



September 26, 2017

Micron Technology, Inc., Reports Results for The Fourth Quarter and Full Year of 2017

Delivered record results, reflecting solid operational execution, healthy product demand, and positive industry dynamics

BOISE, Idaho, Sept. 26, 2017 (GLOBE NEWSWIRE) -- Micron Technology, Inc., (NASDAQ:MU) today announced results of operations for its fourth quarter and full year of 2017, which ended August 31, 2017.

Fiscal Q4 2017 highlights

- | Revenues of \$6.14 billion, 91% higher compared with the same period last year
- | GAAP net income of \$2.37 billion, or \$1.99 per diluted share
- | Non-GAAP net income of \$2.39 billion, or \$2.02 per diluted share

Fiscal 2017 highlights

- | Revenues of \$20.32 billion, 64% higher compared with the prior fiscal year
- | GAAP net income of \$5.09 billion, or \$4.41 per diluted share
- | Non-GAAP net income of \$5.65 billion, or \$4.96 per diluted share
- | Cash flows from operations of \$8.15 billion

"Micron delivered exceptional fourth quarter and fiscal year results, reflecting solid execution and robust demand for our memory and storage solutions," said Micron President and CEO Sanjay Mehrotra. "We expect healthy industry fundamentals to continue into 2018, supported by increasingly diverse end markets and applications. We believe our focus on accelerating the deployment of advanced technologies and solutions will address our customers' evolving requirements, further strengthen our financial foundation, and enhance shareholder value."

Quarterly Financial Results

| <i>(in millions, except per share amounts)</i> | GAAP ⁽¹⁾ | | | Non-GAAP ⁽²⁾ | | |
|--|---------------------|-------------------|-------------------|-------------------------|-------------------|-----------------|
| | FQ4-17 | FQ3-17 | FQ4-16 | FQ4-17 | FQ3-17 | FQ4-16 |
| Revenue | \$ 6,138 | \$ 5,566 | \$ 3,217 | \$ 6,138 | \$ 5,566 | \$ 3,217 |
| Gross margin <i>percent of revenue</i> | \$ 3,112 50.7% | \$ 2,609 46.9% | \$ 579 18.0% | \$ 3,147 51.3% | \$ 2,671 48.0% | \$ 598 18.6% |
| Operating income (loss) <i>percent of revenue</i> | \$ 2,502 40.8% | \$ 1,963 35.3% | \$ (32) (1.0)% | \$ 2,546 41.5% | \$ 2,071 37.2% | \$ 66 2.1% |
| Net income (loss) attributable to Micron | \$ 2,368 | \$ 1,647 | \$ (170) | \$ 2,386 | \$ 1,896 | \$ (9) |
| Diluted earnings (loss) per share | \$ 1.99 | \$ 1.40 | \$ (0.16) | \$ 2.02 | \$ 1.62 | \$ (0.01) |

Annual Financial Results

| <i>(in millions, except per share amounts)</i> | GAAP ⁽¹⁾ | | Non-GAAP ⁽²⁾ | |
|--|---------------------|-------------------|-------------------------|-------------------|
| | FY 17 | FY 16 | FY 17 | FY 16 |
| Revenue | \$ 20,322 | \$ 12,399 | \$ 20,322 | \$ 12,399 |
| Gross margin <i>percent of revenue</i> | \$ 8,436 41.5% | \$ 2,505 20.2% | \$ 8,639 42.5% | \$ 2,592 20.9% |
| Operating income <i>percent of revenue</i> | \$ 5,868 28.9% | \$ 168 1.4% | \$ 6,232 30.7% | \$ 450 3.6% |
| Net income (loss) attributable to Micron | \$ 5,089 | \$ (276) | \$ 5,648 | \$ 273 |
| Diluted earnings (loss) per share | \$ 4.41 | \$ (0.27) | \$ 4.96 | \$ 0.26 |

Revenues for the fourth quarter of 2017 were 10 percent higher compared to the third quarter of 2017, with DRAM sales volumes 5 percent higher and NAND sales volumes 3 percent higher. DRAM and NAND average selling prices for the quarter increased 8 percent and 5 percent, respectively. Our overall consolidated gross margin of 50.7 percent for the fourth quarter of 2017 was higher compared to 46.9 percent in the third quarter due to expansion of margins for DRAM products.

Investments in capital expenditures, net of amounts funded by partners, were \$1.51 billion for the fourth quarter of 2017 and \$5.13 billion for the full year of 2017. We ended the fourth quarter with cash, marketable investments, and restricted cash of \$6.15 billion.

