected in *Figure 31. FYE2016 Outstanding Equity Awards* below.

As discussed in *Governance Matters Director Compensation* below, the non-employee directors receive an annual equity grant as part of their compensation. These grants generally vest on October 31, 2016, subject to continued service on the board as of that date, with immediate delivery of the shares upon vesting. For 2015, Drs. El-Mansy and Saraswat; Messrs. Brandt, Cannon, Newberry and Talwalkar; and Mses. Heckart and Lego each received grants of 2,600 RSUs. These RSUs are included in the tables above. As of September 13, 2016, Dr. Tsai had not yet been granted an annual equity award and Messrs. Dickson and Moore had not yet been appointed to the board of the Company. In accordance with the Company s non-employee director compensation program, Dr. Tsai will receive a pro-rated equity award (25% of the $200,000 targeted grant date value, with the number of RSUs determined in the same manner as an annual equity award) on the first Friday following his first attended board meeting (or, if the designated date falls within a blackout window under applicable Company policies, on the first following business day such grant is permissible under those policies).

(2) All information regarding JPMorgan Chase & Co., or JPMorgan Chase, is based solely on information disclosed in amendment number eight to Schedule 13G filed by JPMorgan Chase with the SEC on September 8, 2016 as a parent holding company on behalf of JPMorgan Chase and its wholly-owned subsidiaries: JPMorgan Chase Bank, National Association; J.P. Morgan Investment Management Inc.; J.P. Morgan Trust Company of Delaware; J.P. Morgan Securities LLC; J.P. Morgan International Bank Limited; J.P. Morgan (Suisse) SA; JPMorgan Asset

Management (Canada) Inc.; JF Asset Management Limited; and JPMorgan Asset Management (UK) Limited. According to the Schedule 13G/A filing, of the 15,777,361 shares (including 503,855 shares it has a right to acquire) of Lam common stock reported as beneficially owned by JPMorgan Chase as of August 31, 2016, JPMorgan Chase had sole voting power with respect to 13,067,274 shares, had shared voting power with respect to 275,284 shares, had sole dispositive power with respect to 15,604,822 shares and shared dispositive power with respect to 171,638 shares of Lam common stock reported as beneficially owned by JPMorgan Chase as of that date.

(3) All information regarding The Vanguard Group, Inc., or Vanguard, is based solely on information disclosed in amendment number three to Schedule 13G filed by Vanguard with the SEC on February 10, 2016. According to the Schedule 13G filing, of the 13,678,637 shares of Lam common stock reported as beneficially owned by Vanguard as of December 31, 2015, Vanguard had sole voting power with respect to 291,853 shares, had shared voting power with respect to any other 15,900 shares, had sole dispositive power with respect to 13,365,084 shares and shared dispositive power with respect to 313,553 shares of Lam common stock reported as beneficially owned by Vanguard as of that date. The 13,678,637 shares of Lam common stock reported as beneficially owned by Vanguard include 247,553 shares beneficially owned by Vanguard Fiduciary Trust Company, a wholly-owned subsidiary of Vanguard, as a result of it serving as investment manager of collective trust accounts, and 110,300 shares beneficially owned by Vanguard Investments Australia, Ltd., a wholly-owned subsidiary of Vanguard, as a result of it serving as investment manager of Australian investment offerings.

(4) All information regarding BlackRock Inc., or BlackRock, is based solely on information disclosed in amendment number eight to Schedule 13G filed by BlackRock with the SEC on February 10, 2016 on behalf of BlackRock and its subsidiaries: BlackRock (Channel Islands) Ltd; BlackRock (Luxembourg) S.A.; BlackRock (Netherlands) B.V.; BlackRock (Singapore) Limited; BlackRock Advisors (UK) Limited; BlackRock Advisors, LLC; BlackRock Asset Management Canada Limited; BlackRock Asset Management Deutschland AG; BlackRock Asset Management Ireland Limited; BlackRock Asset Management North Asia Limited; BlackRock Asset Management Schweiz AG; BlackRock Capital Management; BlackRock Financial Management, Inc.; BlackRock Fund Advisors; BlackRock Fund Managers Ltd; BlackRock Institutional Trust Company, N.A.; BlackRock International Limited; BlackRock Investment Management (Australia) Limited; BlackRock Investment Management (UK) Ltd; BlackRock Investment Management, LLC; BlackRock Japan Co Ltd; and BlackRock Life Limited. According to the Schedule 13G filing, of the 10,331,709 shares of Lam common stock reported as beneficially owned by BlackRock as of December 31, 2015, BlackRock had sole voting power with

Continues on next page u

respect to 8,837,695 shares, did not have shared voting power with respect to any other shares, had sole dispositive power with respect to 10,331,709 shares and did not have shared dispositive power with respect to any other shares of Lam common stock reported as beneficially owned by BlackRock as of that date.

(5) All information regarding Ameriprise Financial, Inc., or Ameriprise, is based solely on information disclosed in amendment number three to Schedule 13G filed by Ameriprise with the SEC on February 12, 2016. According to the Schedule 13G filing, of the 8,023,367 shares of Lam common stock reported as beneficially owned by Ameriprise as of December 31, 2015, Ameriprise did not have sole voting power with respect to any shares, and had shared voting power with respect to 7,995,033 shares, did not have sole dispositive power with respect to any other shares and shared dispositive power with respect to 8,023,367 shares of Lam common stock reported as beneficially owned by Ameriprise as of that date. According to the Schedule 13G filing, Ameriprise, as the parent company of Columbia Management Investment Advisers, LLC, or Columbia, may be deemed to have, but disclaims, beneficial ownership of the shares reported by Columbia in the Schedule 13G filing.

(6) Includes 4,353 shares of common stock held indirectly in a 401(k) plan and 514 shares of common stock held by Mr. Archer s spouse in her 401(k) plan over which he may be deemed to have beneficial ownership.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our executive officers, directors, and people who own more than 10% of a registered class of our equity securities to file an initial report of ownership (on a Form 3) and reports on subsequent changes in ownership (on Forms 4 or 5) with the SEC by specified due dates. Our executive officers, directors, and greater-than-10% stockholders are also required by SEC rules

to furnish us with copies of all section 16(a) forms they file. We are required to disclose in this proxy statement any failure to file any of these reports on a timely basis. Based solely on our review of the copies of the forms that we received from the filers, and on written representations from certain reporting persons, we believe that all of these requirements were satisfied during fiscal year 2016.

Table of Contents

Governance Matters

Corporate Governance

Our board of directors and members of management are committed to responsible corporate governance to manage the Company for the long-term benefit of its stockholders. To that end, the board and management periodically review and update, as appropriate, the Company s corporate governance policies and practices. As part of that process, the board and management consider the requirements of federal and state law, including rules and regulations of the SEC; the listing standards for the Nasdaq Global Select Market, or Nasdaq; published guidelines and recommendations of proxy advisory firms; published guidelines of other selected public companies; and any feedback we receive from our stockholders. A list of key corporate governance practices is provided in the *Proxy Statement Summary* above.

Corporate Governance Policies

We have instituted a variety of policies and procedures to foster and maintain responsible corporate governance, including the following:

Board committee charters. Each of the board s audit, compensation and nominating and governance committees has a written charter adopted by the board that establishes practices and procedures for the committee in accordance with applicable corporate governance rules and regulations. Each committee reviews its charter annually and recommends changes to the board, as appropriate. Each committee charter is available on the investors page of our web site at *http://investor.lamresearch.com/corporate-governance.cfm*. The content on any website referred to in this proxy statement is not a part of or incorporated by reference in this proxy statement unless expressly noted. Also refer to *Board Committees* below, for additional information regarding these board committees.

Corporate governance guidelines. We adhere to written corporate governance guidelines, adopted by the board and reviewed annually by the nominating and governance committee and the board. Selected provisions of the guidelines are discussed below, including in the *Board Nomination Policies and Procedures,* *Director Independence Policies* and *Other Governance Practices* sections below. The corporate governance guidelines are available on the investors page of our web site at *http://investor.lamresearch.com/corporate-governance.cfm*.

Corporate code of ethics. We maintain a code of ethics that applies to all employees, officers, and members of the board. The code of ethics establishes standards reasonably

necessary to promote honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships, and full, fair, accurate, timely, and understandable disclosure in the periodic reports we file with the SEC and in other public communications. We will promptly disclose to the public any amendments to, or waivers from, any provision of the code of ethics to the extent required by applicable laws. We intend to make this public disclosure by posting the relevant material on our website, to the extent permitted by applicable laws. A copy of the code of ethics is available on the investors page of our website at *http://investor.lamresearch.com/corporate-governance.cfm*.

Global standards of business conduct policy. We maintain written standards of appropriate conduct in a variety of business situations that apply to our worldwide workforce. Among other things, these global standards of business conduct address relationships with one another, relationships with Lam (including conflicts of interest, safeguarding of Company assets and protection of confidential information) and relationships with other companies and stakeholders (including anti-corruption).

Insider trading policy. Our insider trading policy restricts the trading of Company stock by our directors, officers, and employees, and includes provisions addressing insider blackout periods and prohibiting hedges and pledges of Company stock.

Board Nomination Policies and Procedures

Board membership criteria. Under our corporate governance guidelines, the nominating and governance committee is responsible for assessing the appropriate balance of experience, skills and characteristics required for the board and for recommending director nominees to the independent directors.

The guidelines direct the committee to consider all factors it considers appropriate. The committee need not consider all of the same factors for every candidate. Factors to be considered may include, but are not limited to: experience; business acumen; wisdom; integrity; judgment; the ability to make independent analytical inquiries; the ability to understand the Company s business environment; the candidate s willingness and ability to devote adequate time to board duties; specific skills, background or experience considered necessary or desirable for board or committee service; specific experiences with other businesses or

Continues on next page u

Table of Contents

organizations that may be relevant to the Company or its industry; diversity with respect to any attribute(s) the board considers appropriate, including geographic, gender, age and ethnic diversity; and the interplay of a candidate s experiences and skills with those of other board members.

The board and the nominating and governance committee regard board refreshment as important, and strive to maintain an appropriate balance of tenure, turnover, diversity and skills on the board. The board believes that new perspectives and ideas are important to a forward-looking and strategic board as is the ability to benefit from the valuable experience and familiarity of longer-serving directors.

Prior to recommending that an incumbent non-employee director be nominated for reelection to the board, the committee reviews the experiences, skills and qualifications of the directors to assess the continuing relevance of the directors experiences, skills and qualifications to those considered necessary or desirable for the board at that time. Board members may not serve on more than four boards of public companies (including service on the Company s board).

To be nominated, a new or incumbent candidate must provide an irrevocable conditional resignation that will be effective upon (i) the director s failure to receive the required majority vote at an annual meeting at which the nominee faces re-election and (ii) the board s acceptance of such resignation. In addition, no director, after having attained the age of 75 years, may be nominated for re-election or reappointment to the board.

