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

FORM 10-Q

(Mark One)

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 5, 2009

OR

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number 1-10658

Micron Technology, Inc.
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**75-1618004** (IRS Employer Identification No.)
8000 S. Federal Way, Boise, Idaho (Address of principal executive offices)	**83716-9632** (Zip Code)
Registrant's telephone number, including area code	**(208) 368-4000**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes **x** No **o**

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer **x**	Accelerated Filer **o**
Non-Accelerated Filer **o** (Do not check if a smaller reporting company)	Smaller Reporting Company **o**

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes **o** No **x**

The number of outstanding shares of the registrant's common stock as of April 3, 2009 was 777,448,127.

PART I. FINANCIAL INFORMATION

Item 1. ***Financial Statements***

MICRON TECHNOLOGY, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS
(in millions except per share amounts)
(Unaudited)

	Quarter Ended		Six Months Ended	
Quarter ended	**March 5, 2009**	**February 28, 2008**	**March 5, 2009**	**February 28, 2008**
Net sales	$ 993	$ 1,359	$ 2,395	$ 2,894
Cost of goods sold	1,260	1,402	3,111	2,932
Gross margin	(267)	(43)	(716)	(38)
Selling, general and administrative	90	120	192	232
Research and development	168	180	346	343
Restructure	105	8	39	21
Goodwill impairment	58	463	58	463
Other operating (income) expense, net	20	(42)	29	(65)
Operating loss	(708)	(772)	(1,380)	(1,032)
Interest income	4	23	14	53
Interest expense	(35)	(20)	(65)	(41)
Other non-operating income (expense), net	(3)	(6)	(12)	(7)
	(742)	(775)	(1,443)	(1,027)
Income tax (provision) benefit	(4)	4	(17)	(3)
Equity in net losses of equity method investees, net of tax	(56)	--	(61)	--
Noncontrolling interests in net (income) loss	51	(6)	64	(9)
Net loss	$ (751)	$ (777)	$ (1,457)	$ (1,039)
Loss per share:				
Basic	$ (0.97)	$ (1.01)	$ (1.88)	$ (1.35)
Diluted	(0.97)	(1.01)	(1.88)	(1.35)
Number of shares used in per share calculations:				
Basic	773.9	772.4	773.6	772.2
Diluted	773.9	772.4	773.6	772.2

See accompanying notes to consolidated financial statements.

MICRON TECHNOLOGY, INC.

CONSOLIDATED BALANCE SHEETS
(in millions except par value)
(Unaudited)

As of	March 5, 2009	August 28, 2008
Assets		
Cash and equivalents	$ 932	$ 1,243
Short-term investments	--	119
Receivables	654	1,032
Inventories	859	1,291
Other current assets	78	94
Total current assets	2,523	3,779
Intangible assets, net	382	364
Property, plant and equipment, net	7,910	8,811
Equity method investments	371	84
Other assets	340	392
Total assets	$ 11,526	$ 13,430
Liabilities and shareholders' equity		
Accounts payable and accrued expenses	$ 950	$ 1,111
Deferred income	195	114
Equipment purchase contracts	139	98
Current portion of long-term debt	353	275
Total current liabilities	1,637	1,598
Long-term debt	2,542	2,451
Other liabilities	261	338
Total liabilities	4,440	4,387
Commitments and contingencies		
Noncontrolling interests in subsidiaries	2,344	2,865
Common stock, $0.10 par value, authorized 3,000 shares, issued and outstanding 777.5 and 761.1 shares, respectively	78	76
Additional capital	6,584	6,566
Accumulated deficit	(1,913)	(456)
Accumulated other comprehensive (loss)	(7)	(8)
Total shareholders' equity	4,742	6,178
Total liabilities and shareholders' equity	$ 11,526	$ 13,430

See accompanying notes to consolidated financial statements.