We will host a conference call on Tuesday, September 26, 2017 at 2:30 p.m. MT to discuss our financial results. The call, audio, and slides will be available online at investors.micron.com. A webcast replay will be available on our website until September 26, 2018. A taped audio replay of the conference call will also be available at 1-404-537-3406 or 1-855-859-2056 (conference number: 76102815) beginning at 5:30 p.m. MT, Tuesday, September 26, 2017 and continuing through Tuesday, October 3, 2017. For Investor Relations and other company updates, follow @MicronTech on Twitter at twitter.com/MicronTech.

We are a world leader in innovative memory solutions. Through our global brands — Micron[®], Crucial[®], and Ballistix[®] — our broad portfolio of high-performance memory technologies, including DRAM, NAND, NOR Flash, and 3D XPoint™ memory, is transforming how the world uses information. Backed by more than 35 years of technology leadership, our memory solutions enable the world's most innovative computing, consumer, enterprise storage, data center, mobile, embedded, and automotive applications. Our common stock is traded on the NASDAQ under the MU symbol. To learn more about Micron Technology, Inc., visit www.micron.com.

The Micron logo and Micron symbol are trademarks of Micron Technology, Inc. All other trademarks are the property of their respective owners.

This press release contains forward-looking statements regarding the industry and our strategic position and financial results. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results to differ materially. Please refer to the documents we file with the Securities and Exchange Commission, specifically our most recent Form 10-K and Form 10-Q. These documents contain and identify important factors that could cause our actual results to differ materially from those contained in these forward-looking statements. These certain factors can be found at 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 this release to conform these statements to actual results.

(1) GAAP represents U.S. Generally Accepted Accounting Principles.

(2) Non-GAAP represents GAAP excluding the impact of certain activities which our management excludes in analyzing our operating results and understanding trends in our earnings. Non-GAAP also includes the impact on shares used in per share calculations of our outstanding capped call transactions and from the exclusion of stock-based compensation. Fiscal 2016 amounts have been adjusted to conform with current period presentation to exclude stock-based compensation and the amortization of acquisition related intangibles from our non-GAAP reporting. For a reconciliation of GAAP to non-GAAP results, see the accompanying financial tables and footnotes.

MICRON TECHNOLOGY, INC.
CONSOLIDATED FINANCIAL SUMMARY
(in millions except per share amounts)

| | 4 th Qtr. August 31, 2017 | 3 rd Qtr. June 1, 2017 | 4 th Qtr. September 1, 2016 | Year Ended August 31, 2017 | Year Ended September 1, 2016 |
|--|--|---|--|----------------------------------|------------------------------------|
| Net sales | \$ 6,138 | \$ 5,566 | \$ 3,217 | \$ 20,322 | \$ 12,399 |
| Cost of goods sold | 3,026 | 2,957 | 2,638 | 11,886 | 9,894 |
| Gross margin | 3,112 | 2,609 | 579 | 8,436 | 2,505 |
| Selling, general, and administrative | 193 | 204 | 157 | 743 | 659 |
| Research and development | 447 | 434 | 411 | 1,824 | 1,617 |
| Restructure and asset impairments ⁽¹⁾ | (27) | 12 | 51 | 18 | 67 |
| Other operating (income) expense, net | (3) | (4) | (8) | (17) | (6) |

| | | | | | |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| Operating income (loss) | 2,502 | 1,963 | (32) | 5,868 | 168 |
| Interest income (expense), net ⁽²⁾ | (132) | (143) | (126) | (560) | (395) |
| Other non-operating income (expense), net ⁽²⁾ | (49) | (83) | (10) | (112) | (54) |
| Income tax (provision) benefit ⁽³⁾ | 47 | (92) | (3) | (114) | (19) |
| Equity in net income (loss) of equity method investees | 1 | 2 | 1 | 8 | 25 |
| Net (income) attributable to noncontrolling interests | (1) | — | — | (1) | (1) |
| Net income (loss) attributable to Micron | <u>\$ 2,368</u> | <u>\$ 1,647</u> | <u>\$ (170)</u> | <u>\$ 5,089</u> | <u>\$ (276)</u> |

Earnings (loss) per share

| | | | | | |
|---------|---------|---------|-----------|---------|-----------|
| Basic | \$ 2.13 | \$ 1.49 | \$ (0.16) | \$ 4.67 | \$ (0.27) |
| Diluted | 1.99 | 1.40 | (0.16) | 4.41 | (0.27) |