Nomination procedure. The nominating and governance committee identifies, screens, evaluates and recommends qualified candidates for appointment or election to the board based on the board s needs and desires at that time as developed through their self-evaluation process. The committee considers recommendations from a variety of sources, including search firms, board members, executive officers and stockholders. Nominations for election by the stockholders are made by the independent members of the board. See *Voting Proposals Proposal No. 1: Election of Existing Directors 2016 Nominees for Director* and *Voting Proposals Proposal No. 2: Election of Additional Directors 2016 Nominees for Director* below for additional information regarding the 2016 candidates for election to the board.

Certain provisions of our bylaws apply to the nomination or recommendation of candidates by a stockholder. Information regarding the nomination procedure is provided in the *Voting and Meeting Information Other Meeting Information Stockholder-Initiated Proposals and Nominations for 2017 Annual Meeting* section below.

Director Independence Policies

Board independence requirements. Our corporate governance guidelines require that at least a majority of the board members be independent. No director will qualify as independent unless the board affirmatively determines that the director qualifies as independent under the Nasdaq rules and has no relationship that would interfere with the exercise of independent judgment as a director. In addition, no non-employee director may serve as a consultant or service provider to the Company without the approval of a majority of the independent directors (and any such director s independence must be reassessed by the full board following such approval).

Board member independence. The board has determined that all current directors, other than Messrs. Anstice and Newberry, are independent in accordance with Nasdaq criteria for director independence.

Board committee independence. All members of the board s audit, compensation, and nominating and governance committees must be non-employee or outside directors and independent in accordance with applicable Nasdaq criteria as well as, in the case of the compensation committee, applicable rules under section 162(m) of the Internal Revenue Code of 1986, as amended, or the Code, and Rule 16b-3 of the Securities Exchange Act of 1934, as amended, or the Exchange Act. See *Board Committees* below for additional information regarding these board committees.

Lead independent director. Our corporate governance guidelines authorize the board to designate a lead independent director from among the independent board members. Mr. Talwalkar was appointed the lead independent director, effective August 27, 2015, succeeding Grant Inman, who retired in 2015. See *Leadership Structure of the Board* below for information regarding the responsibilities of the lead independent director.

Executive sessions of independent directors. The board and its audit, compensation, and nominating and governance committees hold meetings of the independent directors and committee members, without management present, as part of each regularly scheduled meeting and at any other time at the discretion of the board or committee, as applicable.

Board access to independent advisors. The board as a whole, and each of the board standing committees separately, has the complete authority to retain, at the Company s expense, and terminate, in their discretion, any independent consultants, counselors, or advisors as they deem necessary or appropriate to fulfill their responsibilities.

8

Table of Contents

Board education program. Our corporate governance guidelines provide that directors are expected to participate in educational events sufficient to maintain their understanding of their duties as directors and to enhance their ability to fulfill their responsibilities. In addition to any external educational opportunities that the directors find useful, the Company and the board leadership are expected to facilitate such participation by arranging for appropriate educational content to be incorporated into regular board and committee meetings as well as on a quarterly basis presented by board and/or committee advisors and counsel independent of any content at regular board and committee meetings.

Leadership Structure of the Board

The current leadership structure of the board consists of a chairman and a lead independent director. The chairman, Mr. Newberry, served as chief executive officer of the Company from June 2005 to January 2012. The board believes that this is the appropriate board leadership structure at this time. Lam and its stockholders benefit from having Mr. Newberry as its chairman, as he brings to bear his experience as CEO as well as his other qualifications in carrying out his responsibilities as chairman, which include (i) preparing the agenda for the board meetings with input from the CEO, the board and the committee chairs; (ii) upon invitation, attending meetings of any of the board committees on which he is not a member; (iii) conveying to the CEO, together with the chair of the compensation committee, the results of the CEO s performance evaluation; (iv) reviewing proposals submitted by stockholders for action at meetings of stockholders and, depending on the subject matter, determining the appropriate body, among the board or any of the board committees, to evaluate each proposal and making recommendations to the board regarding action to be taken in response to such proposal; (v) performing such duties as the board may reasonably assign at the request of the CEO; (vi) performing such other duties as the board may reasonably request from time to time; and (vii) providing reports to the board on the chairman s activities under his agreement. The Company and its stockholders also benefit from having a lead independent director to provide independent board leadership. The lead independent director is responsible for coordinating the activities of the independent directors; consulting with the chairman regarding matters such as schedules of and agendas for board meetings; the quality, quantity and timeliness of the flow of information from management; the retention of consultants who report directly to the board; and developing the agenda for and moderating executive sessions of the board s independent directors.

Other Governance Practices

In addition to the principal policies and procedures described above, we have established a variety of other practices to enhance our corporate governance, including the following:

Board and committee assessments. At least once every two years, the board conducts a self-evaluation of the board, its committees, and the individual directors, overseen by the nominating and governance committee.

Director resignation or notification of change in executive officer status. Under our corporate governance guidelines, any director who is also an executive officer of the Company must offer to submit his or her resignation as a director to the board if the director ceases to be an executive officer of the Company. The board may accept or decline the offer, in its discretion. The corporate governance guidelines also require a non-employee director to notify the nominating and governance committee if the director changes or retires from his or her executive position at another company. The nominating and governance committee reviews the appropriateness of the director s continuing board membership under the circumstances, and the director is expected to act in accordance with the nominating and governance committee s recommendations.

Director and executive stock ownership. Under the corporate governance guidelines, each director is expected to own at least the lesser of five times the value of the annual cash retainer (not including any committee chair or other supplemental retainers for directors) or 5,000 shares of Lam common stock, by the fifth anniversary of his or her initial election to the board. Guidelines for stock ownership by designated members of the executive management team are described below under *Compensation Matters Executive Compensation and Other Information Compensation Discussion and Analysis*. All of our directors and designated members of our executive management team were in compliance with the Company s applicable stock ownership guidelines at the end of fiscal year 2016 or have a period of time remaining under the program to do so.

Communications with board members. Any stockholder who wishes to communicate directly with the board of directors, with any board committee or with any individual director regarding the Company may write to the board, the committee or the director c/o Secretary, Lam Research Corporation, 4650 Cushing Parkway, Fremont, California 94538. The secretary will forward all such communications to the appropriate director(s).

Any stockholder, employee, or other person may communicate any complaint regarding any accounting, internal accounting control, or audit matter to the attention of the board s audit committee by sending written correspondence by mail (to Lam Research Corporation, Attention: Board Audit Committee, P.O. Box 5010, Fremont, California 94537-5010) or by phone (855-208-8578) or internet (through the Company s third party provider web site at *www.lamhelpline.ethicspoint.com)*. The audit committee has established procedures to ensure that employee complaints or

Continues on next page u

concerns regarding audit or accounting matters will be received and treated anonymously (if the complaint or concern is submitted anonymously and permitted under applicable law).

Meeting Attendance

All of the directors attended at least 75% of the aggregate number of board meetings and meetings of board committees on which they served during their board tenure in fiscal year 2016. Our board of directors held a total of 13 meetings during fiscal year 2016.

We expect our directors to attend the annual meeting of stockholders each year. All individuals who were directors as of the 2015 annual meeting of stockholders attended the 2015 annual meeting of stockholders.

Board Committees

The board of directors has three standing committees: an audit committee, a compensation committee, and a nominating and governance committee. The purpose, membership and charter of each are described below.

Figure 6. Committee Membership

Current Committee Memberships			
Name	Audit	Compensation	Nominating and Governance
Eric K. Brandt	Chair		
Michael R. Cannon	x		x
Youssef A. El-Mansy		x	
Christine A. Heckart	x (1)		
Catherine P. Lego		Chair (2)	x
Abhijit Y. Talwalkar		x (3)	Chair (4)
Total Number of Meetings Held in FY2016	**8**	**5**	**6**

(1) Ms. Heckart was appointed as a member of the audit committee effective August 27, 2015. Until that time, she served as a member of the compensation committee.

(2) Ms. Lego was appointed as chair of the compensation committee effective August 27, 2015. Until that time, she served as a member of the audit committee.

(3) Mr. Talwalkar served as chair of the compensation committee through August 26, 2015, remaining thereafter as a member of the committee.

(4) Mr. Talwalkar was appointed as a member of the nominating and governance committee effective May 14, 2015 and as chair of the nominating and governance committee effective August 27, 2015.

Audit committee. The purpose of the audit committee is to oversee the Company s accounting and financial reporting processes and the audits of our financial statements, including the system of internal controls. As part of its responsibilities, the audit committee reviews and oversees the potential conflict of interest situations, transactions required to be

disclosed pursuant to Item 404 of Regulation S-K of the SEC and any other transaction involving an executive or board member. A copy of the audit committee charter is available on the investors page of our web site at *http://investor.lamresearch.com/corporate-governance.cfm.*

The board concluded that all audit committee members are non-employee directors who are independent in accordance with the Nasdaq listing standards and SEC rules for audit committee member independence and that each audit committee member is able to read and understand fundamental financial statements as required by the Nasdaq listing standards. The board also determined that Mr. Brandt, the chair of the committee, is an audit committee financial expert as defined in the SEC rules.

Compensation committee. The purpose of the compensation committee is to discharge certain responsibilities of the board relating to executive compensation; to oversee incentive, equity-based plans and other compensatory plans in which the Company s executive officers and/or directors participate; and to produce an annual report on executive compensation for inclusion as required in the Company s annual proxy statement. The compensation committee is authorized to perform the responsibilities of the committee referenced above and described in the charter. A copy of the compensation committee charter is available on the investors page of our web site at *http://investor.lamresearch.com/corporate-governance.cfm.*

The board concluded that all members of the compensation committee are non-employee directors who are independent in accordance with Rule 16b-3 of the Exchange Act and the Nasdaq criteria for director and compensation committee member independence and who are outside directors for purposes of section 162(m) of the Code.

Nominating and governance committee. The purpose of the nominating and governance committee is to identify individuals qualified to serve as members of the board of the Company, to recommend nominees for election as directors of the Company, to oversee self-evaluations of the board s performance, to develop and recommend corporate governance guidelines to the board, and to provide oversight with respect to corporate governance. A copy of the nominating and governance committee charter is available on the investors page of our web site at *http://investor.lamresearch.com/corporate-governance.cfm.*

The board concluded that all nominating and governance committee members are non-employee directors who are independent in accordance with the Nasdaq criteria for director independence.

The nominating and governance committee will consider for nomination persons properly nominated by stockholders in accordance with the Company s bylaws and other procedures described below under *Voting and Meeting Information*

Other Meeting Information Stockholder-Initiated Proposals and Nominations for 2017 Annual Meeting. Subject to then-applicable law, stockholder nominations for director will be evaluated by the Company s nominating and governance committee in accordance with the same criteria as is applied to candidates identified by the nominating and governance committee or other sources.

Board s Role in Risk Oversight

The board is actively engaged in risk oversight. Management regularly reports to the board on its risk assessments and risk mitigation strategies for the major risks of our business. Generally, the board exercises its oversight responsibility directly; however, in specific cases, such responsibility has been delegated to board committees. Committees that have been charged with risk oversight regularly report to the board on those risk matters within their areas of responsibility. Risk oversight responsibility has been delegated to board committees as follows:

- Our audit committee oversees risks related to the Company s accounting and financial reporting, internal controls, and the auditing of our annual financial statements. The audit committee also oversees risks related to our independent registered public accounting firm and our internal audit function.
- Our compensation committee oversees risks related to the Company s equity, and executive compensation programs and plans.
- Our nominating and governance committee oversees risks related to director independence, board and board committee composition and CEO succession planning.

