

Fiscal 2016 Annual Shareholders Meeting

January 18, 2017

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Robert Switz, Chairman

Business Update

Mark Durcan, Chief Executive Officer

Safe Harbor Statement

During the course of this meeting, we may make projections or other forward-looking statements regarding future events or the future financial performance of the Company and the industry. We wish to caution you that such statements are predictions and that actual events or results may differ materially. We refer you to the documents the Company files from time to time with the Securities and Exchange Commission, specifically the Company's most recent Form 10-K and Form 10-Q. These documents contain and identify important factors that could cause the actual results for the Company to differ materially from those contained in our projections or forward-looking statements. These certain factors can be found at <http://www.micron.com/certainfactors>. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. We are under no duty to update any of the forward-looking statements after the date of the presentation to conform these statements to actual results.

FY16 – Year In Review

- Weak demand environment for PCs in the first half drove challenging market conditions; demand environment improved in the latter part of the fiscal year creating positive momentum
- Achieved critical milestones on leading-edge technology deployment; remained on track for bit growth and cost reduction targets
- Achieved Non-GAAP profitability despite market headwinds and technology transitions
- Finalized Inotera acquisition

FY16 Financial Summary

NON-GAAP

Dollars in millions, except per share	FY16	% of Sales	FY15	% of Sales
Net sales	\$12,399	100%	\$16,192	100%
Gross margin	2,510	20%	5,215	32%
Operating income (loss)	243	2%	3,001	19%
Income tax (provision) benefit	67		(114)	
Net income (loss) attributable to Micron shareholders	66	1%	3,098	19%
Diluted earnings (loss) per share	0.06		2.72	
Cash provided by operating activities	3,168		5,208	
Cash and marketable investments	4,812		5,634	



Inotera Acquisition Completed

- Culmination of a long, successful partnership
- Immediately accretive to gross margins, EPS and cash flow
- Greater efficiency and flexibility



Building on Our Strengths

- Aggressive technology ramps and cost-reduction efforts continue to yield results
- Memory is increasingly important to complex new applications



Summary

- Strong execution and improved markets have significantly strengthened financial performance
- Aggressive technology transitions are leading to a better-positioned product portfolio to address market demand
- Focused on executing on key operational priorities



Q&A



The logo features a stylized white 'M' with two white orbital rings around it, positioned to the left of the word 'micron' in a bold, lowercase sans-serif font. A registered trademark symbol (®) is located at the end of the word.

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Non-GAAP Reconciliations

Consolidated Statements of Operations

NON-GAAP RECONCILIATION

Amounts in millions, except per share amounts	FY-16	FY-15
GAAP net income (loss) attributable to Micron	\$ (276)	\$ 2,899
Non-GAAP adjustments:		
Restructure and asset impairments	92	13
Amortization of debt discount and other costs	126	138
Loss on restructure of debt	4	49
(Gain) loss from changes in currency exchange rates	24	27
(Gain) from <u>remeasurement</u> of equity interest	—	(21)
Other	3	(1)
Estimated tax effects of above items	—	(16)
Non-cash changes in net deferred income taxes	134	31
Non-cash taxes from business acquisition activities	(41)	(21)
Total non-GAAP adjustments	342	199
Non-GAAP net income (loss) attributable to Micron	\$ 66	\$ 3,098
GAAP shares used in diluted EPS calculations	1,036	1,170
Anti-dilutive effect of capped calls and other adjustments	(1)	(32)
Non-GAAP shares used in diluted EPS calculations	1,035	1,138
GAAP diluted earnings (loss) per share	\$ (0.27)	\$ 2.47
Effects of above	0.33	0.25
Non-GAAP diluted earnings (loss) per share	\$ 0.06	\$ 2.72

Consolidated Statements of Operations

FY16 NON-GAAP RECONCILIATION

Amounts in millions	GAAP	Adjustments		Non-GAAP
Net sales	\$ 12,399	\$ —		\$ 12,399
Cost of goods sold	9,894	(5)	A	9,889
Gross margin	2,505	5		2,510
Selling, general and administrative	659	(3)	B	656
Research and development	1,617	—		1,617
Restructure and asset impairments	67	(67)	C	—
Other operating (income) expense, net	(6)	—		(6)
Total operating expenses	2,337	(70)		2,267
Operating income (loss)	168	75		243
Interest income	42	—		42
Interest expense	(437)	126	D	(311)
Other non-operating income (expense), net	(54)	23	E,F,G	(31)
	(281)	224		(57)
Income tax (provision) benefit	(19)	86	H,I	67
Equity in net income (loss) of equity method investees	25	32	J,K	57
Net income (loss)	(275)	342		67
Net income (loss) attributable to noncontrolling interests	(1)	—		(1)
Net income (loss) attributable to Micron	\$ (276)	\$ 342		\$ 66

Consolidated Statements of Operations

FY16 NON-GAAP RECONCILIATION (CONTINUED)

Amounts in millions			
A	Fab 10X start-up costs	\$	5
B	Inotera acquisition and integration costs		3
C	Restructure and asset impairments		67
D	Amortization of debt discount and other costs		126
E	Loss on restructure of debt		4
F	(Gain) on acquisition		(5)
G	(Gain) loss from changes in currency exchange rates		24
H	Non-cash changes in net deferred income taxes		127
I	Non-cash taxes from business acquisition activities		(41)
J	Non-cash taxes from Inotera		7
K	Impairment of equity method investment		25
		\$	<u>342</u>

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