Number of shares used in per share calculations

| | | | | | |
|---------|-------|-------|-------|-------|-------|
| Basic | 1,109 | 1,106 | 1,037 | 1,089 | 1,036 |
| Diluted | 1,187 | 1,177 | 1,037 | 1,154 | 1,036 |

CONSOLIDATED FINANCIAL SUMMARY, Continued

| As of | August 31, 2017 | June 1, 2017 | September 1, 2016 |
|--|----------------------------|-------------------------|------------------------------|
| Cash and short-term investments | \$ 5,428 | \$ 4,330 | \$ 4,398 |
| Receivables | 3,759 | 3,497 | 2,068 |
| Inventories | 3,123 | 3,064 | 2,889 |
| Total current assets | 12,457 | 11,023 | 9,495 |
| Long-term marketable investments | 617 | 471 | 414 |
| Property, plant, and equipment, net | 19,431 | 19,014 | 14,686 |
| Total assets | 35,336 | 33,267 | 27,540 |
| Accounts payable and accrued expenses | 3,664 | 3,656 | 3,879 |
| Current debt ⁽²⁾ | 1,262 | 1,161 | 756 |
| Total current liabilities | 5,334 | 5,143 | 4,835 |
| Long-term debt ⁽²⁾ | 9,872 | 10,485 | 9,154 |
| Total Micron shareholders' equity | 18,621 | 16,171 | 12,080 |
| Noncontrolling interests in subsidiaries | 849 | 848 | 848 |
| Total equity | 19,470 | 17,019 | 12,928 |

| | Year Ended | |
|--|----------------------------|------------------------------|
| | August 31, 2017 | September 1, 2016 |
| Net cash provided by operating activities | \$ 8,153 | \$ 3,168 |
| Net cash provided by (used for) investing activities ^(a) | (7,537) | (3,044) |
| Net cash provided by (used for) financing activities | 349 | 1,745 |
| Depreciation and amortization | 3,986 | 3,106 |
| Investments in capital expenditures | (5,253) | (5,863) |
| Acquisition of Inotera | (2,634) | — |
| Proceeds from issuance of debt and equipment sale-leaseback transactions | 3,311 | 2,964 |
| Repayments of debt | (2,558) | (870) |

(a) 2016 amount adjusted for the retrospective adoption of ASU 2016-18 — *Restricted Cash*.

Inotera Acquisition

On December 6, 2016, we acquired the remaining 67% interest in Inotera Memories, Inc. ("Inotera") and began consolidating Inotera's operating results. Cash paid for the Inotera acquisition was funded, in part, with proceeds from a term loan and the sale of shares of our common stock to Nanya. Inotera manufactures DRAM products at its 300mm wafer fabrication facility in Taiwan, and previously sold such products exclusively to us through supply agreements.

The aggregate fair value of consideration consisted of \$3.11 billion of cash, \$995 million for the fair value of Micron shares exchanged for Inotera shares, and \$1.44 billion for the fair value of our previously-held equity interest in Inotera, net of \$361 million for payments attributed to intercompany balances with Inotera. The provisional fair values of assets and liabilities acquired include, among other items, cash of \$118 million; inventories of \$285 million; property, plant, and equipment of \$3.72 billion; goodwill of \$1.12 billion; and accounts payable and accrued expenses of (\$232) million, and could change as additional information becomes available. In connection with the acquisition, we revalued our 33% interest in Inotera to its fair value and recognized a non-operating gain of \$71 million in the second quarter of 2017.

In connection with our acquisition of Inotera, in the second quarter of 2017, we sold 58 million shares of our common stock to Nanya for \$986 million, of which 54 million were issued from treasury stock. As a result, treasury stock decreased by \$1.03 billion, which resulted in a decrease in retained earnings of \$104 million for the difference between the carrying value of the treasury stock and its \$925 million fair value. These shares were issued in a transaction exempt from the registration requirements of the Securities Act of 1933, as amended, and subject to certain restrictions on transfers.

(1) In the fourth quarter of 2017, we recognized gains related to announced restructure and exit activities, primarily from the disposition of assets. In the third quarter of 2017, we recognized a loss of \$11 million in connection with the disposition of our assembly and test facility located in Akita, Japan. In the fourth quarter of 2016, we initiated a restructure plan in response to business conditions and the need to accelerate focus on our key priorities. As a result, we incurred charges of \$33 million in 2017 and \$58 million in the fourth quarter of 2016.

