

---

---

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**FORM 8-K**

**CURRENT REPORT**  
**Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934**

**September 20, 2018**  
Date of Report (date of earliest event reported)

**MICRON TECHNOLOGY, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of incorporation)

**1-10658**

(Commission File Number)

**75-1618004**

(I.R.S. Employer Identification No.)

**8000 South Federal Way**  
**Boise, Idaho 83716-9632**

(Address of principal executive offices)

**(208) 368-4000**

(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

---

---

**Item 2.02. Results of Operations and Financial Condition.**

On September 20, 2018, we announced the financial results for our fourth quarter and full year of fiscal 2018 ended August 30, 2018. The full text of the press release issued in connection with the announcement is attached as Exhibit 99.1 to this Current Report on Form 8-K.

The information in Item 2.02 of this Current Report on Form 8-K shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section. The information in Item 2.02 of this Current Report on Form 8-K shall not be incorporated by reference into any filing or other document pursuant to the Securities Act of 1933, as amended (the "Securities Act"), or the Exchange Act, except as shall be expressly set forth by specific reference in such filing or document.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits.

| <b>Exhibit No.</b> | <b>Description</b>  |
|--------------------|---|
| 99.1               | <a href="#"><u>Press Release issued on September 20, 2018</u></a> |

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**MICRON TECHNOLOGY, INC.**

Date: September 20, 2018

|        |   |
|--------|---|
| By:    | <u>/s/ David A. Zinsner</u>                       |
| Name:  | David A. Zinsner                                  |
| Title: | Senior Vice President and Chief Financial Officer |

## FOR IMMEDIATE RELEASE

Contacts: Farhan Ahmad David Oro  
Investor Relations Media Relations  
[farhanahmad@micron.com](mailto:farhanahmad@micron.com) [davidoro@micron.com](mailto:davidoro@micron.com)  
(408) 834-1927 (707) 558-8585

**MICRON TECHNOLOGY, INC., REPORTS RESULTS FOR THE  
FOURTH QUARTER AND FULL YEAR OF FISCAL 2018**

*Record FY18 revenue over \$30 billion driven by strong execution and diverse demand growth*

**BOISE, Idaho**, September 20, 2018 – Micron Technology, Inc., (NASDAQ: MU) today announced results of operations for its fourth quarter and full year of fiscal 2018, which ended August 30, 2018.

**Fiscal Q4 2018 highlights**

- Revenues of \$8.44 billion, up 38 percent compared with the same period last year
- GAAP net income of \$4.33 billion, or \$3.56 per diluted share
- Non-GAAP net income of \$4.31 billion, or \$3.53 per diluted share
- Operating cash flow of \$5.16 billion, compared with \$3.20 billion for the same period last year

**Fiscal 2018 highlights**

- Revenues of \$30.39 billion, up 50 percent compared with the prior fiscal year
- GAAP net income of \$14.14 billion, or \$11.51 per diluted share
- Non-GAAP net income of \$14.70 billion, or \$11.95 per diluted share
- Operating cash flow of \$17.40 billion, compared with \$8.15 billion for the prior fiscal year

"Micron delivered an exceptional fourth quarter and capped record fiscal year results by becoming the second largest semiconductor company in the U.S.," said Sanjay Mehrotra, President and CEO of Micron Technology. "In the fourth quarter, we set revenue records across all our major markets, from automotive and industrial to mobile and cloud datacenters. The secular and diversified growth drivers in our industry combined with accelerating pace of transformation of the new Micron form a tremendous catalyst for us to create enduring value for our customers and investors in 2019 and the years ahead."