MICRON TECHNOLOGY, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)
(Unaudited)

Six months ended	March 5, 2009	February 28, 2008
Cash flows from operating activities		
Net loss	$ (1,457)	$ (1,039)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	1,134	1,015
Provision to write down inventories to estimated market values	603	77
Noncash restructure charges	149	6
Equity in net losses of equity method investees	61	--
Goodwill impairment	58	463
(Gain) loss from disposition of equipment, net	43	(57)
Change in operating assets and liabilities:		
Decrease in receivables	374	107
(Increase) decrease in inventories	(171)	6
Decrease in accounts payable and accrued expenses	(102)	(68)
Increase (decrease) in deferred income	83	(11)
Other	(77)	59
Net cash provided by operating activities	698	558
Cash flows from investing activities		
Acquisition of equity method investment	(408)	--
Expenditures for property, plant and equipment	(375)	(1,306)
Increase in restricted cash	(27)	(40)
Purchases of available-for-sale securities	(6)	(151)
Proceeds from maturities of available-for-sale securities	130	395
Proceeds from sales of property, plant and equipment	8	134
Proceeds from sales of available-for-sale securities	--	24
Other	60	19
Net cash used for investing activities	(618)	(925)
Cash flows from financing activities		
Distributions to noncontrolling interests	(468)	--
Repayments of debt	(234)	(327)
Payments on equipment purchase contracts	(98)	(274)
Proceeds from debt	382	240
Cash received from noncontrolling interests	24	192
Other	3	52
Net cash used for financing activities	(391)	(117)
Net decrease in cash and equivalents	(311)	(484)
Cash and equivalents at beginning of period	1,243	2,192
Cash and equivalents at end of period	$ 932	$ 1,708
Supplemental disclosures		
Income taxes paid, net	$ (11)	$ (13)
Interest paid, net of amounts capitalized	(46)	(46)
Noncash investing and financing activities:		
Equipment acquisitions on contracts payable and capital leases	175	297

See accompanying notes to consolidated financial statements.

Business and Significant Accounting Policies

Basis of presentation: Micron Technology, Inc. and its subsidiaries (hereinafter referred to collectively as the "Company") manufacture and market DRAM, NAND Flash memory, CMOS image sensors and other semiconductor components. The Company has two segments, Memory and Imaging. The Memory segment's primary products are DRAM and NAND Flash memory products and the Imaging segment's primary product is CMOS image sensors. The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and include the accounts of the Company and its consolidated subsidiaries. In the opinion of management, the accompanying unaudited consolidated financial statements contain all adjustments necessary to present fairly the consolidated financial position of the Company and its consolidated results of operations and cash flows.

The Company's fiscal year is the 52 or 53-week period ending on the Thursday closest to August 31. The Company's fiscal 2009 contains 53 weeks and the Company's fiscal 2008, which ended on August 28, 2008, contained 52 weeks. The Company's second quarter and first six months of 2009, which ended on March 5, 2009, contained 13 weeks and 27 weeks, respectively, and the Company's second quarter and first six months of 2008, which ended on February 28, 2008, contained 13 weeks and 26 weeks, respectively. All period references are to the Company's fiscal periods unless otherwise indicated. These interim financial statements should be read in conjunction with the consolidated financial statements and accompanying notes included in the Company's Annual Report on Form 10-K for the year ended August 28, 2008.

Risks and uncertainties: The Company's liquidity is highly dependent on average selling prices for its products and the timing of capital expenditures, both of which can vary significantly from period to period. Depending on conditions in the semiconductor memory market, the Company's cash flows from operations and current holdings of cash and investments may not be adequate to meet the Company's needs for capital expenditures and operations. Historically, the Company has used external financing to fund these needs. Due to conditions in the credit markets, many financing instruments used by the Company in the past may not be available on terms acceptable to the Company. The Company has significantly reduced its capital expenditures for 2009. In addition, the Company is pursuing further financing alternatives, further reducing capital expenditures and implementing further cost reduction initiatives.

Recently issued accounting standards: In December 2008, the Financial Accounting Standards Board ("FASB") issued FASB Staff Position ("FSP") No. FAS 140-4 and FIN 46(R)-8, "Disclosures by Public Entities (Enterprises) about Transfers of Financial Assets and Interests in Variable Interest Entities." FSP No. FAS 140-4 and FIN 46(R)-8 requires public entities to provide additional disclosures about transfers of financial assets and their involvement with variable interest entities. The Company adopted FSP No. FAS 140-4 and FIN 46(R)-8 effective in the second quarter of 2009. The scope of FSP No. FAS 140-4 and FIN 46(R)-8 is limited to disclosures and the adoption had no impact on the Company's financial position or results of operations.