Director Compensation

Our director compensation is designed to attract and retain high caliber directors and to align director interests with those of stockholders. Director compensation is reviewed and determined annually by the board (in the case of Messrs. Newberry and Anstice, by the independent members of the board), upon recommendation from the compensation committee. Non-employee director compensation (including the compensation of Mr. Newberry, who is currently our non-employee chairman) is described below. Mr. Anstice, whose compensation as CEO is described below under *Compensation Matters Executive Compensation and Other Information Compensation Discussion and Analysis,* does not receive additional compensation for his service on the board.

Non-employee director compensation. Non-employee directors receive annual cash retainers and equity awards. The chairman of the board, committee chairs, the lead independent director and committee members receive additional cash retainers. Non-employee directors who join the board or a committee midyear receive pro-rated cash retainers and equity awards, as applicable. Our non-employee director compensation program is based on service during the calendar year; however, SEC rules require us to report compensation in this proxy statement on a fiscal-year basis. Cash compensation paid to non-employee directors for the fiscal year ended June 26, 2016 is shown in the table below, together with the annual cash compensation program components in effect for calendar years 2015 and 2016.

Figure 7. Director Annual Retainers

Annual Retainers	Calendar Year 2016 ($)	Calendar Year 2015 ($)	Fiscal Year 2016 ($)
Non-employee Director	65,000	60,000	62,500
Lead Independent Director	22,500	20,000	21,250
Chairman	280,000	280,000	280,000
Audit Committee Chair	30,000	25,000	27,500
Audit Committee Member	12,500	12,500	12,500
Compensation Committee Chair	20,000	20,000	20,000
Compensation Committee Member	10,000	10,000	10,000
Nominating and Governance Committee Chair	15,000	10,000	12,500
Nominating and Governance Committee Member	5,000	5,000	5,000

Each non-employee director also receives an annual equity grant on the first Friday following the annual meeting (or, if the designated date falls within a blackout window under applicable Company policies, on the first following business day such grant is permissible under those policies) with a targeted grant date value equal to $200,000 (the number of RSUs subject to the award is determined by dividing $200,000 by the closing price of a share of Company common stock as of the date of grant, rounded down to the nearest 10 shares). These grants generally vest on October 31 in the

Continues on next page u

Table of Contents

year following the grant and are subject to the terms and conditions of the Company s 2015 Stock Incentive Plan, as amended, or the 2015 Plan, and the applicable award agreements. These grants immediately vest in full: (i) if a non-employee director dies or becomes subject to a disability (as determined pursuant to the 2015 Plan), (ii) upon the occurrence of a Corporate Transaction (as defined in the 2015 Plan), or (iii) on the date of the annual meeting if the annual meeting during the year in which the award was expected to vest occurs prior to the vest date and the non-employee director is not re-elected or retires or resigns effective immediately prior to the annual meeting. Non-employee directors who commence service after the annual award has been granted receive a pro-rated grant based on the number of regular board meetings remaining in the year as of the date of the director s election.

On November 6, 2015, each director other than Mr. Anstice, and Dr. Tsai who was not a director during fiscal year 2016, received a grant of 2,600 RSUs for services during calendar year 2016. Unless there is an acceleration event, these RSUs will vest in full on October 31, 2016, subject to the director s continued service on the board.

Chairman compensation. Mr. Newberry, who served as vice-chairman from December 7, 2010 until November 1, 2012 and since such date has served as chairman, has a chairman s agreement documenting his responsibilities, described above under *Governance Matters Corporate Governance Leadership Structure of the Board,* and compensation. Mr. Newberry entered into a chairman s agreement with the Company commencing on January 1, 2016 and expiring on December 31, 2016, subject to the right of earlier termination in certain circumstances and a one year extension upon mutual written agreement of the parties. The agreement provides that Mr. Newberry will serve as chairman (and not as an employee or officer) and in addition to his regular compensation as a non-employee director, he receives an additional cash retainer of $280,000 on the same date.

Mr. Newberry was eligible to participate through 2014 in the Company s Elective Deferred Compensation Plan that is generally applicable to executives of the Company, subject to the general terms and conditions of such plan. He continues to maintain a balance in the plan until he no longer performs service for the Company as a director but is no longer eligible to defer any compensation into the plan.

The following table shows compensation for fiscal year 2016 for persons serving as directors during fiscal 2016 other than Mr. Anstice:

Figure 8. FY2016 Director Compensation

Director Compensation for Fiscal Year 2016	Fees Earned or Paid in Cash ($)	Stock Awards ($) (1)(2)	All Other Compen-sation ($) (3)	Total ($)
Stephen G. Newberry	345,000(4)	196,846	23,962	565,808
Eric K. Brandt	95,000(5)	196,846		291,846
Michael R. Cannon	82,500(6)	196,846		279,346
Youssef A. El-Mansy	75,000(7)	196,846	23,962	295,808
Christine A. Heckart	78,625(8)	196,846		275,471

Grant M. Inman	[9]		23,962	23,962
Catherine P. Lego	90,875[10]	196,846	22,748	310,469
Krishna C. Saraswat	65,000[11]	196,846		261,846
William R. Spivey	[12]		23,962	23,962
Abhijit Y. Talwalkar	120,500[13]	196,846		317,346

(1) The amounts shown in this column represent the grant date fair value of unvested RSU awards granted during fiscal year 2016 in accordance with Financial Accounting Standards Board Accounting Standards Codification 718, Compensation Stock Compensation, or ASC 718. However, pursuant to SEC rules, these values are not reduced by an estimate for the probability of forfeiture. The assumptions used to calculate the fair value of the RSUs in fiscal year 2016 are set forth in Note 4 to the Consolidated Financial Statements of the Company s Annual Report on Form 10-K for the fiscal year ended June 26, 2016.

(2) On November 6, 2015, each non-employee director who was on the board received an annual grant of 2,600 RSUs based on the $76.90 closing price of Lam s common stock and the target value of $200,000, rounded down to the nearest 10 shares.

(3) Represents the portion of medical, dental, and vision premiums paid by the Company.

(4) Mr. Newberry received $345,000, representing his $280,000 chairman retainer and $65,000 annual retainer as a director.

(5) Mr. Brandt received $95,000, representing his $65,000 annual retainer and $30,000 as the chair of the audit committee.

(6) Mr. Cannon received $82,500, representing his $65,000 annual retainer, $12,500 as a member of the audit committee, and $5,000 as a member of the nominating and governance committee.

(7) Dr. El-Mansy received $75,000, representing his $65,000 annual retainer and $10,000 as a member of the compensation committee.

Table of Contents

(8) Ms. Heckart received $78,625, representing her $65,000 annual retainer, $12,500 as a member of the audit committee, and $1,125 as a partial year member of the compensation committee.

(9) Mr. Inman retired in November 2015. All payments to Mr. Inman for the relevant fiscal year were paid in the prior fiscal year period.

(10) Ms. Lego received $90,875, representing her $65,000 annual retainer, $20,000 as a the chair of the compensation committee, $5,000 as a member of the nominating and governance committee, and $875 as a partial year member of the audit committee.

(11) Dr. Saraswat received $65,000, representing his $65,000 annual retainer.

(12) Dr. Spivey retired in November 2015. All payments to Dr. Spivey for the relevant fiscal year were paid in the prior fiscal year period.

(13) Mr. Talwalkar received $120,500, representing his $65,000 annual retainer, $22,500 as lead independent director, $10,000 as a member of the compensation committee, $15,000 as the chair of the nominating and governance committee, and $8,000 as a partial year chair of the compensation committee.

Other benefits. Any members of the board enrolled in the Company s health plans on or prior to December 31, 2012 can continue to participate after retirement from the board in the Company s Retiree Health Plans. The board eliminated this benefit for any person who became a director after December 31, 2012. The most recent valuation of the Company s accumulated post-retirement benefit obligation under Accounting Standards Codification 715, *Compensation-*

Retirement Benefits, or ASC 715, as of June 26, 2016, for eligible former directors and the current directors who may become eligible is shown below. Factors affecting the amount of post-retirement benefit obligation include age at enrollment, age at retirement, coverage tier (e.g., single, plus spouse, plus family), interest rate, and length of service.

Figure 9. FY2016 Accumulated Post-Retirement Benefit Obligations

Director Compensation for Fiscal Year 2016	
Name	**Accumulated Post-Retirement Benefit Obligation, as of June 26, 2016 ($)**
Stephen G. Newberry	869,000
Eric K. Brandt	
Michael R. Cannon	
Youssef A. El-Mansy	574,000

Christine A. Heckart	
Grant M. Inman	438,000
Catherine P. Lego	496,000
Krishna C. Saraswat	
William R. Spivey	807,000
Abhijit Y. Talwalkar	

Continues on next page u

Table of Contents

Compensation Matters

Executive Compensation and Other Information

Compensation Discussion and Analysis

This Compensation Discussion and Analysis, or CD&A, describes our executive compensation program. It is organized into the following four sections:

I. Overview of Executive Compensation (Including Our Philosophy and Program Design)
II. Executive Compensation Governance and Procedures
III. Primary Components of Named Executive Officer Compensation; Calendar Year 2015 Compensation Payouts; Calendar Year 2016 Compensation Targets and Metrics
IV. Tax and Accounting Considerations

Our CD&A discusses compensation earned by our fiscal year 2016 Named Executive Officers, or NEOs, who are as follows:

Figure 10. FY2016 NEOs

Named Executive Officer	Position(s)
Martin B. Anstice	President and Chief Executive Officer
Timothy M. Archer	Executive Vice President and Chief Operating Officer
Douglas R. Bettinger	Executive Vice President and Chief Financial Officer
Richard A. Gottscho	Executive Vice President, Global Products
Sarah A. O Dowd	Senior Vice President, Chief Legal Officer and Secretary

I. OVERVIEW OF EXECUTIVE COMPENSATION

To align with stockholders interests, our executive compensation program is designed to foster a pay-for-performance culture and achieve the executive compensation objectives set forth in *Executive Compensation Philosophy and Program Design* *Executive Compensation Philosophy* below. We have structured our compensation program and payouts to reflect these goals. Our CEO s compensation in relation to our revenue and net income is shown below.

Figure 11. FY2011-FY2016 CEO Pay for Performance

14

Table of Contents

(1) CEO Total Compensation consists of base salary, annual incentive payments, accrued values of the cash payments under the long-term incentive program and grant date fair values of equity-based awards under the long-term incentive program, and all other compensation as reported in the *Summary Compensation Table* below.

(2) The CEO Total Compensation for fiscal year 2012 reflects Mr. Anstice s succession of Mr. Newberry as our President and CEO as of January 1, 2012.

(3) The CEO Total Compensation for fiscal years 2016, 2015 and 2014 reflects awards covering a three-year performance period as compared to the two-year period in all other prior fiscal years. The one-time 2014 Gap Year Award, with a value of $3,074,271 is reflected in the *Executive Compensation Tables Summary Compensation Table* below, is not included in fiscal year 2014 CEO Total Compensation in order to allow readers to more easily compare compensation in prior and subsequent periods and better reflect the compensation payable in any fiscal year following the transition. See *III. Primary Components of Named Executive Officer Compensation; Calendar Year 2015 Compensation Payouts; Calendar Year 2016 Compensation Targets and Metrics Long-Term Incentive Program Design* for additional information regarding the impact of the Gap Year Award.