**Quarterly Financial Results**

| (in millions, except per share amounts) | GAAP <sup>(1)</sup> |          |          | Non-GAAP <sup>(2)</sup> |          |          |
|---|---------------------|----------|----------|-------------------------|----------|----------|
|   | FQ4-18              | FQ3-18   | FQ4-17   | FQ4-18                  | FQ3-18   | FQ4-17   |
| Revenue                                 | \$ 8,440            | \$ 7,797 | \$ 6,138 | \$ 8,440                | \$ 7,797 | \$ 6,138 |
| Gross margin                            | \$ 5,151            | \$ 4,723 | \$ 3,112 | \$ 5,179                | \$ 4,750 | \$ 3,147 |
| percent of revenue                      | 61.0%               | 60.6%    | 50.7%    | 61.4%                   | 60.9%    | 51.3%    |
| Operating income                        | \$ 4,377            | \$ 3,953 | \$ 2,502 | \$ 4,439                | \$ 4,017 | \$ 2,546 |
| percent of revenue                      | 51.9%               | 50.7%    | 40.8%    | 52.6%                   | 51.5%    | 41.5%    |
| Net income attributable to Micron       | \$ 4,325            | \$ 3,823 | \$ 2,368 | \$ 4,313                | \$ 3,898 | \$ 2,386 |
| Diluted earnings per share              | \$ 3.56             | \$ 3.10  | \$ 1.99  | \$ 3.53                 | \$ 3.15  | \$ 2.02  |

## Annual Financial Results

| (in millions, except per share amounts) | GAAP <sup>(1)</sup> |           | Non-GAAP <sup>(2)</sup> |           |
|---|---------------------|-----------|-------------------------|-----------|
|   | FY 18               | FY 17     | FY 18                   | FY 17     |
| Revenue                                 | \$ 30,391           | \$ 20,322 | \$ 30,391               | \$ 20,322 |
| Gross margin                            | \$ 17,891           | \$ 8,436  | \$ 17,994               | \$ 8,639  |
| percent of revenue                      | 58.9%               | 41.5%     | 59.2%                   | 42.5%     |
| Operating income                        | \$ 14,994           | \$ 5,868  | \$ 15,243               | \$ 6,232  |
| percent of revenue                      | 49.3%               | 28.9%     | 50.2%                   | 30.7%     |
| Net income attributable to Micron       | \$ 14,135           | \$ 5,089  | \$ 14,700               | \$ 5,648  |
| Diluted earnings per share              | \$ 11.51            | \$ 4.41   | \$ 11.95                | \$ 4.96   |

Revenues for the fourth quarter of 2018 were 8 percent higher compared to the third quarter of 2018, reflecting increased demand broadly across our products and end markets. Our overall gross margin was 61.0 percent for the fourth quarter of 2018 compared to 60.6 percent in the third quarter benefiting from strong execution across our product portfolio.

Investments in capital expenditures, net of amounts funded by partners, were \$2.06 billion for the fourth quarter of 2018 and \$8.20 billion for the full year of 2018, which resulted in adjusted free cash flows<sup>(3)</sup> of \$3.09 billion for the fourth quarter of 2018 and \$9.20 billion for the full year of 2018. We repurchased or converted \$2.23 billion principal amount of our debt during the quarter and \$6.96 billion for the full year of 2018, lowering our total carrying value of debt to \$4.64 billion exiting the fiscal year. We ended the fourth quarter in a record net cash position of \$2.72 billion with cash, marketable investments, and restricted cash of \$7.36 billion.

We will host a conference call on Thursday, September 20, 2018 at 2:30 p.m. MT to discuss our financial results. The call, audio, and slides will be available online at [investors.micron.com](http://investors.micron.com). A webcast replay will be available on our website until September 20, 2019. A taped audio replay of the conference call will also be available at 1-404-537-3406 or 1-855-859-2056 (conference number: 5685754) beginning at 5:30 p.m. MT, Thursday, September 20, 2018 and continuing through Thursday, September 27, 2018. For Investor Relations and other company updates, follow @MicronTech on Twitter at [twitter.com/MicronTech](https://twitter.com/MicronTech).

We are an industry leader in innovative memory and storage solutions. Through our global brands – Micron®, Crucial® and Ballistix® – our broad portfolio of high-performance memory and storage technologies, including DRAM, NAND, NOR Flash and 3D XPoint™ memory, is transforming how the world uses information to enrich life. Backed by 40 years of technology leadership, our memory and storage solutions enable disruptive trends, including artificial intelligence, machine learning, and autonomous vehicles, in key market segments like cloud, data center, networking and mobile. Our common stock is traded on the NASDAQ under the MU symbol. To learn more about Micron Technology, Inc., visit [micron.com](http://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](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 this release to conform these statements to actual results.

