

# Micron Technology Financial Conference Call

First Quarter of Fiscal 2015

# Safe Harbor

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 on a consolidated basis from time to time with 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 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://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.

# Materials Presented

## Summary Key Data (page 5)

- FQ1-15 Operational & Financial Data
- Guidance

## FQ1-15 Quarterly Results (pages 7-9)

## Additional Slides used in Quarterly Conference Call (pages 11-14)

## Convertible Debt and Capped Call Dilution Table (page 16)

# Summary Key Data

Product Categories	Approximate % of Revenue
DRAM	68%
Trade NAND / NAND	Trade 26%, Total 28%
NOR	3%
Other	1%

Bit Growth	FQ1-15 Sales Actual	FQ2-15 Production Estimate
DRAM	8%	Down high single to low double digits
Trade NAND	20%	Flat to down low single digits

ASP	FQ1-15 Actual	FQ2-15 Quarter to Date Estimate*
DRAM	1%	Flat to down low single digits
Trade NAND	(6%)	Flat to down low single digits

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

Cost / Bit	FQ1-15 Actual	FQ2-15 Estimate
DRAM	(4%)	Approximately flat
Trade NAND	(5%)	Up mid single digits

P&L and Cash Flow	FQ1-15 Actual (millions)	FQ2-15 Estimate
Revenue	\$ 4,573	\$4.1-\$4.3 billion
R&D	\$ 376	\$385-\$395 million
SG&A	\$ 193	\$180-\$190 million
Net interest expense	\$ 83	\$70-\$80 million
Equity in net income of equity method investments	\$ 124	Primarily ~33% of Inotera net income on a 2-month lag
Income tax (provision) benefit	\$ (75)	FY15 mid to high single digit percentage
Equity compensation expense	\$ 35	\$45-\$50 million
Diluted shares	1,195	~1,191 million based on \$34 share price. Refer to the Convertible Notes Dilution Overview provided in our Earnings data file
Operating cash flow	\$ 1,592	N/A
Depreciation and amortization	\$ 681	FY15 Approximately \$2.9 billion
Capital expenditures (Capital cash flow)	\$ 669	FY15 \$3.6-\$4.0 billion

Consolidated Statements of Operations - Non-GAAP Disclosures	FQ1-15 (millions except per share data)	FQ2-15 Estimate (millions)
GAAP net income attributable to Micron	\$ 1,003	
Non-GAAP adjustments:		
Restructure and asset impairments	11	~\$5
Amortization of debt discount and other costs	38	~\$35
Loss on restructure of debt	30	
(Gain) loss from changes in currency exchange rates	21	
Gain from disposition of shares in Aptina	(1)	
Estimated tax effects of above items	(2)	~(\$5)
Non-cash taxes from MMJ and MMT	38	~\$25
Total non-GAAP adjustments	135	
Non-GAAP net income attributable to Micron	\$ 1,138	
GAAP shares used in diluted EPS calculations	1,195	
Anti-dilutive effect of capped calls (a)	(27)	
Non-GAAP shares used in diluted EPS calculations	1,168	
GAAP diluted earnings per share	\$ 0.84	
Effects of above	.13	
Non-GAAP diluted earnings per share	\$ 0.97	

\*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.

# FQ1-15 Quarterly Results

# Financial Results Summary

Amounts in millions, except per share	FQ1-15	% of Sales	FQ4-14	% of Sales
<b>Net sales</b>	<b>\$4,573</b>	100%	<b>\$4,227</b>	100%
<b>Gross margin</b>	<b>1,638</b>	36%	<b>1,385</b>	33%
<b>Operating income</b>	<b>1,085</b>	24%	<b>828</b>	20%
<b>Equity in net income of equity method investees</b>	<b>124</b>		<b>119</b>	
<b>Other non-operating income (expense), net</b>	<b>(49)</b>	-1%	<b>198</b>	5%
<b>Net income attributable to Micron shareholders</b>	<b>\$1,003</b>	22%	<b>\$1,150</b>	27%
<b>Diluted earnings per share</b>	<b>\$0.84</b>		<b>\$0.96</b>	
<b>Shares in diluted EPS calculations</b>	<b>1,195</b>		<b>1,203</b>	