To understand our executive compensation program fully, we feel it is important to understand:

- Our business, our industry environment and our financial performance; and
- Our executive compensation philosophy and program design.

Our Business, Our Industry Environment and Our Financial Performance

Lam Research has been an innovative supplier of wafer fabrication equipment and services to the semiconductor industry for more than 35 years. Our customers include semiconductor manufacturers that make memory, microprocessors, and other logic integrated circuits for a wide range of electronics; including cell phones, computers, tablets, storage devices, and networking equipment.

Our market-leading products are designed to help our customers build the smaller, faster and more powerful devices that are necessary to power the capabilities required by end users. The process of integrated circuits fabrication consists of a complex series of process and preparation steps, and our product offerings in deposition, etch and clean address a number of the most critical steps in the fabrication process. We leverage our expertise in semiconductor processing to develop technology and/or productivity solutions that typically benefit our customers through lower defect rates, enhanced yields, faster processing time, and reduced cost as well as by facilitating their ability to meet more stringent performance and design standards.

Although we have a June fiscal year end, our executive compensation program is generally designed and oriented on a calendar-year basis to correspond with our calendar-year-based business planning. This CD&A generally reflects a calendar-year orientation rather than a fiscal year orientation, as shown below. The Executive Compensation Tables at the end of this CD&A are based on our fiscal year, as required by SEC regulations.

Figure 12. Executive Compensation Calendar-Year Orientation

In calendar year 2015, demand for semiconductor equipment increased relative to calendar year 2014, as technology inflections led to higher investments. Against this backdrop, Lam delivered record financial performance.

Highlights for calendar year 2015:

- Achieved record revenues of approximately $5.9 billion for the calendar year, representing a 21% increase over calendar year 2014;
- Generated operating cash flow of approximately $1.2 billion, which represents approximately 21% of revenues;
- Repurchased approximately 3.4 million shares of common stock, returning approximately $259 million to stockholders; and
- Paid approximately $153 million in dividends to stockholders.

In October 2015, we announced an agreement to combine with KLA-Tencor Corporation (KLA-Tencor), bringing together Lam s capabilities in deposition, etch and clean with KLA-Tencor s portfolio of inspection and metrology solutions.

In the first half of calendar year 2016, investments for wafer fabrication equipment spending have remained solid as customers transition to next generation technology nodes, which are increasingly complex and more costly to produce.

Lam has continued to generate solid operating income and cash generation with revenues of $2.9 billion and cash flows from operations of $607 million earned from the March and June 2016 quarters combined.

Continues on next page u

Table of Contents

Executive Compensation Philosophy and Program Design

Executive Compensation Philosophy

The philosophy of our compensation committee that guided this year s awards and payout decisions is that our executive compensation program should:

- provide competitive compensation to attract and retain top talent;
- provide total compensation packages that are fair to employees and reward corporate, organizational and individual performance;
- align pay with business objectives while driving exceptional performance;
- optimize value to employees while maintaining cost-effectiveness to the Company;
- create stockholder value over the long term;
- align annual program to short-term performance and long-term program to longer-term performance;
- recognize that a long-term, high-quality management team is a competitive differentiator for Lam, enhancing customer trust/market share and, therefore, stockholder value; and
- provide rewards when results have been demonstrated.

Our compensation committee s executive compensation objectives are to motivate:

- performance that creates long-term stockholder value;
- outstanding performance at the corporate, organization and individual levels; and
- retention of a long-term, high-quality management team.

Program Design

Our program design uses a mix of short- and long-term components, and a mix of cash and equity components. Our executive compensation program includes base salary, an annual incentive program, or AIP, and a long-term incentive program, or LTIP, as well as stock ownership guidelines and a compensation recovery policy. As illustrated below, our program design is weighted towards performance and stockholder value. The performance-based program components include AIP cash payouts and market-based equity and stock option awards under the LTIP.

Figure 13. NEO Compensation Target Pay Mix Averages[1]

(1) Data for 2016, 2015 and 2014 charts is for the then-applicable NEOs (i.e., fiscal year 2014 NEOs are represented in the 2014 chart, etc.).

(2) In 2016, as part of the Company s LTIP design (in which 50% of the target award opportunity was awarded in Market-based Performance Restricted Stock Units and the remaining 50% in a combination of stock options and service-based RSUs with at least 10% of the award in each of these two vehicles) the percentage of the target award opportunity awarded in stock options and service-based RSUs was 20% and 30%, respectively. In 2015 and 2014, the corresponding percentages awarded in stock options and service-based RSUs were 10% and 40%, respectively. See *III. Primary Components of Named Executive Officer Compensation; Calendar Year 2015 Compensation Payouts; Calendar Year 2016 Compensation Targets and Metrics Long-Term Incentive Program-Design* for further information regarding the impact of such a target pay mix.

(3) In 2014, the Company issued one-time Gap Year Awards to bridge the transition from a two- to three-year LTIP design. The one-time 2014 Gap Year LTIP equity awards are not included in 2014 target pay in order to allow readers to more easily compare pay mixes relative to future and prior periods. See *III. Primary Components of Named Executive Officer Compensation; Calendar Year 2015 Compensation Payouts; Calendar Year 2016 Compensation Targets and Metrics Long-Term Incentive Program-Design* regarding the impact of the Gap Year Award.

(4) For purposes of this illustration, we include Market-based Performance RSUs and stock options as performance based, but do not classify service-based RSUs as performance based.

Table of Contents

Our stock ownership guidelines for our NEOs are shown below. The requirements are specified in the alternative of shares or dollars to allow for stock price volatility. Ownership levels as shown below must be achieved within five years of appointment to one of the below positions. Increased requirements due to promotions or an increase in the

ownership guideline must be achieved within five years of promotion or a change in the guidelines. At the end of fiscal year 2016, all of the NEOs were in compliance with our stock ownership guidelines or have a period of time remaining under the guidelines to meet the required ownership level.

Figure 14. Executive Stock Ownership Guidelines

Position	Guidelines (lesser of)
Chief Executive Officer	5x base salary or 65,000 shares
Executive Vice Presidents	2x base salary or 20,000 shares
Senior Vice Presidents	1x base salary or 10,000 shares

Compensation Recovery, or Clawback Policy

Our executive officers covered by section 16 of the Exchange Act are subject to the Company s compensation recovery, or clawback, policy. The clawback policy was adopted in August 2014 and will enable us to recover the excess amount of cash incentive-based compensation issued starting in calendar year 2015 to covered individuals when a material restatement of financial results is required within 36 months of the issuance of the original financial statements. A covered individual s fraud must have materially contributed to the need to issue restated financial statements in order for the clawback

policy to apply to that individual. The recovery of compensation is not the exclusive remedy available in the event that the clawback policy is triggered.

Highlights of Preferred Compensation-Related Policies, Practices and Provisions

We maintain preferred policies, practices and provisions related to or in our compensation program, which include the material ones highlighted in *Proxy Statement Summary Figure 4. Executive Compensation Highlights*.

II. EXECUTIVE COMPENSATION GOVERNANCE AND PROCEDURES

Role of the Compensation Committee

Our board of directors has delegated certain responsibilities to the compensation committee, or the committee, through a formal charter. The committee[1] oversees the compensation programs in which our chief executive officer and his direct executive and senior vice president reports participate. The independent members of our board of directors approve the compensation packages and payouts for our CEO. The CEO is not present for any decisions regarding his compensation packages and payouts.

Committee responsibilities include, but are not limited to: reviewing and approving the Company s executive compensation philosophy, objectives and strategies; reviewing and approving the appropriate peer group companies for purposes of evaluating the Company s compensation competitiveness; causing the board of directors to perform a periodic performance evaluation of the CEO; recommending to the independent members of the board of directors (as determined under both Nasdaq s listing standards and section 162(m) of the Code) corporate goals and objectives under the

Company s compensation plans, compensation packages (e.g., annual base salary level, annual cash incentive award, long-term incentive award and any employment agreement, severance arrangement, change-in-control arrangement, equity grant, or special or supplemental benefits, and any material amendment to any of the foregoing) as applicable to the CEO and compensation payouts for the CEO; annually reviewing with the CEO the performance of the Company s other executive officers in light of the Company s executive compensation goals and objectives and approving the compensation packages and compensation payouts for such individuals; reviewing and recommending for appropriate board action all cash, equity-based and other compensation packages and compensation payouts applicable to the chairman and other members of the board; and reviewing, and approving where appropriate, equity-based compensation plans.

(1) For purposes of this CD&A, a reference to a compensation action or decision by the committee with respect to our chairman and our president and chief executive officer, means an action or decision by the independent members of our board of directors upon the recommendation of the committee and, in the case of all other NEOs, an action or decision by the compensation committee.

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The committee is authorized to delegate such of its authority and responsibilities as the committee deems proper and consistent with legal requirements to members of the committee, any other committee of the board and one or more officers of the Company in accordance with the provisions of the Delaware General Corporation Law. For additional information on the committee s responsibilities and authorities, see *Governance Matters Corporate Governance Board Committees Compensation Committee* above.

In order to carry out these responsibilities, the committee receives and reviews information, analysis and proposals prepared by our management and by the committee s compensation consultant (see *Role of Committee Advisors* below).

Role of Committee Advisors

The committee is authorized to engage its own independent advisors to assist in carrying out its responsibilities. The committee has engaged the services of Compensia, Inc., or Compensia, a national compensation consulting firm, as the committee s compensation consultant. Compensia provides the committee with independent and objective guidance regarding the amount and types of compensation for our chairman, non-employee directors, and executive officers and how these amounts and types of compensation compare to other companies compensation practices, as well as guidance on market trends, evolving regulatory requirements, compensation of our independent directors, peer group composition and other matters as requested by the committee.

Representatives of Compensia regularly attend committee meetings (including executive sessions without management present), communicate with the committee chair outside of meetings, and assist the committee with the preparation of metrics and goals. Compensia reports to the committee, not to management. At the committee s request, Compensia meets with members of management to gather and discuss information that is relevant to advising the committee. The committee may replace Compensia or hire additional advisors at any time. Compensia has not provided any other services to the committee or to our management and has received no compensation from us other than with respect to the services described above. The committee assessed the independence of Compensia pursuant to SEC rules and Nasdaq listing standards, including the following factors: (1) the absence of other services provided by it to the Company; (2) the fees paid to it by the Company as a percentage of its total revenue; (3) its policies and procedures to prevent conflicts of interest; (4) the absence of any business or personal relationships with committee members; (5) the fact that it does not own any Lam common stock; and (6) the absence of any business or personal relationships with our executive officers. The committee assessed this information and concluded that the work of Compensia had not raised any conflict of interest.

Role of Management

Our CEO, with support from our human resources and finance organizations, develops recommendations for the compensation of our other executive officers. Typically, these recommendations cover base salaries, annual incentive program target award opportunities, long-term incentive program target award opportunities and the criteria upon which these award opportunities may be earned, as well as actual payout amounts under the annual and long-term incentive programs.

