

1.0 PURPOSE

To provide financial assistance for job related education and development of Lam Research employees in North America, in support of business requirements (working condition benefits).

2.0 SCOPE

This practice applies to all regular full and part time North American employees (including Silfex). Lam recognizes that the development of employees is important to both the employee and the Company.

3.0 DEFINITIONS

None

4.0 RESPONSIBILITIES

It is the responsibility of all Lam employees to follow the provisions of this practice. Each manager is responsible for implementing this practice within his or her own area of responsibility.

It is the responsibility of every employee who receives benefits under this practice to maintain satisfactory job performance while engaged in an educational course of study.

It is the responsibility of the direct supervisor of the employee who makes application for education assistance to ensure that the employee's answers to the Tax Determination Questions are accurate.

5.0 PRACTICE PROVISIONS

The Company provides financial assistance to employees who complete education courses that meet the provisions of this practice.

5.1 Basic Requirements

- 5.1.1 Coursework must begin on or after the employee has completed 90 days of employment.
- 5.1.2 The coursework improves or maintains job-related skills for a current or future position at Lam. Educational programs for non-Lam professions (e.g. medicine) are excluded from this practice.
- 5.1.3 It is strongly recommended that the application for education assistance be submitted with sufficient time to complete the approval process *prior* to paying for coursework. Approval of education assistance is not automatic or guaranteed and is based on meeting all practice requirements including obtaining manager approval. In all cases applications, must be submitted no later than 60 days after the start date of the coursework.
- 5.1.4 The coursework must be pursued through an educational institution accredited by a national accrediting agency.
- 5.1.5 Employees must be actively employed at the time the coursework begins.
- 5.1.6 Employees must still be employed at the completion of the course work or be no longer employed for specific involuntary reasons such as reduction in force.

- 5.1.7 Employees must have a satisfactory job performance at the time their coursework begins as determined by their manager. If an employee's job performance becomes unsatisfactory the employee will not be eligible for future reimbursement unless the job performance improves to a satisfactory level as determined by the manager.
- 5.1.8 Coursework must be completed with a grade of C- or better for undergraduate courses, B- or better for graduate courses or Pass if pass/fail to qualify for reimbursement.
- 5.1.9 The Company will reimburse approved amounts less any benefit amounts received from other sources not requiring repayment such as grants, scholarships, or Veterans Administration (VA) benefits.
- 5.1.10 Requests for reimbursement must be submitted no later than 90 days after the course has ended.

5.2 Eligible Expenses

- 5.2.1 Eligible expenses covered by the program include tuition, books and certain fees. Book coverage includes shipping, handling and taxes on books. Covered fees include required course fees, lab fees and parking. All other fees are covered under this practice except the following: meals, lodging/housing expenses, course add/drop fees, travel/transportation fees, preparatory course fees, subscriptions, transcript/printing fees and exam fees. Also covered are course materials and supplies. Supporting documentation is required in order to receive reimbursement for project materials.
- 5.2.2 Employees are reimbursed 100% of eligible expenses to a maximum of \$15,000 per calendar year. The date of payment will determine the year in which the reimbursements apply when calculating the annual maximum limits.

5.3 Withholding Tax

Lam will follow IRS directives regarding taxation of tuition reimbursements and taxes will be withheld accordingly. If the IRS determines that a tuition reimbursement is taxable income, yet insufficient tax had been withheld, the employee is responsible for income tax on the reimbursement. For more information, refer to IRS Publication 5137 which includes a discussion of Internal Revenue Code (IRC) 132(d) – Education as Working Condition Fringe Benefit. The publication can be found at: <http://www.irs.gov/pub/irs-pdf/p5137.pdf>.

5.4 Obligation of Employee

The completion of the Educational Assistance on-line application including the Application Agreement and Tax Determination Questions constitutes a request for educational assistance as detailed in this practice. If an employee's employment terminates for reasons within his/her control within three months of course completion, all education assistance received for that course must be repaid to the Company. In the case of a degree program, employees whose employment terminates for reasons within their control within twelve months of degree completion must repay to the Company all education assistance received during the prior twelve month period prior to the degree completion. An employee agrees to these repayment obligations by accepting education assistance funds from the Company. These repayment obligations will also be set forth in the Application Agreement.

This requirement will not apply to employees whose employment terminates because of a reduction in work force or when the employee has been directed by the Company to take a course to retain current employment.

The Application Agreement does not constitute an express or implied promise of continued employment for the repayment period, for any period, or at all and shall not interfere with an employee's right or the Company's right to terminate employment at any time, with or without cause.

5.5 Advanced Degree Supplemental Assistance

In addition to the standard education assistance, an employee may qualify for supplemental educational financial assistance.

- 5.5.1 Upon completion of an advanced degree such as an MBA, master's program in an engineering or science discipline, or PhD, an employee in an approved advanced degree program may be eligible for additional educational expense reimbursement.
- 5.5.2 To qualify for supplemental assistance the employee must meet all basic requirements of the standard education assistance program and submit a request for reimbursement along with proof of completion no later than 90 days after completing the last course for the degree.
- 5.5.3 Reimbursement is at the annual standard education assistance reimbursement amount (currently \$15,000) on an annual basis until the threshold of 100% of the total eligible cost of the degree program is met or \$80,000, whichever is less.
- 5.5.4 Amounts previously paid by the Company for advanced degree coursework (as part of the standard education assistance) are included in determining when the 100% or \$80,000 thresholds are met.
- 5.5.5 The reimbursement threshold of 100% or \$80,000, whichever is less, applies to the total of the combined expenses for multiple advanced degrees.

5.6 San Jose State University Masters of Science in Engineering

The purpose of the Master of Science in Engineering (MSE) Program, emphasis in systems engineering, is to provide advanced studies in Transport Processes, Solid State Materials, and Control Systems by San Jose State University (SJSU). This program has been developed by SJSU and customized for Lam Research. The program has the same requirements and follows the same procedures as the standard Educational Assistance except as noted below:

- 5.6.1 There is no maximum reimbursement limit per year.
- 5.6.2 Reimbursement is made regardless of the ending grade, but grades must still be submitted along with the reimbursement request.
- 5.6.3 Covered expenses include tuition, books, fees and materials.

6.0 METHOD

Employees applying for Educational Assistance should complete the following steps in sequence:

6.1 Prior to Coursework Enrollment

Employees will discuss their educational plans with their manager prior to enrolling in coursework.

6.2 Educational Assistance Application

Employees will apply for educational assistance on-line by accessing the Wage Works website.

6.3 Questions

Questions regarding the educational assistance process may be addressed by contacting Edcor customer service at 1-855-258-3468 from 5:00am to 5:00 pm PST, Monday - Friday.

7.0 RECORDS

None

8.0 REFERENCES

None

9.0 APPENDIX

None