In May 2008, the FASB issued FSP No. APB 14-1, "Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)." FSP No. APB 14-1 requires that issuers of convertible debt instruments that may be settled in cash upon conversion separately account for the liability and equity components in a manner that will reflect the entity's nonconvertible debt borrowing rate as interest cost is recognized in subsequent periods. The Company is required to adopt FSP No. APB 14-1 effective at the beginning of 2010. Upon adoption, the Company will retrospectively account for its $1.3 billion of 1.875% convertible senior notes issued in May, 2007 under the provisions of FSP No. APB 14-1. The Company estimates that the carrying value of this debt recognized on issuance of the $1.3 billion convertible senior notes would have been approximately $400 million lower under FSP No. APB 14-1. This difference of approximately $400 million would be accreted to interest expense over the approximate seven-year term of the notes. The Company is continuing to evaluate the full impact the adoption of FSP No. APB 14-1 will have on its financial statements.

In December 2007, the FASB issued Statement of Financial Accounting Standards ("SFAS") No. 141 (revised 2007), "Business Combinations" ("SFAS No. 141(R)"), which establishes the principles and requirements for how an acquirer in a business combination (1) recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any noncontrolling interests in the acquiree, (2) recognizes and measures goodwill acquired in the business combination or a gain from a bargain purchase, and (3) determines what information to disclose. The Company is required to adopt SFAS No. 141(R) effective at the beginning of 2010. The impact of the adoption of SFAS No. 141(R) will depend on the nature and extent of business combinations occurring after the beginning of 2010.

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements – an amendment of ARB No. 51." SFAS No. 160 requires that (1) noncontrolling interests be reported as a separate component of equity, (2) net income attributable to the parent and to the noncontrolling interest be separately identified in the statement of operations, (3) changes in a parent's ownership interest while the parent retains its controlling interest be accounted for as equity transactions, and (4) any retained noncontrolling equity investment upon the deconsolidation of a subsidiary be initially measured at fair value. The Company is required to adopt SFAS No. 160 effective at the beginning of 2010. The Company is evaluating the impact the adoption of SFAS No. 160 will have on its financial statements.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities – Including an amendment of FASB Statement No. 115." Under SFAS No. 159, the Company may elect to measure many financial instruments and certain other items at fair value on an instrument by instrument basis, subject to certain restrictions. The Company adopted SFAS No. 159 effective at the beginning of 2009. The Company did not elect to measure any existing items at fair value upon the adoption of SFAS No. 159.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements." SFAS No. 157 (as amended by subsequent FSP's) defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. The Company adopted SFAS No. 157 effective at the beginning of 2009 for financial assets and financial liabilities. The adoption did not have a significant impact on the Company's financial statements. The Company is required to adopt SFAS No. 157 for all other assets and liabilities effective at the beginning of 2010 and it is evaluating the impact the adoption will have on its financial statements.

Supplemental Balance Sheet Information

Receivables	March 5, 2009	August 28, 2008
Trade receivables (net of allowance of $6 and $2, respectively)	$ 494	$ 741
Income and other taxes	19	43
Other	141	248
	$ 654	$ 1,032

As of March 5, 2009, other receivables included amounts due from Intel Corporation ("Intel") of $29 million related to NAND Flash product design and process development activities. Other receivables as of March 5, 2009 also included $78 million due from settlement of litigation. As of August 28, 2008, other receivables included $71 million due from Intel for amounts related to NAND Flash product design and process development activities, $75 million due from settlement of litigation and $58 million due from settlements of pricing adjustments with certain suppliers.

Other noncurrent assets as of August 28, 2008 included receivables of $39 million due from settlement of litigation.

Inventories	March 5, 2009	August 28, 2008
Finished goods	$ 270	$ 444
Work in process	448	671
Raw materials and supplies	141	176
	$ 859	$ 1,291

The Company's results of operations for the second and first quarters of 2009 and fourth, second and first quarters of 2008 included charges of $234 million, $369 million, $205 million, $15 million and $62 million, respectively, to write down the carrying value of work in process and finished goods inventories of memory products (both DRAM and NAND Flash) to their estimated market values.