The committee considers the CEO s recommendations within the context of competitive compensation data, the Company s compensation philosophy and objectives, current business conditions, the advice of Compensia, and any other factors it considers relevant. At the request of the committee, our chairman also provides input to the committee.

Our CEO attends committee meetings at the request of the committee, but leaves the meeting for any deliberations related to and decisions regarding his own compensation, when the committee meets in executive session, and at any other time requested by the committee.

Peer Group Practices and Survey Data

In establishing the total compensation levels of our executive officers as well as the mix and weighting of individual compensation elements, the committee monitors compensation data from a group of comparably sized companies in the technology industry, or the Peer Group, which may differ from peer groups used by stockholder advisory firms. The committee selects the companies constituting our Peer Group based on their comparability to our lines of business and industry, annual revenue, and market capitalization, and our belief that we are likely to compete with them for executive talent. Our Peer

Group is focused on U.S. based, public semiconductor, semiconductor equipment and materials companies, and similarly sized high-technology equipment and hardware companies with a global presence and a significant investment in research and development. The table below summarizes how the Peer Group companies compare to the Company:

Figure 15. 2016 Peer Group Revenue and Market Capitalization

Metric	Lam Research ($M)	Target for Peer Group	Peer Group Median ($M)
Revenue (last completed four quarters as of June 3, 2015)	5,027	0.5 to 2 times Lam	4,730
Market Capitalization (30-day average as of June 3, 2015)	12,492	0.33 to 3 times Lam	11,682

Based on these criteria, the Peer Group and targets may be modified from time to time. Our Peer Group was reviewed in August 2015 for calendar year 2016 compensation decisions and based on the criteria identified above, the Peer Group was retained without any changes. Our Peer Group consists of the companies listed below.

18

Table of Contents

Figure 16. CY2016 Peer Group Companies

Advanced Micro Devices, Inc.	KLA-Tencor Corporation
Agilent Technologies, Inc.	Marvell Technology Group Ltd
Analog Devices, Inc.	Maxim Integrated Products, Inc.
Applied Materials, Inc.	NetApp, Inc.
Avago Technologies	NVIDIA Corporation
Broadcom Corporation	ON Semiconductor Corporation
Corning Incorporated	SanDisk Corporation
Freescale Semiconductor	Xilinx, Inc.
Juniper Networks, Inc.	

We derive revenue, market capitalization and NEO compensation data from public filings made by our Peer Group companies with the SEC and other publicly available sources. Radford Technology Survey data may be used to supplement compensation data from public filings as needed. The committee reviews compensation practices and selected data on base salary, bonus targets, total cash compensation, equity awards, and total compensation drawn from the Peer Group companies and/or Radford Technology Survey primarily as a reference to ensure compensation packages are consistent with market norms.

Base pay levels for each executive officer are generally set with reference to market competitive levels and in reflection of each officer s skills, experience and performance. Variable pay target award opportunities and total direct compensation for each executive officer are generally designed to deliver market competitive compensation for the achievement of stretch goals with downside risk for underperforming and upside reward for success. For those executive officers new to their roles, compensation arrangements may be designed to

deliver below market compensation. However, the committee does not target pay at any specific percentile. Rather, individual pay positioning depends on a variety of factors, such as prior job performance, job scope and responsibilities, skill set, prior experience, time in position, internal comparisons of pay levels for similar skill levels or positions, our goals to attract and retain executive talent, Company performance and general market conditions.

Assessment of Compensation Risk

Management, with the assistance of Compensia, the committee s independent compensation consultant, conducted a compensation risk assessment in 2016 and concluded that the Company s current employee compensation programs are not reasonably likely to have a material adverse effect on the Company s business.

2015 Say on Pay Voting Results; Company Response

We evaluate our executive compensation program annually. Among other things, we consider the outcome of our most recent Say on Pay vote and input we receive from our stockholders. In 2015, our stockholders approved our 2015 advisory vote on executive compensation, with 96.6% of the votes cast in favor of the advisory proposal. We believe that our most recent Say on Pay vote signifies our stockholders approval of the changes we made in 2014 to strengthen our pay for performance alignment. We did not make any material changes to our programs and practices in fiscal year 2016. Additionally, we continue to further enhance our disclosure regarding our compensation program and practices.

III. PRIMARY COMPONENTS OF NAMED EXECUTIVE OFFICER COMPENSATION; CALENDAR YEAR 2015 COMPENSATION PAYOUTS; CALENDAR YEAR 2016 COMPENSATION TARGETS AND METRICS

This section describes the components of our executive compensation program. It also describes, for each component, the payouts to our NEOs for calendar year 2015 and the forward-looking actions taken with respect to our NEOs in calendar year 2016.

Base Salary

We believe the purpose of base salary is to provide competitive compensation to attract and retain top talent and

to provide compensation to employees, including our NEOs, with a fixed and fair amount of compensation for the jobs they perform. Accordingly, we seek to ensure that our base salary levels are competitive in reference to Peer Group practice and market survey data. Adjustments to base salary are generally considered by the committee each year in February.

Continues on next page u

Table of Contents

For calendar years 2016 and 2015, base salaries for NEOs were determined by the committee in February of each year and became effective on March 1 and March 31, respectively, based on the factors described above. In order to remain competitive against our Peer Group, the base salaries for 2016 for Mr. Archer and Dr. Gottscho were increased by 3%, for Mr. Anstice was increased by 3.6%, and for Mr. Bettinger and Ms. O Dowd were increased by 5%. The base salaries of the NEOs for calendar years 2016 and 2015 are as follows:

Figure 17. NEO Annual Base Salaries

Named Executive Officer	Annual Base Salary as of March 1, 2016 ($)	Annual Base Salary as of March 31, 2015 ($)
Martin B. Anstice	960,000	927,000
Timothy M. Archer	636,540	618,000
Douglas R. Bettinger	567,000	540,000
Richard A. Gottscho	556,200	540,000
Sarah A. O Dowd	448,875	427,500

Annual Incentive Program

Design

Our annual incentive program is designed to provide short-term, performance-based compensation that: (i) is based on the achievement of pre-set annual financial, strategic and operational objectives aligned with outstanding performance throughout fluctuating business cycles, and (ii) will allow us to attract and retain top talent, while maintaining cost-effectiveness to the Company. The committee establishes individual target award opportunities for each NEO as a percentage of base salary. Specific target award opportunities are determined based on job scope and responsibilities, as well as an assessment of Peer Group data. Awards have a maximum payment amount defined as a multiple of the target award opportunity. The maximum award for 2015 and 2016 was set at 2.25 times target, consistent with prior years.

Annual incentive program components

Annual incentive program components, each of which plays a role in determining actual payments made, include:

- a Funding Factor,
- a Corporate Performance Factor, and
- various Individual Performance Factors.

The Funding Factor is set by the committee to create a maximum payout amount from which annual incentive program payouts may be made. The committee may exercise negative (but not positive) discretion against the Funding Factor result, and generally the entire funded amount is not paid out. Achievement of a minimum level of performance against the Funding Factor goals is required to fund any program payments. In February 2015, for calendar year 2015, the committee set non-GAAP operating income as a percentage of revenue as the metric for the Funding Factor, with the following goals:

- a minimum achievement of 5% non-GAAP operating income as a percentage of revenue was required to fund any program payments, and
- achievement of non-GAAP operating income (as a percentage of revenue) greater than or equal to 20% resulting in the maximum payout potential of 225% of target,
- with actual funding levels interpolated between those points.

The committee selected non-GAAP operating income as a percentage of revenue because it believes that operating income as a percentage of revenue is the performance metric that best reflects core operating results.(2) Non-GAAP operating income is considered useful to investors for analyzing business trends and comparing performance to prior periods. By excluding certain costs and expenses that are not indicative of core results, non-GAAP results are more useful for analyzing business trends over multiple periods.

As a guide for using negative discretion against the Funding Factor results and for making payout decisions, the committee primarily tracks the results of the following two components that are weighted equally in making payout decisions, and against which discretion may be applied in a positive or negative direction, provided the Funding Factor result is not exceeded:

- the Corporate Performance Factor, which is based on a corporate-wide metric and goals that are designed to be a stretch that apply to all NEOs; and
- the Individual Performance Factors, which are designed to be stretch goals and are based on organization-specific metrics and individual performance that apply to each individual NEO. In addition, in assessing individual performance, the CEO considers the performance of the whole executive team.

The specific metrics and goals, and their relative weightings, for the Corporate Performance Factor are determined by the committee based upon the recommendation of our CEO, and the Individual Performance Factors are determined by our CEO, or in the case of the CEO, by the committee.

(2) Non-GAAP results are designed to provide information about performance without the impact of certain non-recurring and other non-operating line items. Non-GAAP operating income is derived from GAAP results, with charges and credits in the following line items excluded from GAAP results for applicable quarters during fiscal years 2016 and 2015: restructuring charges; acquisition-related costs; costs associated with rationalization of certain product configurations; amortization related to intangible assets acquired in the Novellus Systems, Inc. transaction; acquisition-related inventory fair value impact; impairment of a long-lived asset; impairment of goodwill; costs associated with campus consolidation; and gain on sale of assets, net of associated exit costs.

Table of Contents

The metrics and goals for the Corporate and Individual Performance Factors are set annually. Goals are set depending on the business environment, to ensure that they are stretch goals regardless of changes in the business environment. Accordingly, as business conditions improve, goals are set to require better performance, and as business conditions deteriorate, goals are set to require stretch performance under more difficult conditions.

We believe that, over time, outstanding business results create stockholder value. Consistent with this belief, multiple

performance-based metrics (non-GAAP operating income, product market share, and strategic operational and organizational metrics) are established for our NEOs as part of the Corporate and Individual Performance Factors.

We believe the metrics and goals set under this program, together with the exercise of discretion by the committee as described above, have been effective to motivate our NEOs and the organizations they lead and to achieve pay-for-performance results.

Figure 18. Annual Incentive Program Payouts

Calendar Year	Average NEO s Annual Incentive Payout as % of Target Award Opportunity	Business Environment
2015	159	Strong operating performance and expansion of served available markets, supported by stable economic conditions. Robust demand for semiconductor equipment driven by both capacity and technology investments.
2014	127	Strong operating performance and supported by stable economic conditions and healthy demand for semiconductor equipment; Company growth in various growing industry technology inflections
2013	105	Healthy demand for semiconductor equipment with stable economic conditions and favorable supply demand conditions; delivered on annualized cost savings targets defined in integration plans

Calendar year 2015 annual incentive program parameters and payout decisions

In February 2015, the committee set the calendar year 2015 target award opportunity and established the metrics and goals for the Funding Factor, the metrics and annual goals for the Corporate Performance Factor, and the metrics and goals for the Individual Performance Factors for each NEO were established. In February 2016, the committee considered the actual results under these factors and made payout decisions for the calendar year 2015 program, all as described below.

2015 Annual Incentive Program Target Award Opportunities. The annual incentive program target award opportunities for calendar year 2015 for each NEO were as set forth in Figure 19 below in accordance with the principles set forth above under *Executive Compensation Governance and Procedures Peer Group Practices and Survey Data*.