(2) In connection with the Inotera acquisition, on December 6, 2016, we drew 80 billion New Taiwan dollars under a collateralized, five-year variable-rate term loan. Principal under the term loan is payable in six equal semi-annual installments, commencing in June 2019.

In November 2016, we entered into a five-year variable-rate facility agreement to obtain up to \$800 million of financing, collateralized by certain production equipment and drew \$800 million under the facility in 2017. Principal is payable in 16 equal quarterly installments beginning in March 2018.

On August 11, 2017, we redeemed our 2022 Notes with an aggregate carrying value of \$592 million and recognized a non-operating loss of \$34 million in the fourth quarter of 2017. On April 11, 2017, we repurchased \$952 million in aggregate principal of our 2025 Notes and 2026 Notes, with an aggregate carrying value of \$943 million, and recognized a non-operating loss of \$60 million in the third quarter of 2017.

(3) Our income taxes reflect operations in tax jurisdictions, including Singapore and Taiwan, where our earnings are indefinitely reinvested and the tax rates are significantly lower than the U.S. statutory rate; operations outside the U.S., including Singapore, where we have tax incentive arrangements that further decrease our effective tax rates; and a valuation allowance against substantially all of our U.S. net deferred tax assets. Income tax (provision) benefit consisted of the following (in millions):

| | 4 th Qtr. August 31, 2017 | 3 rd Qtr. June 1, 2017 | 4 th Qtr. September 1, 2016 | Year Ended August 31, 2017 | Year Ended September 1, 2016 |
|--|---|---|---|-------------------------------------|---------------------------------------|
| Utilization of and other changes in net deferred tax assets of MMJ, MMT, and Inotera | \$ 106 | \$ (31) | \$ (12) | \$ 54 | \$ (114) |
| U.S. valuation allowance release resulting from business acquisition | — | — | — | — | 41 |
| Other income tax (provision) benefit, primarily other non-U.S. operations | (59) | (61) | 9 | (168) | 54 |
| | <u>\$ 47</u> | <u>\$ (92)</u> | <u>\$ (3)</u> | <u>\$ (114)</u> | <u>\$ (19)</u> |

Income taxes for the full year of 2017 and 2016 included tax benefits of \$28 million and \$58 million, respectively, related to the favorable resolution of certain tax matters, which were previously reserved as uncertain tax positions.

MICRON TECHNOLOGY, INC.
RECONCILIATION OF GAAP TO NON-GAAP RESULTS
(in millions, except per share amounts)

| | 4 th Qtr. August 31, 2017 | | | 3 rd Qtr. June 1, 2017 | | | 4 th Qtr. September 1, 2016 | | |
|--|---|---------|----------|--------------------------------------|---------|----------|---|---------|-----------|
| | GAAP | Adj | Non-GAAP | GAAP | Adj | Non-GAAP | GAAP | Adj | Non-GAAP |
| Net sales | \$ 6,138 | \$ — | \$ 6,138 | \$ 5,566 | \$ — | \$ 5,566 | \$ 3,217 | \$ — | \$ 3,217 |
| Cost of goods sold | 3,026 | (35) | 2,991 | 2,957 | (62) | 2,895 | 2,638 | (19) | 2,619 |
| Gross margin | 3,112 | 35 | 3,147 | 2,609 | 62 | 2,671 | 579 | 19 | 598 |
| <i>percent of revenue</i> | 50.7% | | 51.3% | 46.9% | | 48.0% | 18.0% | | 18.6% |
| Selling, general, and administrative | 193 | (22) | 171 | 204 | (20) | 184 | 157 | (15) | 142 |
| Research and development | 447 | (14) | 433 | 434 | (14) | 420 | 411 | (13) | 398 |
| Restructure and asset impairments | (27) | 27 | — | 12 | (12) | — | 51 | (51) | — |
| Other operating (income) expense, net | (3) | — | (3) | (4) | — | (4) | (8) | — | (8) |
| Operating expenses | 610 | (9) | 601 | 646 | (46) | 600 | 611 | (79) | 532 |
| Operating income (loss) | 2,502 | 44 | 2,546 | 1,963 | 108 | 2,071 | (32) | 98 | 66 |
| <i>percent of revenue</i> | 40.8% | | 41.5% | 35.3% | | 37.2% | (1.0)% | | 2.1% |
| Interest income (expense), net | (132) | 32 | (100) | (143) | 30 | (113) | (126) | 32 | (94) |
| Other non-operating income (expense), net | (49) | 49 | — | (83) | 83 | — | (10) | 11 | 1 |
| | 2,321 | 125 | 2,446 | 1,737 | 221 | 1,958 | (168) | 141 | (27) |
| Income tax (provision) benefit | 47 | (107) | (60) | (92) | 28 | (64) | (3) | 23 | 20 |
| Equity in net income (loss) of equity method investees | 1 | — | 1 | 2 | — | 2 | 1 | (3) | (2) |
| Net income (loss) | 2,369 | 18 | 2,387 | 1,647 | 249 | 1,896 | (170) | 161 | (9) |
| Net income (loss) attributable to noncontrolling interests | (1) | — | (1) | — | — | — | — | — | — |
| Net income (loss) attributable to Micron | \$ 2,368 | \$ 18 | \$ 2,386 | \$ 1,647 | \$ 249 | \$ 1,896 | \$ (170) | \$ 161 | \$ (9) |
| Shares used in calculations | 1,187 | (6) | 1,181 | 1,177 | (8) | 1,169 | 1,037 | — | 1,037 |
| Diluted earnings (loss) per share | \$ 1.99 | \$ 0.03 | \$ 2.02 | \$ 1.40 | \$ 0.22 | \$ 1.62 | \$ (0.16) | \$ 0.15 | \$ (0.01) |