Intangible Assets

	March 5, 2009		August 28, 2008	
	Gross Amount	Accumulated Amortization	Gross Amount	Accumulated Amortization
Product and process technology	$ 480	$ (194)	$ 577	$ (320)
Customer relationships	127	(43)	127	(35)
Other	29	(17)	29	(14)
	$ 636	$ (254)	$ 733	$ (369)

During the first six months of 2009 and 2008, the Company capitalized $58 million and $20 million, respectively, for product and process technology with weighted-average useful lives of 10 years.

Amortization expense for intangible assets was $18 million and $40 million for the second quarter and first six months of 2009, respectively, and $20 million and $40 million for the second quarter and first six months of 2008, respectively. Annual amortization expense for intangible assets is estimated to be $76 million for 2009, $68 million for 2010, $62 million for 2011, $53 million for 2012 and $50 million for 2013.

Property, Plant and Equipment	March 5, 2009	August 28, 2008
Land	$ 99	$ 99
Buildings	4,449	3,829
Equipment	12,591	13,591
Construction in progress	69	611
Software	279	283
	17,487	18,413
Accumulated depreciation	(9,577)	(9,602)
	$ 7,910	$ 8,811

Depreciation expense was $515 million and $1,084 million for the second quarter and first six months of 2009, respectively, and $490 million and $974 million for the second quarter and first six months of 2008, respectively.

The Company, through its IM Flash joint venture, has an unequipped wafer manufacturing facility in Singapore that has been idle since it was completed in the first quarter of 2009. The Company has depreciated the facility since it was completed and its net book value was $640 million as of March 5, 2009. Utilization of the facility is dependent upon market conditions, including, but not limited to, worldwide market supply of, and demand for, semiconductor products, availability of financing, agreement between the Company's and its joint venture partner and the Company's operations, cash flows and alternative capacity utilization opportunities. (See "Consolidated Variable Interest Entities – IM Flash" note.)

As part of restructure plans that were initiated in 2009 to shut down 200mm manufacturing operations at its Boise, Idaho facilities, the Company recorded impairment charges of $87 million and $143 million for the second quarter and first six months of 2009, respectively. In connection therewith, assets with a carrying value of $35 million (original acquisition cost of $768 million) were held for sale and were reclassified from property, plant and equipment to other assets as of March 5, 2009. (See "Restructure" note.)

Goodwill

As of August 28, 2008, other assets included goodwill of $58 million, all of which related to the Company's Imaging segment. In the second quarter of 2009, the Company wrote off all $58 million of the Imaging goodwill based on the results of its test for impairment. In the second quarter of 2008, the Company wrote off all $463 million of its goodwill relating to its Memory segment based on the results of its test for impairment.

SFAS No. 142, "Goodwill and Other Intangible Assets," requires that goodwill be tested for impairment at a reporting unit level. The Company has determined that its reporting units are its Memory and Imaging segments based on its organizational structure and the financial information that is provided to and reviewed by management. The Company tests goodwill for impairment annually and whenever events or circumstances make it more likely than not that an impairment may have occurred. Goodwill is tested for impairment using a two-step process. In the first step, the fair value of a reporting unit is compared to its carrying value. If the carrying value of the net assets assigned to a reporting unit exceeds the fair value of a reporting unit, the second step of the impairment test is performed in order to determine the implied fair value of a reporting unit's goodwill. If the carrying value of a reporting unit's goodwill exceeds its implied fair value, goodwill is deemed impaired and is written down to the extent of the difference.

In the second quarter of 2009, the Company's Imaging segment experienced a severe decline in sales, margins and profitability due to a significant decline in demand as a result of the downturn in global economic conditions. The drop in market demand resulted in significant declines in average selling prices and unit sales. Due to these market and economic conditions, the Company's Imaging segment and its competitors have experienced significant declines in market value. As a result, the Company concluded that there were sufficient factual circumstances for interim impairment analyses under SFAS No. 142. Accordingly, in the second quarter of 2009, the Company performed an assessment of goodwill for impairment. Based on the results of the Company's assessment of goodwill for impairment, it was determined that the carrying value of the Imaging segment exceeded its estimated fair value as of March 5, 2009. Therefore, the Company performed a preliminary second step of the impairment test to estimate the implied fair value of goodwill. The preliminary analysis indicated that there would be no remaining implied value attributable to goodwill in the Imaging segment and accordingly, the Company wrote off all $58 million of goodwill associated with its Imaging segment as of March 5, 2009. Any adjustments to the estimated charge resulting from the completion of the measurement of the impairment loss will be recognized in the third quarter of 2009.

