

# Micron Technology Financial Conference Call

## First Quarter of Fiscal 2014



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# Safe Harbor

The following materials contain projections or other forward-looking statements regarding future events or the future financial performance of Micron and our 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 we file on a consolidated basis from time to time 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 on a consolidated basis to differ materially from those contained in our projections or forward-looking statements. These certain factors can be found at <http://investors.micron.com/riskFactors.cfm>. 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.

# Materials Presented

- ▶ Summary Key Data (page 5)
  - FQ1-14 Operational & Financial Information
  - Guidance
- ▶ Q1-14 Quarterly Results (page 7)
- ▶ Non-GAAP Information with Reconciliation (pages 9-10)
- ▶ Additional Slides used in Quarterly Conference Call (pages 12-14)
- ▶ Convertible Debt and Capped Call Dilution Table (page 16)

# Summary Key Data

Product Categories	Approximate % of Revenue
NAND / Trade NAND*	Total 26%, Trade 23%
DRAM	69%
NOR	4%
Other	1%

Bit Growth	FQ1-14 Sales Actual	FQ2-14 Production Estimate
Trade NAND	17%	up high teens
DRAM	69%	flat

ASP	FQ1-14 Actual	FQ2-14 Quarter to Date Estimate*
Trade NAND	-6%	down high teens
DRAM	Flat	flat

\*Estimated Quarter to Date ASP includes the forecasted product mix for the quarter

Cost / Bit	FQ1-14 Actual	FQ2-14 Estimate
Trade NAND	-7%	down mid teens
DRAM	-11%	down high single digits

P&L and Cash Flow	FQ1-14 Actual	FQ2-14 Estimate
R&D	\$320M	\$355-\$365M
SG&A	\$176M	\$185-\$195M
Net Interest Expense	\$96M	\$75-\$85M
Income Tax (Provision) Benefit	(\$80M)	(\$70)-(\$80M)
Income/(Loss) on Equity Investments	\$86M	Primarily 35% of Inotera net income on a 2 month lag
Equity Comp Expense	\$22M	~\$25M
Diluted Shares	1,196M	NA
Operating Cashflow	\$1,507M	NA
Cap Ex (Capital Cashflow)	\$669M	FY14 \$2.6-\$3.2B
D&A	\$541M	\$555-\$560, FY14 ~\$2.4B

Consolidated Statements of Operations - Non-GAAP Disclosures	Q1-14	Q2-14 Estimate
GAAP net income attributable to Micron	\$358	
Non-GAAP adjustments:		
Rambus settlement	\$233	-
Flow through of Elpida inventory step up	\$111	~\$30
Loss on debt restructure	\$92	~\$70
Gain on acquisition of Elpida	-	-
Gain on Inotera issuance of shares	-	-
Elpida acquisition costs	-	-
Restructure and asset impairments	(\$3)	-
Amortization of debt discount and other costs	\$50	~\$50
(Gain) loss from changes in currency exchange rates	\$6	-
Estimated tax effects of above items	(\$39)	~(\$15)-(\$20)
Non-cash taxes from Elpida purchase accounting	\$73	~\$65-\$75
Total non-GAAP adjustments	\$523	
Non-GAAP net income attributable to Micron	\$881	
GAAP shares used in diluted EPS calculations	1,196	
Anti-dilutive effect of capped calls (a)	(54)	
Non-GAAP shares used in diluted EPS calculations	1,142	
GAAP diluted earnings per share	\$0.30	
Effects of above	\$0.47	
Non-GAAP diluted earnings per share	\$0.77	

\*Trade NAND excludes sales to Intel, which are at long-term negotiated prices approximating cost

(a) The anti-dilutive effect of the capped calls is based on the average share price for the quarter.