<sup>(1)</sup> GAAP represents U.S. Generally Accepted Accounting Principles.

<sup>(2)</sup> 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. For a reconciliation of GAAP to non-GAAP results, see the accompanying financial tables and footnotes.

<sup>(3)</sup> Adjusted free cash flow consists of cash provided by operating activities of \$5.16 billion for the fourth quarter of 2018 and \$17.40 billion for the full year of 2018 less investments in capital expenditures, net of amounts funded by partners, for the respective periods.

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

|  | 4 <sup>th</sup> Qtr.<br>August 30,<br>2018 | 3 <sup>rd</sup> Qtr.<br>May 31,<br>2018 | 4 <sup>th</sup> Qtr.<br>August 31,<br>2017 | Year Ended         |                    |
|--|--|---|--|--------------------|--------------------|
|  | August 30,<br>2018                         | May 31,<br>2018                         | August 31,<br>2017                         | August 30,<br>2018 | August 31,<br>2017 |
| Net sales  | \$ 8,440                                   | \$ 7,797                                | \$ 6,138                                   | \$ 30,391          | \$ 20,322          |
| Cost of goods sold                                       | 3,289                                      | 3,074                                   | 3,026                                      | 12,500             | 11,886             |
| Gross margin   | 5,151                                      | 4,723                                   | 3,112                                      | 17,891             | 8,436              |
| Selling, general, and administrative                     | 215  | 211                                     | 193  | 813                | 743                |
| Research and development                                 | 567  | 603                                     | 447  | 2,141              | 1,824              |
| Other operating (income) expense, net                    | (8)  | (44)                                    | (30)                                       | (57)               | 1                  |
| Operating income   | 4,377                                      | 3,953                                   | 2,502                                      | 14,994             | 5,868              |
| Interest income (expense), net                           | (16)                                       | (44)                                    | (132)                                      | (222)              | (560)              |
| Other non-operating income (expense), net <sup>(1)</sup> | (15)                                       | (193)                                   | (49)                                       | (465)              | (112)              |
| Income tax (provision) benefit <sup>(2)</sup>            | (20)                                       | 109                                     | 47   | (168)              | (114)              |
| Equity in net income (loss) of equity method investees   | —  | (2)                                     | 1  | (1)                | 8                  |
| Net (income) attributable to noncontrolling interests    | (1)  | —                                       | (1)  | (3)                | (1)                |
| Net income attributable to Micron                        | <u>\$ 4,325</u>                            | <u>\$ 3,823</u>                         | <u>\$ 2,368</u>                            | <u>\$ 14,135</u>   | <u>\$ 5,089</u>    |
| Earnings per share                                       |  |   |  |                    |                    |
| Basic  | \$ 3.73                                    | \$ 3.30                                 | \$ 2.13                                    | \$ 12.27           | \$ 4.67            |
| Diluted  | 3.56                                       | 3.10                                    | 1.99                                       | 11.51              | 4.41               |
| Number of shares used in per share calculations          |  |   |  |                    |                    |
| Basic  | 1,159                                      | 1,159                                   | 1,109                                      | 1,152              | 1,089              |
| Diluted  | 1,216                                      | 1,235                                   | 1,187                                      | 1,229              | 1,154              |

## CONSOLIDATED FINANCIAL SUMMARY, Continued

| As of  | August 30,<br>2018 | May 31,<br>2018 | August 31,<br>2017 |
|--|--------------------|-----------------|--------------------|
| Cash and short-term investments                  | \$ 6,802           | \$ 7,071        | \$ 5,428           |
| Receivables                                      | 5,478              | 4,912           | 3,759              |
| Inventories                                      | 3,595              | 3,369           | 3,123              |
| Total current assets                             | 16,039             | 15,499          | 12,457             |
| Long-term marketable investments                 | 473                | 487             | 617                |
| Property, plant, and equipment, net              | 23,672             | 22,705          | 19,431             |
| Restricted cash                                  | 81                 | 119             | 107                |
| Total assets                                     | 43,376             | 41,845          | 35,336             |
| Accounts payable and accrued expenses            | 4,611              | 3,998           | 3,664              |
| Current debt <sup>(1)</sup>                      | 859                | 1,454           | 1,262              |
| Total current liabilities                        | 5,754              | 5,883           | 5,334              |
| Long-term debt <sup>(1)</sup>                    | 3,777              | 5,890           | 9,872              |
| Total Micron shareholders' equity <sup>(3)</sup> | 32,294             | 28,649          | 18,621             |
| Noncontrolling interests in subsidiaries         | 870                | 869             | 849                |
| Total equity                                     | 33,164             | 29,518          | 19,470             |