In the first step of the impairment analysis, the Company performed valuation analyses utilizing both income and market approaches to determine the fair value of its reporting units. Under the income approach, the Company determined the fair value based on estimated future cash flows discounted by an estimated weighted-average cost of capital, which reflects the overall level of inherent risk of the Imaging segment and the rate of return an outside investor would expect to earn. Estimated future cash flows were based on the Company's internal projection models, industry projections and other assumptions deemed reasonable by management. Under the market-based approach, the Company derived the fair value of its Imaging segment based on revenue multiples of comparable publicly-traded peer companies. In the second step of the impairment analysis, the Company determined the implied fair value of goodwill for the Imaging segment by allocating the fair value of the segment to all of its assets and liabilities in accordance with SFAS No. 141, "Business Combinations," as if the reporting unit had been acquired in a business combination and the price paid to acquire it was the fair value.

Equity Method Investments

The Company has a partnering arrangement with Nanya Technology Corporation ("Nanya") pursuant to which the Company and Nanya jointly develop process technology and designs to manufacture stack DRAM products. Each party generally bears its own development costs and the Company's development costs are expected to exceed Nanya's development costs by a significant amount. In addition, the Company has transferred and licensed certain intellectual property related to the manufacture of stack DRAM products to Nanya and licensed certain intellectual property from Nanya. As a result, the Company is to receive an aggregate of $207 million from Nanya through 2010. The Company recognized $26 million and $54 million of license revenue from this agreement in the second quarter and first six months of 2009, respectively, and since May 2008 through March 5, 2009 has recognized $90 million of cumulative license revenue. In addition, the Company expects to receive royalties in future periods from Nanya for stack DRAM products manufactured by or for Nanya.

The Company has also partnered with Nanya in investments in two Taiwan DRAM memory companies: Inotera Memories, Inc. ("Inotera") and MeiYa Technology Corporation ("MeiYa"). As of March 5, 2009, the ownership of Inotera was held 35.6% by Nanya, 35.5% by the Company and the balance was publicly held. As of March 5, 2009, the ownership of MeiYa was held 50% by Nanya and 50% by the Company.

The Company has concluded that both Inotera and MeiYa are variable interest entities as defined in FIN 46(R), "Consolidation of Variable Interest Entities – an interpretation of ARB No. 51," because of the Inotera and MeiYa supply agreements with Micron and Nanya. Nanya and the Company are considered related parties under the provisions of FIN 46(R). The primary beneficiary of Inotera and MeiYa is the entity that is most closely associated with Inotera and MeiYa. The Company reviewed several factors to determine whether it is the primary beneficiary of Inotera and MeiYa, including the size and nature of the entities' operations relative to Nanya and the Company, nature of the day to day operations and certain other factors. Based on those factors, the Company determined that Nanya is most closely associated with Inotera and MeiYa. Therefore, the Company accounts for its interests using the equity method of accounting and does not consolidate these entities.

Inotera and MeiYa each have fiscal years that end on December 31. As these fiscal years differ from that of the Company's fiscal year, the Company recognizes its share of Inotera's and MeiYa's quarterly earnings or losses for the calendar quarter that ends within the Company's fiscal quarter. This results in the recognition of the Company's share of earnings or losses from these entities for a period that lags the Company's fiscal periods by approximately two months.