| | Year Ended August 31, 2017 | | | Year Ended September 1, 2016 | | |
|--------------------|-------------------------------|-------|-----------|---------------------------------|------|-----------|
| | GAAP | Adj | Non-GAAP | GAAP | Adj | Non-GAAP |
| Net sales | \$ 20,322 | \$ — | \$ 20,322 | \$ 12,399 | \$ — | \$ 12,399 |
| Cost of goods sold | 11,886 | (203) | 11,683 | 9,894 | (87) | 9,807 |

| | | | | | | |
|--|--------------|---------|--------------|--------------|---------|--------------|
| Gross margin | 8,436 | 203 | 8,639 | 2,505 | 87 | 2,592 |
| <i>percent of revenue</i> | <i>41.5%</i> | | <i>42.5%</i> | <i>20.2%</i> | | <i>20.9%</i> |
| Selling, general, and administrative | 743 | (88) | 655 | 659 | (69) | 590 |
| Research and development | 1,824 | (55) | 1,769 | 1,617 | (59) | 1,558 |
| Restructure and asset impairments | 18 | (18) | — | 67 | (67) | — |
| Other operating (income) expense, net | (17) | — | (17) | (6) | — | (6) |
| Operating expenses | 2,568 | (161) | 2,407 | 2,337 | (195) | 2,142 |
| Operating income (loss) | 5,868 | 364 | 6,232 | 168 | 282 | 450 |
| <i>percent of revenue</i> | <i>28.9%</i> | | <i>30.7%</i> | <i>1.4%</i> | | <i>3.6%</i> |
| Interest income (expense), net | (560) | 125 | (435) | (395) | 126 | (269) |
| Other non-operating income (expense), net | (112) | 112 | — | (54) | 23 | (31) |
| | 5,196 | 601 | 5,797 | (281) | 431 | 150 |
| Income tax (provision) benefit | (114) | (59) | (173) | (19) | 85 | 66 |
| Equity in net income (loss) of equity method investees | 8 | 17 | 25 | 25 | 33 | 58 |
| Net income (loss) | 5,090 | 559 | 5,649 | (275) | 549 | 274 |
| Net income (loss) attributable to noncontrolling interests | (1) | — | (1) | (1) | — | (1) |
| Net income (loss) attributable to Micron | \$ 5,089 | \$ 559 | \$ 5,648 | \$ (276) | \$ 549 | \$ 273 |
| Shares used in calculations | 1,154 | (14) | 1,140 | 1,036 | 14 | 1,050 |
| Diluted earnings (loss) per share | \$ 4.41 | \$ 0.55 | \$ 4.96 | \$ (0.27) | \$ 0.53 | \$ 0.26 |