# Consolidated Statements of Operations

## Non-GAAP Disclosures

Amounts in millions, except per share amounts	FQ1-15	FQ4-14
GAAP net income attributable to Micron	\$ 1,003	\$ 1,150
Non-GAAP adjustments:		
Tessera license	--	66
Restructure and asset impairments	11	22
Amortization of debt discount and other costs	38	37
Loss on restructure of debt	30	17
(Gain) loss from changes in currency exchange rates	21	3
Gain from disposition of shares in Aptina	(1)	(119)
Gain from Inotera issuance of shares	--	(93)
Estimated tax effects of above items	(2)	(4)
Non-cash taxes from MMJ and MMT	38	(118)
Total non-GAAP adjustments	135	(189)
Non-GAAP net income attributable to Micron	<u>\$ 1,138</u>	<u>\$ 961</u>
GAAP shares used in diluted EPS calculations	1,195	1,203
Anti-dilutive effect of capped calls <sup>(a)</sup>	(27)	(27)
Non-GAAP shares used in diluted EPS calculations	<u>1,168</u>	<u>1,176</u>
GAAP diluted earnings per share	\$ 0.84	\$ 0.96
Effects of above	0.13	(0.14)
Non-GAAP diluted earnings per share	<u>\$ 0.97</u>	<u>\$ 0.82</u>
(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 – FQ1-15 Actual and FQ2-15 Estimates

Amounts in millions, except per share amounts	FQ1-15	FQ2-15
GAAP net income attributable to Micron	\$ 1,003	
Non-GAAP adjustments:		
Tessera license	--	
Restructure and asset impairments	11	~\$5
Amortization of debt discount and other costs	38	~\$35
Loss on restructure of debt	30	
(Gain) loss from changes in currency exchange rates	21	
Gain from disposition of shares in Aptina	(1)	
Gain from Inotera issuance of shares	--	
Estimated tax effects of above items	(2)	~(\$5)
Non-cash taxes from MMJ and MMT	38	~\$25
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Non-GAAP net income attributable to Micron	<u>\$ 1,138</u>	
GAAP shares used in diluted EPS calculations	1,195	
Anti-dilutive effect of capped calls <sup>(a)</sup>	(27)	
Non-GAAP shares used in diluted EPS calculations	<u>1,168</u>	
GAAP diluted earnings per share	\$ 0.84	
Effects of above	0.13	
Non-GAAP diluted earnings per share	<u>\$ 0.97</u>	
(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

FQ1-15 Actual and FQ2-15 Estimates

Bit Growth*	FQ1-15 Actual (Sales)	FQ2-15 Estimate (Production)
Total DRAM	8%	Down high single to low double digits
Trade NAND*	20%	Flat to down low single digits
* Includes purchases from third parties.		
ASP	FQ1-15 Actual	FQ2-15 QTD**
Total DRAM	1%	Flat to down low single digits
Trade NAND*	(6%)	Flat to down low single digits
* 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	FQ1-15 Actual	FQ2-15 Estimate
Total DRAM	(4%)	Approximately flat
Trade NAND*	(5%)	Up mid single digits
* Trade NAND excludes the portion of sales to Intel which are at long-term negotiated prices approximating cost.		

# P&L and Cash Flow

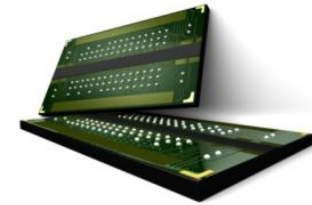
## FQ1-15 Actual and FQ2-15 Estimates

P&L and Cash Flow	FQ1-15 Actual	FQ2-15 Estimate
SG&A	\$193M	\$180M – \$190M
R&D	\$376M	\$385M – \$395M
Net interest expense*	\$83M	\$70M – \$80M
Stock-based compensation	\$35M	\$45M – \$50M
D&A	\$681M	FY-15: Approx. \$2.9 billion
CapEx	\$669M	FY-15: \$3.6B - \$4B