Inotera: In the first quarter of 2009, the Company acquired a 35.5% ownership interest in Inotera, a publicly-traded entity in Taiwan, from Qimonda AG ("Qimonda") for $398 million. The interest in Inotera was acquired for cash, a portion of which was funded from loan proceeds of $200 million received by the Company from Nan Ya Plastics Corporation, an affiliate of Nanya, and $85 million received from Inotera. The loans were recorded at their fair values, which reflect an aggregate discount of $31 million from their face amounts. This aggregate discount was recorded as a reduction of the Company's basis in the investment in Inotera. The Company also capitalized $10 million of costs and other fees incurred in connection with the acquisition. As a result of the above transactions, total consideration for the Company's equity investment in Inotera was $377 million. The Company estimated that, as of the date of acquisition, its proportionate share of Inotera's equity was approximately $250 million higher than the Company's total consideration of $377 million. Substantially all of this difference will be amortized as a credit to the Company's earnings or losses on equity method investments over the estimated remaining useful lives of Inotera's production equipment and facilities (5-year weighted-average remaining useful life as of the acquisition date). The $408 million of cash consideration has been reflected as an investing activity on the consolidated statement of cash flows and the $285 million of cash proceeds received from issuance of debt has been reflected as a financing activity on the consolidated statement of cash flows. (See "Debt" note.)

The Company's results of operations for the second quarter of 2009 reflect a $56 million net loss on equity method investments for the Company's share of Inotera's loss from the acquisition date to December 31, 2008. The $56 million of net loss recorded, which includes a credit of $8 million for amortization of the difference noted above, has been reflected as an operating activity adjustment on the consolidated statement of cash flows. As of March 5, 2009, the carrying value of the Company's equity investment in Inotera was $323 million and is included in other noncurrent assets. Based on the closing trading price of Inotera shares on March 5, 2009, the market value of the Company's shares in Inotera was approximately $400 million.

The Company has rights and obligations to purchase up to 50% of Inotera's wafer production. Inotera's actual wafer production will vary from time to time based on market and other conditions. In connection with the acquisition of the shares in Inotera, the Company and Nanya entered into a supply agreement with Inotera (the "Supply Agreement") pursuant to which Inotera will sell to the Company and Nanya trench and stack DRAM products manufactured by Inotera. Inotera's current trench production capacity is expected to transition to the Company's stack process technology. Inotera will sell to the Company and Nanya all of the trench DRAM products manufactured by Inotera other than trench DRAM products that were to be sold by Inotera to Qimonda pursuant to a separate supply agreement between Inotera and Qimonda (the "Qimonda Supply Agreement"). Under the Qimonda Supply Agreement, Qimonda was obligated to purchase trench DRAM products resulting from wafers started for it by Inotera through July 2009 in accordance with a ramp down schedule specified in the Qimonda Supply Agreement. Under the Supply Agreement, with respect to trench DRAM products, the Company will purchase the products resulting from 50% of Inotera's aggregate trench DRAM production less the trench DRAM products contemplated to be purchased by Qimonda pursuant to the Qimonda Supply Agreement. Under the Supply Agreement, with respect to stack DRAM products, the Company will purchase the products resulting from 50% of the aggregate stack DRAM production. Under the Supply Agreement, the pricing formula that determines the amounts to be paid by the Company for DRAM products includes manufacturing costs and margins associated with the products purchased.

In the second quarter of 2009, Qimonda filed for bankruptcy and defaulted on its obligations to purchase trench products from Inotera under the Qimonda Supply Agreement. Pursuant to the Company's obligations under the Supply Agreement, the Company recorded $51 million in cost of goods sold in the second quarter of 2009 for its obligations to Inotera as a result of Qimonda's default. As of March 5, 2009, $43 million of these charges remained unpaid and were included in accounts payable and other accrued expenses.

As of March 5, 2009, the Company's maximum exposure to loss on its Inotera investment equaled the $323 million carrying value of its investment. In addition, the Company may incur further losses in connection with its obligation to purchase up to 50% of Inotera's wafer production in accordance with a pricing formula and its obligations to Inotera for idle capacity charges.

MeiYa: In the fourth quarter of 2008, the Company and Nanya formed MeiYa to manufacture stack DRAM products and sell such products exclusively to the Company and Nanya. As of March 5, 2009 and August 28, 2008, the carrying value of the Company's equity investment in MeiYa was $48 million and $84 million, respectively, and was included in noncurrent assets. In the first six months of 2009, the Company recognized losses of $5 million for its share of MeiYa's results of operations for the six-month corresponding period ended December 31, 2008. In addition, during the first quarter of 2009, the Company received $50 million from MeiYa, half of which was accounted for as a technology transfer fee and half as a reduction of the Company's investment in MeiYa. The Company recognized $4 million and $7 million of licensing fee revenue in the second quarter and first six months of 2009, respectively. As of March 5, 2009, the Company had deferred income of $15 million related to the technology transfer fee. In connection with the purchase of its ownership interest in Inotera, the Company entered into a series of agreements with Nanya pursuant to which both parties will cease future funding of, and resource commitments to, MeiYa.