MICRON TECHNOLOGY, INC.
NON-GAAP ADJUSTMENTS
(in millions)

| | 4 th Qtr. August 31, 2017 | 3 rd Qtr. June 1, 2017 | 4 th Qtr. September 1, 2016 | Year Ended August 31, 2017 | Year Ended September 1, 2016 |
|---|--|---|--|----------------------------------|------------------------------------|
| Non-GAAP adjustments | | | | | |
| Cost of goods sold | | | | | |
| Flow-through of Inotera inventory step up | \$ 11 | \$ 36 | \$ — | \$ 107 | \$ — |
| Stock-based compensation | 22 | 24 | 18 | 88 | 76 |
| Other | 2 | 2 | 1 | 8 | 11 |
| | 35 | 62 | 19 | 203 | 87 |
| Selling, general, and administrative | | | | | |
| Stock-based compensation | 22 | 20 | 14 | 75 | 66 |
| Inotera acquisition costs | — | — | 1 | 13 | 3 |
| | 22 | 20 | 15 | 88 | 69 |
| Research and development | | | | | |
| Stock-based compensation | 13 | 13 | 11 | 52 | 49 |
| Other | 1 | 1 | 2 | 3 | 10 |
| | 14 | 14 | 13 | 55 | 59 |
| Restructure and asset impairments | (27) | 12 | 51 | 18 | 67 |
| Interest income (expense), net | | | | | |
| Amortization of debt discount and other costs | 32 | 30 | 32 | 125 | 126 |

| | | | | | |
|--|--------------|---------------|---------------|---------------|---------------|
| Other non-operating income (expense) | | | | | |
| (Gain) loss from changes in currency exchange rates | 12 | 22 | 11 | 74 | 24 |
| Loss on debt repurchases and conversions | 37 | 61 | — | 100 | 4 |
| (Gain) loss from business acquisition activities | — | — | — | (71) | (5) |
| Other | — | — | — | 9 | — |
| | <u>49</u> | <u>83</u> | <u>11</u> | <u>112</u> | <u>23</u> |
| Income taxes | | | | | |
| Estimated tax effects of above and non-cash changes in net deferred income taxes | (107) | 28 | 23 | (59) | 85 |
| Equity in net income (loss) of equity method investments | | | | | |
| Impairment of equity method investments | — | — | — | 16 | 25 |
| Other | — | — | (3) | 1 | 8 |
| | <u>—</u> | <u>—</u> | <u>(3)</u> | <u>17</u> | <u>33</u> |
| | <u>\$ 18</u> | <u>\$ 249</u> | <u>\$ 161</u> | <u>\$ 559</u> | <u>\$ 549</u> |

The tables above reconcile GAAP to non-GAAP results, diluted shares, and diluted earnings (loss) per share. The non-GAAP adjustments above may or may not be infrequent or nonrecurring in nature but are a result of periodic or non-core operating activities. We believe this non-GAAP information is helpful to understanding trends and in analyzing our operating results and earnings. We are providing this information to investors to assist in performing analysis of our operating results. When evaluating performance and making decisions on how to allocate our resources, management uses this non-GAAP information and believes investors should have access to similar data when making their investment decisions. We believe these non-GAAP financial measures increase transparency by providing investors with useful supplemental information about the financial performance of our business, enabling enhanced comparison of our operating results between periods and with peer companies. The presentation of these adjusted amounts vary from numbers presented in accordance with U.S. GAAP and therefore may not be comparable to amounts reported by other companies. In the first quarter of fiscal 2017, we began excluding stock-based compensation and amortization of acquisition-related intangible assets from non-GAAP results. Comparative periods have been restated.

Our management excludes the following items in analyzing our operating results and understanding trends in our earnings:

- l Flow-through of business acquisition-related inventory adjustments;
- l Stock-based compensation;
- l Acquisition-related costs;
- l Restructure and asset impairments;
- l Amortization of debt discount and other costs, including the accretion of non-cash interest expense associated with our convertible debt and MMJ installment debt;
- l Gains and losses from changes in currency exchange rates;
- l Losses from debt repurchases and conversions;
- l Gains and losses loss from business acquisition activities;
- l The estimated tax effects of above and non-cash changes in net deferred income taxes; and
- l Impairments of equity method investments.

Our outstanding capped call transactions are anti-dilutive in GAAP earnings per share but are expected to mitigate the dilutive effect of our convertible notes. In periods with non-GAAP income attributable to Micron, non-GAAP diluted shares include the impact of the capped calls, based on the average share price for the period the capped calls are outstanding. Non-GAAP diluted shares are also adjusted for the impact of additional shares resulting from the exclusion of stock-based compensation from non-GAAP income.

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| Contacts: Shanye Hudson | Marc Musgrove |
| Investor Relations | Media Relations |
| shudson@micron.com | mmusgrove@micron.com |
| (208) 492-1205 | (208) 363-2405 |