|  | Year Ended         |                    |
|--|--------------------|--------------------|
|  | August 30,<br>2018 | August 31,<br>2017 |
| Net cash provided by operating activities            | \$ 17,400          | \$ 8,153           |
| Net cash provided by (used for) investing activities | (8,216)            | (7,537)            |
| Net cash provided by (used for) financing activities | (7,776)            | 349                |
| Depreciation and amortization                        | 4,860              | 3,986              |
| Investments in capital expenditures                  | (9,085)            | (5,253)            |
| Acquisition of Inotera                               | —                  | (2,634)            |
| Repayments of debt                                   | (10,194)           | (2,558)            |
| Proceeds from issuance of stock <sup>(3)</sup>       | 1,655              | 142                |
| Proceeds from issuance of debt                       | 1,009              | 3,311              |



- (1) In the fourth quarter of 2018, we prepaid or repurchased debt with an aggregate principal amount of \$2.00 billion and recognized non-operating losses of \$9 million. In addition, we settled convertible notes with an aggregate principal amount of \$228 million for cash of \$1.27 billion and recognized non-operating gains of \$25 million. As of August 30, 2018, \$35 million of aggregate principal amount of our convertible notes had converted but will not settle until the first quarter of 2019. As a result of the unsettled conversions, the carrying value of debt increased by \$132 million as of August 30, 2018 and we recognized non-operating losses of \$15 million in the fourth quarter of 2018.

In the third quarter of 2018, we prepaid debt with an aggregate principal amount of \$2.08 billion and recognized non-operating losses of \$42 million. In addition, we repurchased or settled convertible notes with an aggregate principal amount of \$228 million for cash of \$1.11 billion and recognized non-operating losses of \$32 million. In the second quarter of 2018, we settled convertible notes with an aggregate principal amount of \$65 million for cash of \$295 million. In the first quarter of 2018, we redeemed notes with an aggregate principal amount of \$2.25 billion for cash of \$2.42 billion and recognized non-operating losses of \$190 million.

During 2018, Intel Corporation provided non-interest bearing convertible debt financing of \$1.01 billion to IM Flash Technologies, LLC ("IMFT") pursuant to the terms of the IMFT joint venture agreement.

- (2) On December 22, 2017, the United States enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the "Tax Act") which lowers the U.S. corporate income tax rate from 35% to 21% and significantly affects how income from foreign operations is taxed in the United States. As a result of our fiscal year-end, our U.S. statutory federal rate was 25.7% for 2018 (based on the 35% corporate rate through December 31, 2017 and 21% from that date through the end of fiscal year 2018) and will be 21% for subsequent years. The Tax Act imposed a one-time transition tax in 2018 on the higher of accumulated foreign income, as determined as of November 2, 2017 or December 31, 2017 (the "Repatriation Tax"); provided a U.S. federal tax exemption on foreign earnings distributed to the United States; and, beginning in 2019, creates a new minimum tax on certain foreign earnings in excess of a deemed return on tangible assets (the "Foreign Minimum Tax"). The Tax Act allows us to elect to pay any Repatriation Tax due in eight annual interest-free payments in increasing amounts beginning in December 2018.

The Securities and Exchange Commission Staff Accounting Bulletin No. 118 allows the use of provisional amounts (reasonable estimates) if our analyses of the impacts of the Tax Act has not been completed when our financial statements are issued. The provisional amounts below were revised during 2018 and represent reasonable estimates of the effects of the Tax Act for which the analysis is not yet complete. Our income tax (provision) benefit consisted of the following:

|   | 4 <sup>th</sup> Qtr.<br>August 30,<br>2018 | 3 <sup>rd</sup> Qtr.<br>May 31,<br>2018 | 4 <sup>th</sup> Qtr.<br>August 31,<br>2017 | Year Ended      |                 |
|---|--|---|--|-----------------|-----------------|
|   | August 30, 2018                            | May 31, 2018                            | August 31, 2017                            | August 30, 2018 | August 31, 2017 |
| Provisional estimate for the Repatriation Tax, net of adjustments related to uncertain tax positions                  | \$ 83                                      | \$ 222                                  | \$ —                                       | \$ (1,030)      | \$ —            |
| Remeasurement of deferred tax assets and liabilities reflecting the lower U.S. corporate tax rates                    | —  | —                                       | —  | (133)           | —               |
| Provisional estimate for the release of the valuation allowance on the net deferred tax assets of our U.S. operations | —  | —                                       | —  | 1,337           | —               |
| Utilization of and other changes in net deferred tax assets of MMJ, MMT, and MTTW                                     | 10   | (35)                                    | 106  | (68)            | 54              |
| Other income tax (provision) benefit  | (113)                                      | (78)                                    | (59)                                       | (274)           | (168)           |
|   | <u>\$ (20)</u>                             | <u>\$ 109</u>                           | <u>\$ 47</u>                               | <u>\$ (168)</u> | <u>\$ (114)</u> |

- (3) In October 2017, we issued 34 million shares of our common stock in a public offering for \$41.00 per share for proceeds of \$1.36 billion, net of underwriting fees and other offering costs.

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

|  | 4 <sup>th</sup> Qtr.<br>August 30, 2018 |           |          | 3 <sup>rd</sup> Qtr.<br>May 31, 2018 |         |          | 4 <sup>th</sup> Qtr.<br>August 31, 2017 |         |          |
|--|---|-----------|----------|--------------------------------------|---------|----------|---|---------|----------|
|  | GAAP                                    | Adj       | Non-GAAP | GAAP                                 | Adj     | Non-GAAP | GAAP                                    | Adj     | Non-GAAP |
| Net sales  | \$ 8,440                                | \$ —      | \$ 8,440 | \$ 7,797                             | \$ —    | \$ 7,797 | \$ 6,138                                | \$ —    | \$ 6,138 |
| Cost of goods sold   | 3,289                                   | (28)      | 3,261    | 3,074                                | (27)    | 3,047    | 3,026                                   | (35)    | 2,991    |
| Gross margin   | 5,151                                   | 28        | 5,179    | 4,723                                | 27      | 4,750    | 3,112                                   | 35      | 3,147    |
| <i>percent of revenue</i>                                  | 61.0%                                   |           | 61.4%    | 60.6%                                |         | 60.9%    | 50.7%                                   |         | 51.3%    |
|  |   |           |          |                                      |         |          |   |         |          |
| Selling, general, and administrative                       | 215                                     | (13)      | 202      | 211                                  | (14)    | 197      | 193                                     | (22)    | 171      |
| Research and development                                   | 567                                     | (14)      | 553      | 603                                  | (15)    | 588      | 447                                     | (14)    | 433      |
| Other operating (income) expense, net                      | (8)                                     | (7)       | (15)     | (44)                                 | (8)     | (52)     | (30)                                    | 27      | (3)      |
| Operating expenses   | 774                                     | (34)      | 740      | 770                                  | (37)    | 733      | 610                                     | (9)     | 601      |
| Operating income (loss)                                    | 4,377                                   | 62        | 4,439    | 3,953                                | 64      | 4,017    | 2,502                                   | 44      | 2,546    |
| <i>percent of revenue</i>                                  | 51.9%                                   |           | 52.6%    | 50.7%                                |         | 51.5%    | 40.8%                                   |         | 41.5%    |
|  |   |           |          |                                      |         |          |   |         |          |
| Interest income (expense), net                             | (16)                                    | 23        | 7        | (44)                                 | 23      | (21)     | (132)                                   | 32      | (100)    |
| Other non-operating income (expense), net                  | (15)                                    | 14        | (1)      | (193)                                | 194     | 1        | (49)                                    | 49      | —        |
|  | 4,346                                   | 99        | 4,445    | 3,716                                | 281     | 3,997    | 2,321                                   | 125     | 2,446    |
|  |   |           |          |                                      |         |          |   |         |          |
| Income tax (provision) benefit                             | (20)                                    | (111)     | (131)    | 109                                  | (206)   | (97)     | 47                                      | (107)   | (60)     |
| Equity in net income (loss) of equity method investees     | —                                       | —         | —        | (2)                                  | —       | (2)      | 1                                       | —       | 1        |
| Net income (loss)  | 4,326                                   | (12)      | 4,314    | 3,823                                | 75      | 3,898    | 2,369                                   | 18      | 2,387    |
|  |   |           |          |                                      |         |          |   |         |          |
| Net income (loss) attributable to noncontrolling interests | (1)                                     | —         | (1)      | —                                    | —       | —        | (1)                                     | —       | (1)      |
| Net income (loss) attributable to Micron                   | \$ 4,325                                | \$ (12)   | \$ 4,313 | \$ 3,823                             | \$ 75   | \$ 3,898 | \$ 2,368                                | \$ 18   | \$ 2,386 |
|  |   |           |          |                                      |         |          |   |         |          |
| Shares used in calculations                                | 1,216                                   | 4         | 1,220    | 1,235                                | 3       | 1,238    | 1,187                                   | (6)     | 1,181    |
| Diluted earnings (loss) per share                          | \$ 3.56                                 | \$ (0.03) | \$ 3.53  | \$ 3.10                              | \$ 0.05 | \$ 3.15  | \$ 1.99                                 | \$ 0.03 | \$ 2.02  |