2015 Annual Incentive Program Corporate Performance Factor. In February 2015, the committee set non-GAAP operating income as a percentage of revenue as the metric for the calendar year 2015 Corporate Performance Factor, and set:

- a goal of 19% of revenue for the year, which was designed to be a stretch goal, and which would result in a Corporate Performance Factor of 1.00;
- a minimum Corporate Performance Factor of 0.10 for any payout; and
- a maximum Corporate Performance Factor of 1.50 for the maximum payout.

These goals were designed to be stretch goals. Actual non-GAAP operating income as a percentage of revenue was 21.6% for calendar year 2015. This performance resulted in a total Corporate Performance Factor for calendar year 2015 of 1.26.

2015 Annual Incentive Program Organization/Individual Performance Factor. For 2015, the organization-specific performance metrics and goals for each NEO s Individual Performance Factor were set on an annual basis, and were designed to be stretch goals. The Individual Performance Factor for Mr. Anstice for calendar year 2015 was based on the average of the Individual Performance Factors of all of the executive and senior vice presidents reporting to him. For all other NEOs, their respective Individual Performance Factors were based on market share and/or strategic, operational and organizational performance goals specific to the organizations they managed, as described in more detail below.

The accomplishments of actual individual performance against the established goals described below during 2015 were considered.

- Mr. Archer s Individual Performance Factor for calendar year 2015 was based on the accomplishment of market share, and strategic, operational and organizational development goals for the global sales organization, the customer support business group and global operations.
- Mr. Bettinger s Individual Performance Factor for calendar year 2015 was based on the accomplishment of strategic, operational and organizational development goals for finance, global information systems and investor relations.

Continues on next page u

Table of Contents

Dr. Gottscho s Individual Performance Factor for calendar year 2015 was based on the accomplishment of market share, and strategic, operational and organizational development goals for the product groups deposition, etch, and clean.

Ms. O Dowd s Individual Performance Factor for calendar year 2015 was based on the accomplishment of strategic, operational and organizational development goals for the legal department.

In consideration of the above accomplishments, as well as the teamwork demonstrated to deliver the overall strong company

performance in 2015, the committee exercised discretion such that each NEO received an Individual Performance Factor of 1.26 (equal to the Corporate Performance Factor) for the 2015 calendar year.

2015 Annual Incentive Program Payout Decisions. In February 2016, in light of the Funding Factor results and based on the above results and decisions, the committee approved the following payouts for the calendar year 2015 annual incentive program for each NEO, which were substantially less than the maximum payout available under the Funding Factor:

Figure 19. CY2015 Annual Incentive Program Payouts

Named Executive Officer	Target Award Opportunity (% of Base Salary)	Target Award Opportunity ($) [(1)]	Maximum Payout under Funding Factor (225.0% of Target Award Opportunity) ($) [(2)]	Actual Payouts ($)
Martin B. Anstice	150	1,390,500	3,128,625	2,207,558
Timothy M. Archer	110	679,800	1,529,550	1,079,250
Douglas R. Bettinger	90	486,000	1,093,500	771,574
Richard A. Gottscho	90	486,000	1,093,500	771,574
Sarah A. O Dowd	80	342,000	769,500	542,959

(1) Calculated by multiplying each NEO s annual base salary for the calendar year 2015 by his or her respective target award opportunity percentage.

(2) The Funding Factor resulted in a potential payout of up to 225.0% of target award opportunity for the calendar year (based on the actual non-GAAP operating income percentage results detailed under *2015 Annual Incentive Program Corporate Performance Factor* above and the specific goals set forth in the second paragraph under *Annual incentive program components* above).

Table of Contents

Calendar year 2016 annual incentive program parameters

In February 2016, the committee set the target award opportunity for each NEO as a percentage of base salary, and consistent with prior years set a cap on payments equal to 2.25 times the target award opportunity. The target award opportunity for each NEO is shown below.

Figure 20. CY2016 Annual Incentive Program Target Award Opportunities

Named Executive Officer	Target Award Opportunity (% of Base Salary)
Martin B. Anstice	150
Timothy M. Archer	110
Douglas R. Bettinger	90
Richard A. Gottscho	90
Sarah A. O Dowd	80

The committee also approved the annual metric for the Funding Factor and for the Corporate Performance Factor as non-GAAP operating income as a percentage of revenue, and set the annual goals for the Funding Factor and also the Corporate Performance Factor. Consistent with the program design, the Corporate Performance Factor goal is more difficult to achieve than the Funding Factor goal. Individual Performance Factor metrics and goals were also established for each NEO. These include strategic and operational performance goals specific to individuals and their business organization. As a result, each NEO has multiple performance metrics and goals under this program. All Corporate and Individual Performance Factor goals were designed to be stretch goals.

Long-Term Incentive Program

Design

Our long-term incentive program, or LTIP, is designed to attract and retain top talent, provide competitive levels of compensation, align pay with achievement of business objectives and with stock performance over a multi-year period, reward our NEOs for outstanding Company performance and create stockholder value over the long term. Our LTIP was redesigned in February 2014 to further those objectives by: (i) establishing a program entirely composed of equity, (ii) introducing a new LTIP vehicle, a Market-Based Performance Restricted Stock Unit, or Market-Based PRSU, designed to reward eligible participants based on our stock price performance relative to the Philadelphia Semiconductor Sector Index (SOX), or SOX index, (iii)

differentiating the metric in our LTIP from the absolute operational performance metrics used for the annual incentive program, and (iv) extending the performance period for the LTIP from two to three years.

As a result, the LTIP now operates on overlapping three-year cycles, whereas prior to 2014, it operated on overlapping two-year cycles. In 2014, this change would have left participants with a gap in long-term incentive vesting opportunity in 2016. To ensure that participants received a long-term award that vested in 2016, the committee also awarded in 2014 a one-time gap year award with a two-year performance period, or the Gap Year Award. The target amount awarded under the Gap Year Award was equal to 50% of the target award opportunity under the regular three-year LTIP award. While the impact on the employee from the extended performance period and the Gap Year Award, assuming performance and target opportunities are the same year after year, was to normalize the received compensation in any year, the impact on the Company from such normalization (visible in *Figure 28. Summary Compensation Table* and *Figure 31. FYE2016 Outstanding Equity Awards* below), was a higher grant-based compensation expense in fiscal year 2014. This is in addition to the impact on the total compensation figures in the Company s *Summary Compensation Table* in fiscal years 2014 and 2015 from the long-term cash awards, which ceased being awarded in fiscal year 2013 but were not paid out until fiscal year 2015, under the previously designed programs for our performance during the relevant periods.

Under the current long-term incentive program, at the beginning of each multi-year performance period, target award opportunities (expressed as a U.S. dollar value) and performance metrics are established for the program. Of the total target award opportunity, 50% is awarded in Market-Based PRSUs, and the remaining 50% is awarded in a combination of stock options and service-based RSUs with at least 10% of the award in each of these two vehicles. The specific percentage of service-based RSUs and stock options are reviewed annually to determine whether service-based RSUs or stock options are the more appropriate form for the majority of the award based on criteria such as the current business environment and the potential value to motivate and retain the executives. We consider performance-based RSUs and stock options as performance-based, but do not classify service-based RSUs as performance-based. This means that if options constitute 10% of the total target award opportunity, the long-term incentive program will be 60% performance-based. If options constitute 40% of the total target award opportunity, the long-term incentive program will be 90% performance-based.

Continues on next page u

Table of Contents

Equity Vehicles

The equity vehicles used in our 2016/2018 long-term incentive program are as follows:

Figure 21. 2016/2018 LTIP Program Equity Vehicles

Equity Vehicles	% of Target Award Opportunity	Terms
Market-Based PRSUs	50	Awards cliff vest three years from the March 1, 2016 grant date, or Grant Date, subject to satisfaction of minimal performance requirement and continued employment. Cliff, rather than annual, vesting provides for both retention and for aligning NEOs with longer-term stockholder interests.
		The performance period for Market-Based PRSUs is three years from the first business day in February (February 1, 2016 through January 31, 2019).
		The number of shares represented by the Market-Based PRSUs that can be earned over the performance period is based on our stock price performance compared to the market price performance of the Philadelphia Semiconductor Sector Index (SOX), subject to the below-referenced ceiling. The stock price performance or market price performance is measured using the closing price for the 50 trading days prior to the dates the performance period begins and ends. The target number of shares represented by the Market-Based PRSUs is increased by 2% of target for each 1% that Lam s stock price performance exceeds the market price performance of the SOX index; similarly, the target number of shares represented by the Market-Based PRSUs is decreased by 2% of target for each 1% that Lam s stock price performance trails the market price performance of the SOX index. The result of the vesting formula is rounded down to the nearest whole number. A table reflecting the potential payouts depending on various comparative results is shown in Figure 22 below.
		The final award cannot exceed 150% of target (requiring a positive percentage change in the Company s stock price performance compared to that of the market price performance of the SOX index equal to or greater than 25 percentage points) and can be as little as 0% of target (requiring a percentage change in the Company s stock price performance compared to that of the market price performance of the SOX index equal to or lesser than negative 50 percentage points).

		The number of Market-Based PRSUs granted was determined by dividing 50% of the target opportunity by the 30-day average of the closing price of our common stock prior to the Grant Date, $69.12, rounded down to the nearest share. Awards that vest at the end of the performance period are distributed in shares of our common stock.
Stock Options	20	Awards vest one-third on the first, second and third anniversaries of the March 1, 2016 grant date, or Grant Date, subject to continued employment. The number of stock options granted is determined by dividing 20% of the target opportunity by the 30-day average of the closing price of our common stock prior to the Grant Date, $69.12, rounded down to the nearest share and multiplying the result by three. The ratio of three options for every RSU is based on a Black Scholes fair value accounting analysis. Awards are exercisable upon vesting. Expiration is on the seventh anniversary of the Grant Date.
RSUs	30	Awards vest one-third on the first, second and third anniversaries of the March 1, 2016 grant date, or Grant Date, subject to continued employment. The number of RSUs granted is determined by dividing 30% of the target opportunity by the 30-day average of the closing price of our common stock prior to the Grant Date, $69.12, rounded down to the nearest share. Awards are distributed in shares of our common stock upon vesting.

Table of Contents

Figure 22. Market-Based PRSU Vesting Summary

% Change in Lam s Stock Price Performance Compared to % Change in SOX Index Market Price Performance	Market-Based PRSUs That Can Be Earned (% of Target) [(1)]
+ 25% or more	150
10%	120
0% (equal to index)	100
-10%	80
-25%	50
- 50% or less	0

(1) As set forth in the third bullet of the first row of Figure 21, the results of the vesting formula (reflecting the number of Market-Based PRSUs that can be earned) are linearly interpolated between the stated percentages using the described formula.