# Q1-14 Quarterly Results

# Financial Results Summary

Amounts in millions, except per share	FQ1 2014	% of Sales	FQ4 2013	% of Sales
<b>Net sales</b>	<b>\$ 4,042</b>	100%	<b>\$ 2,843</b>	100%
<b>Gross margin</b>	<b>1,281</b>	32%	<b>708</b>	25%
<b>Operating income</b>	<b>551</b>	14%	<b>207</b>	7%
<b>Gain on acquisition of Elpida</b>	<b>--</b>		<b>1,484</b>	
<b>Equity in net income of equity method investees</b>	<b>86</b>		<b>37</b>	
<b>Other non-operating income (expense)</b>	<b>(80)</b>	-2%	<b>45</b>	2%
<b>Net income attributable to Micron shareholders</b>	<b>\$ 358</b>	9%	<b>\$ 1,708</b>	60%
<b>Diluted earnings per share</b>	<b>\$ 0.30</b>		<b>\$ 1.51</b>	
<b>Shares in diluted EPS calculations</b>	<b>1,196</b>		<b>1,129</b>	

# Non-GAAP Information with Reconciliation



# Consolidated Statements of Operations

## Non-GAAP Disclosures

Amounts in millions	FO1 2014	FO4 2013
<b>GAAP net income attributable to Micron</b>	<b>\$ 358</b>	<b>\$ 1,708</b>
<b>Non-GAAP adjustments:</b>		
<b>Rambus settlement</b>	<b>233</b>	<b>--</b>
<b>Flow through of Elpida inventory step up</b>	<b>111</b>	<b>41</b>
<b>Loss on debt restructure</b>	<b>92</b>	<b>--</b>
<b>Gain on acquisition of Elpida</b>	<b>--</b>	<b>(1,484)</b>
<b>Gain on Inotera issuance of shares</b>	<b>--</b>	<b>(48)</b>
<b>Elpida acquisition costs</b>	<b>--</b>	<b>42</b>
<b>Restructure and asset impairments</b>	<b>(3)</b>	<b>32</b>
<b>Amortization of debt discount and other costs</b>	<b>50</b>	<b>36</b>
<b>(Gain) loss from changes in currency exchange rates</b>	<b>6</b>	<b>(2)</b>
<b>Estimated tax effects of above items</b>	<b>(39)</b>	<b>(15)</b>
<b>Non-cash taxes from Elpida purchase accounting</b>	<b>73</b>	<b>7</b>
<b>Total non-GAAP adjustments</b>	<b>523</b>	<b>(1,391)</b>
<b>Non-GAAP net income attributable to Micron</b>	<b>\$ 881</b>	<b>\$ 317</b>
<b>GAAP shares used in diluted EPS calculations</b>	<b>1,196</b>	<b>1,129</b>
<b>Anti-dilutive effect of capped calls <sup>(a)</sup></b>	<b>(54)</b>	<b>(51)</b>
<b>Non-GAAP shares used in diluted EPS calculations</b>	<b>1,142</b>	<b>1,078</b>
<b>GAAP diluted earnings per share</b>	<b>\$ 0.30</b>	<b>\$ 1.51</b>
<b>Effects of above</b>	<b>0.47</b>	<b>(1.22)</b>
<b>Non-GAAP diluted earnings per share</b>	<b>\$ 0.77</b>	<b>\$ 0.29</b>

(a) The anti-dilutive effect of the capped calls is based on the average share price for the quarter.