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

# Business Unit Financial Summary

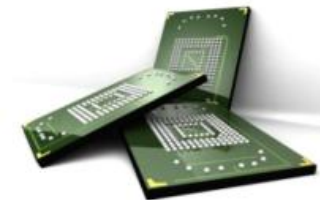
<b>CNBU</b> Dollars in Millions	<b>FQ1-15</b>	<b>FQ4-14</b>
Sales	\$2,088	\$1,897
Operating income (loss)	\$623	\$495
Operating income %	29.8%	26.1%



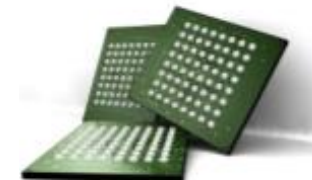
<b>SBU</b> Dollars in Millions	<b>FQ1-15</b>	<b>FQ4-14</b>
Sales	\$984	\$907
Operating income (loss)	\$26	\$27
Operating income %	2.6%	3.0%



<b>MBU</b> Dollars in Millions	<b>FQ1-15</b>	<b>FQ4-14</b>
Sales	\$940	\$910
Operating income (loss)	\$306	\$204
Operating income %	32.6%	22.4%



<b>EBU</b> Dollars in Millions	<b>FQ1-15</b>	<b>FQ4-14</b>
Sales	\$539	\$476
Operating income (loss)	\$118	\$77
Operating income %	21.9%	16.2%



# Business Units

Business Unit	Description
<b>CNBU – Compute and Networking Business Unit</b>	Includes DRAM and NOR Flash products sold to the compute, networking, graphics and cloud server markets.
<b>SBU – Storage Business Unit</b>	Includes NAND Flash components and SSDs sold into enterprise and client storage, cloud and removable storage markets. SBU also includes NAND Flash products sold to Intel through our IMFT joint venture.
<b>MBU – Mobile Business Unit</b>	Includes DRAM, NAND Flash and NOR Flash products sold to the smartphone, feature phone and tablet mobile-device markets.
<b>EBU – Embedded Business Unit</b>	Includes DRAM, NAND Flash and NOR Flash products sold into automotive and industrial applications, as well as the connected home and consumer electronics markets.

# Convertible Debt and Capped Call Dilution Table

# Convertible Notes Dilution Overview

## as of Quarter-Ending FQ1-15

Stock Price	\$20	\$22	\$24	\$26	\$28	\$30	\$32	\$34	\$36	\$38	\$40	\$42	\$44	\$46	\$48	\$50
<b><u>Non-GAAP Dilutive Shares (rounded, in millions)</u></b>																
2032 C Notes	19	21	22	23	24	25	26	27	27	28	28	29	29	29	30	30
2032 D Notes	16	17	18	19	20	21	22	22	23	23	23	24	24	25	25	25
2033 E Notes	12	14	15	16	16	17	18	18	19	19	20	20	20	20	21	21
2033 F Notes	12	14	15	16	17	17	18	19	19	20	20	20	21	21	21	21
2043 G Notes						1	3	5	7	8	10	11	12	13	14	15
<b>Total dilutive shares</b>	<b>59</b>	<b>66</b>	<b>70</b>	<b>74</b>	<b>77</b>	<b>81</b>	<b>87</b>	<b>91</b>	<b>95</b>	<b>98</b>	<b>101</b>	<b>104</b>	<b>106</b>	<b>108</b>	<b>111</b>	<b>112</b>
<b>Benefit from capped calls</b>	<b>-43</b>	<b>-39</b>	<b>-36</b>	<b>-33</b>	<b>-31</b>	<b>-29</b>	<b>-27</b>	<b>-25</b>	<b>-24</b>	<b>-23</b>	<b>-22</b>	<b>-21</b>	<b>-20</b>	<b>-19</b>	<b>-18</b>	<b>-17</b>
<b>Net dilution</b>	<b>16</b>	<b>27</b>	<b>34</b>	<b>41</b>	<b>46</b>	<b>52</b>	<b>60</b>	<b>66</b>	<b>71</b>	<b>75</b>	<b>79</b>	<b>83</b>	<b>86</b>	<b>89</b>	<b>93</b>	<b>95</b>