|  | Year Ended<br>August 30, 2018 |         |           | Year Ended<br>August 31, 2017 |         |           |
|--|-------------------------------|---------|-----------|-------------------------------|---------|-----------|
|  | GAAP                          | Adj     | Non-GAAP  | GAAP                          | Adj     | Non-GAAP  |
| Net sales  | \$ 30,391                     | \$ —    | \$ 30,391 | \$ 20,322                     | \$ —    | \$ 20,322 |
| Cost of goods sold   | 12,500                        | (103)   | 12,397    | 11,886                        | (203)   | 11,683    |
| Gross margin   | 17,891                        | 103     | 17,994    | 8,436                         | 203     | 8,639     |
| <i>percent of revenue</i>                                  | 58.9%                         |         | 59.2%     | 41.5%                         |         | 42.5%     |
| Selling, general, and administrative                       | 813                           | (61)    | 752       | 743                           | (88)    | 655       |
| Research and development                                   | 2,141                         | (57)    | 2,084     | 1,824                         | (55)    | 1,769     |
| Other operating (income) expense, net                      | (57)                          | (28)    | (85)      | 1                             | (18)    | (17)      |
| Operating expenses   | 2,897                         | (146)   | 2,751     | 2,568                         | (161)   | 2,407     |
| Operating income (loss)                                    | 14,994                        | 249     | 15,243    | 5,868                         | 364     | 6,232     |
| <i>percent of revenue</i>                                  | 49.3%                         |         | 50.2%     | 28.9%                         |         | 30.7%     |
| Interest income (expense), net                             | (222)                         | 101     | (121)     | (560)                         | 125     | (435)     |
| Other non-operating income (expense), net                  | (465)                         | 465     | —         | (112)                         | 112     | —         |
|  | 14,307                        | 815     | 15,122    | 5,196                         | 601     | 5,797     |
| Income tax (provision) benefit                             | (168)                         | (250)   | (418)     | (114)                         | (59)    | (173)     |
| Equity in net income (loss) of equity method investees     | (1)                           | —       | (1)       | 8                             | 17      | 25        |
| Net income (loss)  | 14,138                        | 565     | 14,703    | 5,090                         | 559     | 5,649     |
| Net income (loss) attributable to noncontrolling interests | (3)                           | —       | (3)       | (1)                           | —       | (1)       |
| Net income (loss) attributable to Micron                   | \$ 14,135                     | \$ 565  | \$ 14,700 | \$ 5,089                      | \$ 559  | \$ 5,648  |
| Shares used in calculations                                | 1,229                         | 1       | 1,230     | 1,154                         | (14)    | 1,140     |
| Diluted earnings (loss) per share                          | \$ 11.51                      | \$ 0.44 | \$ 11.95  | \$ 4.41                       | \$ 0.55 | \$ 4.96   |