# Consolidated Statements of Operations

## Non-GAAP Disclosures - FQ1-14 Actual and FQ2-14 Estimates

Amounts in millions	FQ1 2014	FQ2 2014
<b>GAAP net income attributable to Micron</b>	<b>\$ 358</b>	
<b>Non-GAAP adjustments:</b>		
<b>Rambus settlement</b>	<b>233</b>	<b>--</b>
<b>Flow through of Elpida inventory step up</b>	<b>111</b>	<b>~\$30</b>
<b>Loss on debt restructure</b>	<b>92</b>	<b>~\$70</b>
<b>Gain on acquisition of Elpida</b>	<b>--</b>	<b>--</b>
<b>Gain on Inotera issuance of shares</b>	<b>--</b>	<b>--</b>
<b>Elpida acquisition costs</b>	<b>--</b>	<b>--</b>
<b>Restructure and asset impairments</b>	<b>(3)</b>	<b>--</b>
<b>Amortization of debt discount and other costs</b>	<b>50</b>	<b>~\$50</b>
<b>(Gain) loss from changes in currency exchange rates</b>	<b>6</b>	<b>--</b>
<b>Estimated tax effects of above items</b>	<b>(39)</b>	<b>~ \$(15)-(20)</b>
<b>Non-cash taxes from Elpida purchase accounting</b>	<b>73</b>	<b>~\$65-75</b>
<b>Total non-GAAP adjustments</b>	<b>523</b>	
<b>Non-GAAP net income attributable to Micron</b>	<b>\$ 881</b>	
<b>GAAP shares used in diluted EPS calculations</b>	<b>1,196</b>	
<b>Anti-dilutive effect of capped calls <sup>(a)</sup></b>	<b>(54)</b>	
<b>Non-GAAP shares used in diluted EPS calculations</b>	<b>1,142</b>	
<b>GAAP diluted earnings per share</b>	<b>\$ 0.30</b>	
<b>Effects of above</b>	<b>0.47</b>	
<b>Non-GAAP diluted earnings per share</b>	<b>\$ 0.77</b>	

(a) The anti-dilutive effect of the capped calls is based on the average share price for the quarter.

# Additional Slides used in Quarterly Conference Call

# Bit Growth, ASP and Cost/Bit

## FQ1-14 Actual and FQ2-14 Estimates

Bit Growth*	FQ1 2014 Actual (Sales)	FQ2 2014 Estimate (Production)
<b>Total DRAM</b>	<b>69%</b>	<b>Flat</b>
<b>Trade NAND*</b>	<b>17%</b>	<b>Up high teens</b>

\* Includes purchases from third parties

ASP	FQ1 2014 Actual	FQ2 2014 QTD**
<b>Total DRAM</b>	<b>0%</b>	<b>Flat</b>
<b>Trade NAND*</b>	<b>-6%</b>	<b>Down high teens</b>

\* Trade NAND excludes the portion of sales to Intel which are at long term negotiated prices approximating cost.

\*\* QTD includes both the impact of market price trends and changes in product mix.

Cost/Bit	FQ1 2014 Actual	FQ2 2014 Estimate
<b>Total DRAM</b>	<b>-11%</b>	<b>Down high single digits</b>
<b>Trade NAND*</b>	<b>-7%</b>	<b>Down mid teens</b>

\* Trade NAND excludes the portion of sales to Intel which are at long term negotiated prices approximating cost.

# P&L and Cash Flow

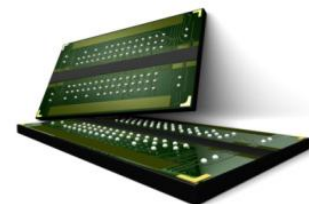
## FQ1-14 Actual and FQ2-14 Estimates

P&L and Cash Flow	FQ1 2014 Actual	FQ2 2014 Estimate
<b>SG&amp;A</b>	<b>\$176M</b>	<b>\$185M – \$195M</b>
<b>R&amp;D</b>	<b>\$320M</b>	<b>\$355M - \$365M</b>
<b>Net interest expense*</b>	<b>\$96M</b>	<b>\$75M - \$85M</b>
<b>Equity comp. expense</b>	<b>\$22M</b>	<b>Approx. \$25M</b>
<b>CapEx</b>	<b>\$669M</b>	<b>FY14: \$2.6B – \$3.2B</b>
<b>D&amp;A</b>	<b>\$541M</b>	<b>FY14: Approx. \$2.4B</b>

\* Includes imputed interest expense on convertible notes and Elpida's installment debt