Target Award Opportunity

Under the long-term incentive program, the committee sets a target award opportunity for each participant based on the NEO s position and responsibilities and an assessment of competitive compensation data. The target award opportunities for each participant are expressed in a U.S. dollar value. The target amounts for each NEO under the program cycles affecting fiscal year 2016 are as follows:

Figure 23. LTIP Target Award Opportunities

Named Executive Officer	Long-Term Incentive Program	Target Award Opportunity ($)
Martin B. Anstice	2016/2018[(1)]	7,500,000
	2015/2017[(2)]	6,750,000
	2014/2016[(3)]	6,500,000
Timothy M. Archer	2016/2018[(1)]	4,000,000
	2015/2017[(2)]	3,500,000
	2014/2016[(3)]	3,000,000
Douglas R. Bettinger	2016/2018[(1)]	2,750,000
	2015/2017[(2)]	2,500,000
	2014/2016[(3)]	2,500,000
Richard A. Gottscho	2016/2018[(1)]	3,250,000
	2015/2017[(2)]	3,000,000
	2014/2016[(3)]	2,500,000
Sarah A. O Dowd	2016/2018[(1)]	1,400,000
	2015/2017[(2)]	1,300,000

2014/2016[3]	1,300,000

(1) The three-year performance period for the 2016/2018 LTIP began on February 1, 2016 and ends on January 31, 2019.

(2) The three-year performance period for the 2015/2017 LTIP began on February 2, 2015 and ends on February 1, 2018.

(3) The three-year performance period for the 2014/2016 LTIP began on February 18, 2014 and ends on February 17, 2017. The 2014 Gap Year Award (with a performance period that began on February 18, 2014 and that ended on February 17, 2016, and target award opportunities for each participant of 50% of his or her 2014/2016 LTIP target award opportunity) is not included.

Calendar Year 2014 Gap Year Award Parameters and Payouts

On February 18, 2014, the committee granted to each NEO as part of the one-time calendar year 2014 Gap Year Awards, or Gap Year Awards, Market-Based PRSUs, and service-based RSUs and stock options with a combined value equal to 50% of the NEO s total target award opportunity under the calendar year 2014/2016 long-term incentive program, as shown below. Each of these awards cliff vested two years from the grant date. These awards were made as part of the transition from two-year vesting to three-year vesting and to normalize the received compensation in any year.

Figure 24. Gap Year Awards

Named Executive Officer	Target Award Opportunity ($)	Market-Based PRSUs Award [1] (#)	Service-Based RSUs Award (#)	Stock Options Award (#)
Martin B. Anstice	3,250,000	31,394	25,115	18,834
Timothy M. Archer	1,500,000	14,489	11,591	8,691
Douglas R. Bettinger	1,250,000	12,074	9,659	7,242
Richard A. Gottscho	1,250,000	12,074	9,659	7,242
Sarah A. O Dowd	650,000	6,278	5,023	3,765

(1) The number of Market-Based PRSUs awarded is reflected at target. The final number of shares that may have been earned is 0% to 150% of target as shown in Figure 25 below.

In February 2016, the committee determined the payouts for the calendar year 2014 Gap Year Awards of Market-Based PRSUs awarded to the NEOs on February 18, 2014. The number of shares represented by the Market-Based PRSUs earned over the performance period was based on our stock price performance compared to the market price performance of the SOX index, subject to the below-referenced ceiling. In each case, the stock / index price performance was measured using the closing price for the 50-trading days prior to the dates the performance period began and ended. The target number of shares represented by the Market-Based PRSUs increased by 2% of target for each 1% that Lam s stock price performance exceeded the market price performance of the SOX index; similarly, the target number of shares represented by the Market-Based PRSUs decreased by 2% of target for each 1% that Lam s stock price performance trailed the market price performance of the SOX index. The result of the vesting formula was rounded down to the nearest whole number. There was a ceiling but no floor to the number of shares that may have been earned under the Market-Based PRSUs: the payment amount could not exceed 150% of target (which would have required a percentage change in the Company s stock price performance compared to that of the

Continues on next page u

Table of Contents

market price performance of the SOX index equal to or greater than positive 25 percentage points) and could have been 0% of target (requiring a percentage change in the Company s stock price performance compared to that of the market price performance of the SOX index equal to or lesser than negative 50 percentage points).

Based on the above formula, the Company s stock price performance over the two-year performance period was equal to 39.18% and the market price performance of the SOX index over the same two-year performance period was equal to 18.15%. Given that Lam s stock price outperformed the market price of the SOX index by 21.03%, the number of shares represented by the Market-Based PRSUs was equal to 142.06% (100% plus twice the 21.03% of outperformance) of the target number of Market-Based PRSUs granted to each NEO. Based on such results, the committee made the following payouts to each NEO for the Gap Year Award of Market-Based PRSUs.

Figure 25. Gap Year Market-Based PRSU Award Payouts

Named Executive Officer	Target Market-Based PRSUs [1] (#)	Maximum Payout of Market-Based PRSUs (150% of Target Award Opportunity) (#)	Actual Payout of Market-Based PRSUs (142.06% of Target Award Opportunity) (#)
Martin B. Anstice	31,394	47,091	44,598
Timothy M. Archer	14,489	21,734	20,583
Douglas R. Bettinger	12,074	18,111	17,152
Richard A. Gottscho	12,074	18,111	17,152
Sarah A. O Dowd	6,278	9,417	8,918

(1) The number of Market-Based PRSUs awarded is reflected at target. The final number of shares that may have been earned is equal to 0% to 150% of target.

Calendar Year 2016 LTIP Awards

Calendar year 2016 decisions for the 2016/2018 long-term incentive program. On March 1, 2016, the committee made a grant under the 2016/2018 long-term incentive program, of Market-Based PRSUs, stock options and service-based RSUs on the terms set forth in Figure 21 above with a combined value equal to the NEO s total target award opportunity, as shown in the following table.

Figure 26. 2016/2018 LTIP Awards

Named Executive Officer	Target Award	Market-Based	Stock Options	Service-Based

	Opportunity ($)	PRSUs Award [1] (#)	Award (#)	RSUs Award (#)
Martin B. Anstice	7,500,000	54,253	65,103	32,552
Timothy M. Archer	4,000,000	28,935	34,722	17,361
Douglas R. Bettinger	2,750,000	19,892	23,871	11,935
Richard A. Gottscho	3,250,000	23,509	28,209	14,105
Sarah A. O Dowd	1,400,000	10,127	12,150	6,076

(1) The number of Market-Based PRSUs awarded is reflected at target. The final number of shares that may be earned will be 0% to 150% of target.

Employment / Change in Control Arrangements

The Company enters into employment / change in control agreements to help attract and retain our NEOs and believes that these agreements facilitate a smooth transaction and transition planning in connection with change in control events. Because Mr. Anstice s prior agreement terminated in December 2014 and the committee wanted to align the terms and dates of all executive agreements, effective January 2015, the Company entered into new employment agreements with Messrs. Anstice, Archer and Bettinger and Dr. Gottscho, and a new change in control agreement with Ms. O Dowd. The employment agreements generally provide for designated payments in the event of an involuntary termination of employment, death or disability, as such terms are defined in the applicable agreements. The employment agreements, and also the change in control agreements, generally provide for designated payments in the case of a change in control when coupled with an involuntary termination (i.e., a double trigger is required before payment is made due to a change in control), as such terms are defined in the applicable agreements.

For additional information about these arrangements and detail about post-termination payments under these arrangements, see the *Potential Payments upon Termination or Change in Control* section below.

Other Benefits Not Available to All Employees

Elective Deferred Compensation Plan

The Company maintains an elective deferred compensation plan that allows eligible employees (including all of the NEOs) to voluntarily defer receipt of all or a portion of base salary and certain incentive compensation payments until a date or dates elected by the participating employee. This allows the employee to defer taxes on designated compensation amounts. In addition, the Company provides a limited Company contribution to the plan for all eligible employees.

Table of Contents

Supplemental Health and Welfare

We provide certain health and welfare benefits not generally available to other employees, including the payment of premiums for supplemental long-term disability insurance and Company-provided coverage in the amount of $1 million for both life and accidental death and dismemberment insurance for all NEOs. Until January 1, 2013, the Company also provided an executive medical, dental, and vision reimbursement program that reimbursed NEOs cost of medical, dental, and vision expenses in excess of the regular employee plans through the end of 2012.

We also provide post-retirement medical and dental insurance coverage for eligible former executive officers under our Retiree Health Plans, subject to certain eligibility requirements. The program was closed to executive officers who joined the Company or became executive officers through promotion effective on or after January 1, 2013. We have an independent actuarial valuation of post-retirement benefits for eligible NEOs conducted annually in accordance with

generally accepted accounting principles. The most recent valuation was conducted in June 2016 and reflected the following retirement benefit obligation for the NEOs:

Figure 27. NEO Post-Retirement Benefit Obligations

Named Executive Officer	As of June 26, 2016 ($)
Martin B. Anstice	542,000
Timothy M. Archer	598,000
Douglas R. Bettinger [1]	
Richard A. Gottscho	627,000
Sarah A. O Dowd	510,000

(1) Mr. Bettinger was not eligible to participate because he was not an employee of the Company prior to the termination of the program.

IV. TAX AND ACCOUNTING CONSIDERATIONS

Deductibility of Executive Compensation

Section 162(m) of the Internal Revenue Code of 1986, as amended, or the Code, imposes limitations on the deductibility for federal income tax purposes of compensation in excess of $1 million paid to our chief executive officer, and any of our three other most highly compensated executive officers (other than our chief financial officer) in a single tax year. Generally, compensation in excess of $1 million may only be deducted if it is qualified as performance-based compensation within the meaning of the Code.

The committee monitors the application of section 162(m) and the associated Treasury regulations and considers the advisability of qualifying our executive compensation for deductibility of such compensation. The committee s policy is to qualify our executive compensation for deductibility under applicable tax laws to the extent practicable and where the committee believes it is in the best interests of the Company and the Company s stockholders.

When we design our executive compensation programs, we take into account whether a particular form of compensation will qualify as performance-based for purposes of section 162(m).

To facilitate the deductibility of compensation payments under section 162(m):

- in fiscal year 2004, we initially adopted the Executive Incentive Plan, or EIP, and obtained stockholder approval for the EIP at that time. We most recently received stockholder approval for the EIP at our last annual meeting.
- in fiscal year 2016, we initially adopted the Lam 2015 Stock Incentive Plan, or SIP and obtained stockholder approval for the SIP at our last annual meeting.

The annual program awards to our NEOs are generally administrated under the AIP and intended to qualify for deductibility under section 162(m) to the extent practicable.

Consistent with the EIP or SIP and the regulations under section 162(m), compensation income realized upon the exercise of stock options generally will be deductible because the awards are granted by a committee whose members are outside directors and the other conditions of the 162(m) are satisfied. However, compensation associated with RSUs may not be deductible unless vesting is based on specific performance goals (such as with the Market-Based PRSUs) and the other conditions of the EIP or SIP (as applicable) are satisfied. Therefore, compensation income realized upon the vesting of service-based RSUs or upon the vesting of equity awards not meeting the conditions required by the EIP or SIP are not deductible to the Company to the extent that the 162(m) compensation threshold is exceeded.

Taxation of Parachute Payments

Sections 280G and 4999 of the Code provide that disqualified individuals within the meaning of the Code (which generally includes certain officers, directors and employees of the Company) may be subject to additional tax if they receive payments or benefits in connection with a change in control of the Company that exceed certain prescribed limits. The Company or its successor may also forfeit a deduction on the amounts subject to this additional tax.