As of March 5, 2009, the Company's maximum exposure to loss on its MeiYa investment equaled the $48 million carrying value to the investment. If MeiYa were to commence manufacturing operations in future periods, the Company could potentially incur further losses in connection with its obligation to purchase up to 50% of MeiYa's wafer production in accordance with a pricing formula.

Accounts Payable and Accrued Expenses	**March 5, 2009**	**August 28, 2008**
Accounts payable	$ 451	$ 597
Customer advances	170	130
Salaries, wages and benefits	142	244
Payable to equity method investees	43	--
Income and other taxes	34	27
Other	110	113
	$ 950	$ 1,111

As of March 5, 2009 and August 28, 2008, customer advances included $168 million and $129 million, respectively, for the Company's obligation through December 2010 to provide certain NAND Flash memory products to Apple Inc. ("Apple") pursuant to a prepaid NAND Flash supply agreement. As of March 5, 2009 and August 28, 2008, other accounts payable and accrued expenses included $24 million and $16 million, respectively, for amounts due to Intel for NAND Flash product design and process development and licensing fees pursuant to a research and development cost-sharing arrangement.

As of August 28, 2008, other noncurrent liabilities included $83 million pursuant to the supply agreement with Apple.

Debt	March 5, 2009	August 28, 2008
Convertible senior notes payable, interest rate of 1.875%, due June 2014	$ 1,300	$ 1,300
Notes payable in periodic installments through July 2015, weighted-average effective interest rates of 8.0% and 4.5%, respectively, net of unamortized discount of $28 and $3, respectively	954	699
Capital lease obligations payable in monthly installments through February 2023, weighted-average imputed interest rates of 6.5% and 6.6%, respectively	571	657
Convertible subordinated notes payable, interest rate of 5.6%, due April 2010	70	70
	2,895	2,726
Less current portion	(353)	(275)
	$ 2,542	$ 2,451

As of March 5, 2009, notes payable and capital lease obligations above included an aggregate of $173 million, denominated in Singapore dollars, at a weighted-average interest rate of 5.5%.

On February 23, 2009, the Company entered into a term loan agreement with the Singapore Economic Development Board (“EDB”) that enables the Company to borrow up to $300 million Singapore dollars at 5.38% ($194 million U.S. dollars as of March 5, 2009). The Company is required to use the proceeds from any borrowings under the agreement to make equity contributions to its joint venture subsidiary, TECH Semiconductor Singapore Pte. Ltd. (“TECH”). The loan agreement further requires that TECH use the proceeds from the Company’s equity contributions to purchase production assets and meet certain production milestones related to the implementation of advanced process manufacturing. The loan contains a covenant that limits the amount of indebtedness TECH can incur without approval from the EDB. The loan is collateralized by the Company’s shares in TECH up to a maximum of 66% of TECH’s outstanding shares. On February 27, 2009, the Company drew $150 million Singapore dollars under the facility, which is due in February 2012 with quarterly interest payments. The Company may draw the remaining $150 million Singapore dollars though February 2010.

In the first quarter of 2009, the Company entered into a two-year, variable rate term loan with Nan Ya Plastics and a six-month, variable rate term loan with Inotera in connection with the purchase of its 35.5% interest in Inotera. In the first quarter of 2009, the Company received loan proceeds of $200 million from Nan Ya Plastics and $85 million from Inotera, which are payable at the end of each loan term. Under the terms of the loan agreements, interest is payable quarterly at LIBOR plus 2%. The interest rates reset quarterly and were 3.2% per annum as of March 5, 2009. The Company recorded the debt in the first quarter of 2009 net of aggregate discounts of $31 million, which will be recognized as interest expense over the respective lives of the loans, based on imputed interest rates of 12.1% for the Nan Ya Plastics loan and 11.6% for the Inotera loan. The Nan Ya Plastics loan is collateralized by a first priority security interest in the Inotera shares owned by the Company (approximate carrying value of $323 million as of March 5, 2009) and the Inotera loan is collateralized by $39 million of receivables due from Nanya. (See “Equity Method Investments” note.)