# Business Unit Financial Summary

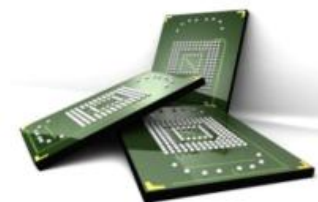
<b>DSG</b>	Dollars in Millions	FQ 12014	FQ4 2013
Sales		<b>\$1,785</b>	<b>\$1,239</b>
Operating income (loss)		<b>\$432</b>	<b>\$183</b>
Operating income %		24.2%	14.8%



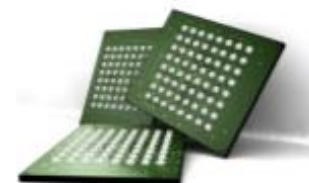
<b>WSG</b>	Dollars in Millions	FQ1 2014	FQ4 2013
Sales		<b>\$1,054</b>	<b>\$469</b>
Operating income (loss)		<b>\$176</b>	<b>(\$50)</b>
Operating income %		16.7%	-10.7%



<b>NSG</b>	Dollars in Millions	FQ1 2014	FQ4 2013
Sales		<b>\$806</b>	<b>\$781</b>
Operating income (loss)		<b>\$95</b>	<b>\$66</b>
Operating income %		11.8%	8.5%



<b>ESG</b>	Dollars in Millions	FQ1 2014	FQ4 2013
Sales		<b>\$366</b>	<b>\$329</b>
Operating income (loss)		<b>\$66</b>	<b>\$63</b>
Operating income %		18.0%	19.1%



# Convertible Debt and Capped Call Dilution Table

# Convertible Debt and Capped Call Dilution Table (Post- November 2013 Transactions\*)

Dilutive Shares in Millions		Average Stock Price									
Convertible Note	Face \$	\$12	\$14	\$16	\$18	\$20	\$22	\$24	\$26	\$28	\$30
<b>Net effect of transactions:</b>											
2027 Notes	\$175M	(1)	(4)	(5)	(6)	(7)	(8)	(9)	(9)	(10)	(10)
2031 A Notes	\$345M	(8)	(12)	(15)	(17)	(19)	(21)	(22)	(23)	(24)	(25)
2031 B Notes	\$205M	(5)	(7)	(9)	(10)	(11)	(12)	(13)	(14)	(14)	(15)
2043 G Notes	\$1,025M										1
		<b>(14)</b>	<b>(22)</b>	<b>(29)</b>	<b>(34)</b>	<b>(38)</b>	<b>(41)</b>	<b>(44)</b>	<b>(46)</b>	<b>(48)</b>	<b>(49)</b>
<b>After transactions:</b>											
2014 Notes	\$485M	0	0	4	7	10	12	14	15	17	18
2031 B Notes	\$140M	3	5	6	7	8	8	9	9	10	10
2032 C Notes	\$550M	11	18	23	27	30	32	34	36	37	39
2032 D Notes	\$450M	8	13	17	20	23	25	26	28	29	30
2033 E Notes	\$300M	2	6	9	11	12	14	15	16	17	17
2033 F Notes	\$300M	2	6	9	11	12	14	15	16	17	17
2043 G Notes	\$1,025M										1
<b>Total dilutive shares</b>		<b>27</b>	<b>48</b>	<b>67</b>	<b>82</b>	<b>95</b>	<b>105</b>	<b>113</b>	<b>120</b>	<b>126</b>	<b>133</b>
<b>Effect from capped calls**</b>		<b>(36)</b>	<b>(56)</b>	<b>(60)</b>	<b>(53)</b>	<b>(48)</b>	<b>(43)</b>	<b>(40)</b>	<b>(37)</b>	<b>(34)</b>	<b>(32)</b>

\*After giving effect to the exchange and extinguishment of the 2027 Notes and 2031A Notes and exchange of 59.4% of the 2031B Notes which are assumed to have been completed on November 6, 2013.

\*\* The effect from capped calls is excluded from the Company's calculation of basic and diluted earnings per share and reflects the share effect of capped calls at the indicated average stock price.





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