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We did not provide any of our executive officers, any director, or any other service provider with a gross-up or other reimbursement payment for any tax liability that the individual might owe as a result of the application of sections 280G or 4999 during fiscal year 2016, and we have not agreed and are not otherwise obligated to provide any individual with such a gross-up or other reimbursement as a result of the application of sections 280G and 4999.

Internal Revenue Code Section 409A

Section 409A of the Code imposes significant additional taxes on an executive officer, director, or service provider that receives non-compliant deferred compensation that is within the scope of section 409A. Among other things, section 409A potentially applies to the cash awards under the LTIP, the Elective Deferred Compensation Plan, certain equity awards, and severance arrangements.

To assist our employees in avoiding additional taxes under section 409A, we have structured the LTIP, the Elective Deferred Compensation Plan, and our equity awards in a manner intended to qualify them for exclusion from, or compliance with, section 409A.

Accounting for Stock-Based Compensation

We follow Financial Accounting Standards Board Accounting Standards Codification Topic 718, or ASC 718, for accounting for our stock options and other stock-based awards. ASC 718 requires companies to calculate the grant date fair value of their stock option grants and other equity awards using a variety of assumptions. This calculation is performed for accounting purposes. ASC 718 also requires companies to recognize the compensation cost of stock option

grants and other stock-based awards in their income statements over the period that an employee is required to render service in exchange for the option or other equity award.

Compensation Committee Report

The compensation committee has reviewed and discussed with management the Compensation Discussion and Analysis required by Item 402(b) of SEC Regulation S-K. Based on this review and discussion, the compensation committee has recommended to the board of directors that the Compensation Discussion and Analysis be included in this proxy statement and the Company s Annual Report on Form 10-K.

This Compensation Committee Report shall not be deemed filed with the SEC for purposes of federal securities law, and it shall not, under any circumstances, be incorporated by reference into any of the Company s past or future SEC filings. The report shall not be deemed soliciting material.

MEMBERS OF THE COMPENSATION COMMITTEE

Youssef A. El-Mansy

Catherine P. Lego (Chair)

Abhijit Y. Talwalkar

Compensation Committee Interlocks and Insider Participation

None of the compensation committee members has ever been an officer or employee of Lam Research. No interlocking relationship exists as of the date of this proxy statement or existed during fiscal year 2016 between any member of our compensation committee and any member of any other company s board of directors or compensation committee.

Table of Contents

Executive Compensation Tables

The following tables (Figures 28-33) show compensation information for our named executive officers:

Figure 28. Summary Compensation Table

Summary Compensation Table								
Name and Principal Position	Fiscal Year	Salary ($)	Bonus ($)	Stock Awards ($) [1]	Options Awards ($) [2]	Non-Equity Incentive Plan Compensation ($) [3]	All Other Compensation ($) [4]	Total ($)
Martin B. Anstice	2016	937,789		6,175,315	1,224,848	2,207,558[7]	10,521	10,556,031
	2015	906,646		5,849,027	558,635	3,839,904[8]	10,527	11,164,739
President and Chief Executive Officer	2014	803,846		8,298,569	897,137	4,978,689[9]	30,977	15,009,218
Timothy M. Archer	2016	624,061		3,293,501	653,260	1,079,250[7]	10,689	5,660,761
	2015	604,431		3,032,808	289,658	2,114,132[10]	10,543	6,051,572
Executive Vice President and Chief Operating Officer	2014	580,769	1,000,000[5]	3,830,003	414,012	3,034,681[11]	30,521	8,889,985
Douglas R. Bettinger	2016	548,827		2,264,175	449,109	771,574[7]	8,080	4,041,765
	2015	528,692		2,166,214	206,870	1,450,547[12]	8,017	4,360,340
Executive Vice President and Chief Financial Officer	2014	494,231		3,191,636	344,994	1,484,487[13]	22,961	5,538,309
Richard A. Gottscho	2016	545,296	9,600[6]	2,675,862	606,262	771,574[7]	9,082	4,617,676
	2015	528,692	5,867[6]	2,599,550	312,531	1,482,521[14]	9,398	4,938,559
Executive Vice President, Global Products	2014	475,000		3,191,636	441,128	2,109,623[15]	23,059	6,240,446
Sarah A. O Dowd	2016	434,488		1,152,683	261,125	542,959[7]	7,259	2,398,514
Senior Vice President, *Chief*	2015	418,077		1,126,410	135,357	956,427[16]	7,551	2,643,822
Legal Officer and Secretary	2014	408,077		1,659,629	229,365	1,371,075[17]	26,364	3,694,509

(1) The amounts shown in this column represent the value of service-based and market-based performace RSU awards, under the LTIP (for fiscal year 2014, this includes the calendar year 2014/2016 LTIP award and the Gap Year Award (a one-time award discussed in further detail in the *Long-Term Incentive Program Design* section above)), granted in accordance with ASC 718. However, pursuant to SEC rules, these values are not reduced by an estimate for the probability of forfeiture. The assumptions used to calculate the fair value of the RSUs in fiscal year 2016 are set forth in Note 4 to the Consolidated Financial Statements of the Company s Annual Report on Form 10-K for the fiscal year ended June 26, 2016. For additional details regarding the grants see *FY2016 Grants of Plan-Based Awards* table below.

(2) The amounts shown in this column represent the value of the stock option awards granted, under the LTIP (for fiscal year 2014, this includes the calendar year 2014/2016 LTIP award and the Gap Year Award (a one-time

award discussed in further detail in the *Long-Term Incentive Program Design* section above)), in accordance with ASC 718. However, pursuant to SEC rules, these values are not reduced by an estimate for the probability of forfeiture. The assumption used to calculate the fair value of stock options in fiscal year 2016 are set forth in Note 4 to the Consolidated Financial Statements of the Company s Annual Report on Form 10-K for the fiscal year ended June 26, 2016. For additional details regarding the grants see *FY2016 Grants of Plan-Based Awards* table below.

(3) Includes the long-term cash awards, which ceased in calendar year 2015 (as discussed in further detail in the *Long-Term Incentive Program Design* section above), under the previously designed long-term incentive programs for our performance during the relevant periods.

(4) Please refer to *FY2016 All Other Compensation Table* which immediately follows this table, for additional information.

(5) Represents a retention bonus pursuant to the terms of his employment agreement (effective June 4, 2012), or *Archer Employment Agreement*, entered into in connection with the acquisition of Novellus Systems, Inc.

(6) Represents patent awards.

(7) Represents the amount earned by and subsequently paid under the calendar year 2015 Annual Incentive Program, or AIP.

(8) Represents $1,708,290 earned by and subsequently paid to Mr. Anstice under the calendar year 2014 Annual Incentive Program, or AIP, and $2,131,614 accrued on his behalf for the performance during fiscal year 2015 under the calendar year 2013/2014 Long-Term Incentive Program, or LTIP-Cash. Mr. Anstice has received the amounts accrued under the calendar year 2013/2014 LTIP-Cash.

(9) Represents $1,155,041 earned by and subsequently paid to Mr. Anstice under the calendar year 2013 AIP, $857,186 accrued on his behalf for the performance during fiscal year 2014 under the calendar year 2012/2013 Long-Term Incentive Program, or LTIP-Cash, and $2,966,462 accrued on his behalf for the performance during fiscal year 2014 under the calendar year 2013/2014 LTIP-Cash. Mr. Anstice has received the amount accrued under the calendar year 2012/2013 LTIP-Cash and 2013/2014 LTIP-Cash.

(10) Represents $835,164 earned by and subsequently paid to Mr. Archer under the calendar year 2014 AIP and $1,278,968 accrued on his behalf for the performance during fiscal year 2015 under the calendar year 2013/2014 Long-Term Incentive Program, or LTIP-Cash. Mr. Archer has received the amount accrued under the calendar year 2013/2014 LTIP-Cash.

(11) Represents $642,528 earned by and subsequently paid to Mr. Archer under the calendar year 2013 AIP, $612,276 accrued on his behalf for the performance during fiscal year 2014 under the calendar year 2012/2013 Long-Term Incentive Program, or LTIP-Cash, and $1,779,877 accrued on his behalf for the performance during fiscal year 2014 under the calendar year 2013/2014 LTIP-Cash. Mr. Archer has received the amount accrued under the

calendar year 2012/2013 LTIP-Cash and 2013/2014 LTIP-Cash.

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Table of Contents

(12) Represents $597,902 earned by and subsequently paid to Mr. Bettinger under the calendar year 2014 AIP and $852,645 accrued on his behalf for the performance during fiscal year 2015 under the calendar year 2013/2014 Long-Term Incentive Program, or LTIP-Cash. Mr. Bettinger has received the amount accrued under the calendar year 2013/2014 LTIP-Cash.

(13) Represents $297,902 earned by and subsequently paid to Mr. Bettinger under the calendar year 2013 AIP, and $1,186,585 accrued on his behalf for the performance during fiscal year 2014 under the calendar year 2013/2014 Long-Term Incentive Program, or LTIP-Cash. Mr. Bettinger has received the amounts accrued under the calendar year 2013/2014 LTIP-Cash.

(14) Represents $597,902 earned by and subsequently paid to Dr. Gottscho under the calendar year 2014 AIP and $884,619 accrued on his behalf for the performance during fiscal year 2015 under the calendar year 2013/2014 Long-Term Incentive Program, or LTIP-Cash. Dr. Gottscho has received the amount accrued under the calendar year 2013/2014 LTIP-Cash.

(15) Represents $486,685 earned by and subsequently paid to Dr. Gottscho under the calendar year 2013 AIP, $391,857 accrued on his behalf for the performance during fiscal year 2014 under the calendar year 2012/2013 Long-Term Incentive Program, or LTIP-Cash, and $1,231,082 accrued on his behalf for the performance during fiscal year 2014 under the calendar year 2013/2014 LTIP-Cash. Dr. Gottscho has received the amount accrued under the calendar year 2012/2013 LTIP-Cash and 2013/2014 LTIP-Cash.

(16) Represents $420,113 earned by and subsequently paid to Ms. O Dowd under the calendar year 2014 AIP and $536,314 accrued on her behalf for the performance during fiscal year 2015 under the calendar year 2013/2014 Long-Term Incentive Program, or LTIP-Cash. Ms. O Dowd has received the amount accrued under the calendar year 2013/2014 LTIP-Cash.

(17) Represents $318,575 earned by and subsequently paid to Ms. O Dowd under the calendar year 2013 AIP, $306,138 accrued on her behalf for the performance during fiscal year 2014 under the calendar year 2012/2013 Long-Term Incentive Program, or LTIP-Cash, and $746,362 accrued on her behalf for the performance during fiscal year 2014 under the calendar year 2013/2014 LTIP-Cash. Ms. O Dowd has received the amount accrued under the calendar year 2012/2013 LTIP-Cash and 2013/2014 LTIP-Cash.

Figure 29. FY2016 All Other Compensation Table

All Other Compensation Table for Fiscal Year 2016		
	Company Matching Contribution to the Company s Section 401(k) Plan ($)	Company Paid Long-Term Disability Insurance Premiums (1)