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

|   | 4 <sup>th</sup> Qtr.<br>August 30,<br>2018 | 3 <sup>rd</sup> Qtr.<br>May 31, 2018 | 4 <sup>th</sup> Qtr.<br>August 31,<br>2017 | Year Ended<br>August 30,<br>2018 | Year Ended<br>August 31,<br>2017 |
|---|--|--------------------------------------|--|----------------------------------|----------------------------------|
| Non-GAAP adjustments  |  |                                      |  |                                  |                                  |
| Cost of goods sold  |  |                                      |  |                                  |                                  |
| Stock-based compensation  | \$ 21                                      | \$ 20                                | \$ 22                                      | \$ 83                            | \$ 88                            |
| Flow-through of Inotera inventory step up   | —  | —                                    | 11   | —                                | 107                              |
| Other   | 7  | 7                                    | 2  | 20                               | 8                                |
|   | 28   | 27                                   | 35   | 103                              | 203                              |
| Selling, general, and administrative  |  |                                      |  |                                  |                                  |
| Stock-based compensation  | 13   | 14                                   | 22   | 61                               | 75                               |
| Inotera acquisition costs   | —  | —                                    | —  | —                                | 13                               |
|   | 13   | 14                                   | 22   | 61                               | 88                               |
| Research and development  |  |                                      |  |                                  |                                  |
| Stock-based compensation  | 13   | 14                                   | 13   | 54                               | 52                               |
| Other   | 1  | 1                                    | 1  | 3                                | 3                                |
|   | 14   | 15                                   | 14   | 57                               | 55                               |
| Other operating (income) expense, net   |  |                                      |  |                                  |                                  |
| Restructure and asset impairments   | 7  | 8                                    | (27)                                       | 28                               | 18                               |
| Interest income (expense), net  |  |                                      |  |                                  |                                  |
| Amortization of debt discount and other costs   | 23   | 23                                   | 32   | 101                              | 125                              |
| Other non-operating income (expense)  |  |                                      |  |                                  |                                  |
| (Gain) loss on debt repurchases and conversions   | (1)  | 168                                  | 37   | 385                              | 100                              |
| (Gain) loss from changes in currency exchange rates   | 15   | 24                                   | 12   | 75                               | 74                               |
| (Gain) loss from business acquisition activities  | —  | —                                    | —  | —                                | (71)                             |
| Other   | —  | 2                                    | —  | 5                                | 9                                |
|   | 14   | 194                                  | 49   | 465                              | 112                              |
| Income taxes  |  |                                      |  |                                  |                                  |
| Impact of U.S. income tax reform  | (83)                                       | (222)                                | —  | (174)                            | —                                |
| Estimated tax effects of above, including tax benefits from stock-based compensation, and non-cash changes in net deferred income taxes | (28)                                       | 16                                   | (107)                                      | (76)                             | (59)                             |
|   | (111)                                      | (206)                                | (107)                                      | (250)                            | (59)                             |
| Equity in net income (loss) of equity method investments  |  |                                      |  |                                  |                                  |
| Impairment of equity method investments   | —  | —                                    | —  | —                                | 16                               |
| Other   | —  | —                                    | —  | —                                | 1                                |
|   | —  | —                                    | —  | —                                | 17                               |
|   | \$ (12)                                    | \$ 75                                | \$ 18                                      | \$ 565                           | \$ 559                           |

The tables above reconcile GAAP to non-GAAP results, diluted shares, and diluted earnings 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.

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

- Stock-based compensation;
- Flow-through of business acquisition-related inventory adjustments;
- Acquisition-related costs;
- Restructure and asset impairments;
- Amortization of debt discount and other costs, including the accretion of non-cash interest expense associated with our convertible debt and MMJ creditor debt;
- Gains and losses from debt repurchases and conversions;
- Gains and losses from changes in currency exchange rates;
- Gains and losses loss from business acquisition activities;
- Impact of the U.S. income tax reform for provisional estimate of Repatriation Tax, release of U.S. valuation allowance, and remeasurement of net deferred taxes reflecting the lower U.S. corporate tax rates;
- The estimated tax effects of above, including tax benefits from stock-based compensation, and non-cash changes in net deferred taxes; and
- 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.