TECH Semiconductor Singapore Pte. Ltd. (“TECH”), the Company’s joint venture subsidiary, has a $600 million credit facility that is collateralized by substantially all of the assets of TECH. TECH’s total assets had an approximate carrying value of $1,608 million as of March 5, 2009.

Several of the Company’s credit facilities, one of which was modified during the second quarter of 2009, have covenants which require the Company to maintain minimum levels of tangible net worth and cash and investments. As of March 5, 2009, the Company was in compliance with its debt covenants.

Contingencies

The Company has accrued a liability and charged operations for the estimated costs of adjudication or settlement of various asserted and unasserted claims existing as of the balance sheet date, including those described below. The Company is currently a party to other legal actions arising out of the normal course of business, none of which is expected to have a material adverse effect on the Company’s business, results of operations or financial condition.

In the normal course of business, the Company is a party to a variety of agreements pursuant to which it may be obligated to indemnify the other party. It is not possible to predict the maximum potential amount of future payments under these types of agreements due to the conditional nature of the Company's obligations and the unique facts and circumstances involved in each particular agreement. Historically, payments made by the Company under these types of agreements have not had a material effect on the Company's business, results of operations or financial condition.

The Company is involved in the following patent, antitrust and securities matters.

Patent Matters: As is typical in the semiconductor and other high technology industries, from time to time, others have asserted, and may in the future assert, that the Company's products or manufacturing processes infringe their intellectual property rights. In this regard, the Company is engaged in litigation with Rambus, Inc. ("Rambus") relating to certain of Rambus' patents and certain of the Company's claims and defenses. Lawsuits between Rambus and the Company are pending in the U.S. District Court for the District of Delaware, U.S. District Court for the Northern District of California, Germany, France, and Italy. On January 9, 2009, the Delaware Court entered an opinion in favor of the Company holding that Rambus had engaged in spoliation and that the twelve Rambus patents in the suit were unenforceable against the Company. In the U.S. District Court for the Northern District of California, trial on a patent phase of the case has been stayed pending resolution of Rambus' appeal of the Delaware spoliation decision or order of the California Court.

On March 6, 2009, Panavision Imaging, LLC filed suit against the Company and Aptina Imaging Corporation, a subsidiary of the Company ("Aptina"), in the U.S. District Court for the Central District of California alleging that certain of the Company and Aptina's image sensor products infringe two Panavision Imaging U.S. patents. The complaint seeks injunctive relief, damages, attorneys' fees, and costs.

On March 24, 2009, Accolade Systems LLC filed suit against the Company and Aptina in the U.S. District Court for the Eastern District of Texas alleging that certain of the Company and Aptina's image sensor products infringe one Accolade Systems U.S. patent. The complaint seeks injunctive relief, damages, attorneys' fees, and costs.

On July 24, 2006, the Company filed a declaratory judgment action against Mosaid Technologies, Inc. ("Mosaid") in the U.S. District Court for the Northern District of California seeking, among other things, a court determination that fourteen Mosaid patents are invalid, not enforceable, and/or not infringed. On July 25, 2006, Mosaid filed a lawsuit against the Company and others in the U.S. District Court for the Eastern District of Texas alleging infringement of nine Mosaid patents. On August 31, 2006, Mosaid filed an amended complaint adding three additional Mosaid patents. On January 31, 2009, the Company and Mosaid agreed to dismiss the litigation, granting the Company a license under certain Mosaid patents, and transferring certain Company patents to Mosaid.

Among other things, the above lawsuits pertain to certain of the Company's SDRAM, DDR SDRAM, DDR2 SDRAM, DDR3 SDRAM, RLDRAM and image sensor products, which account for a significant portion of net sales.

The Company is unable to predict the outcome of assertions of infringement made against the Company and therefore cannot estimate the range of possible loss. A court determination that the Company's products or manufacturing processes infringe the intellectual property rights of others could result in significant liability and/or require the Company to make material changes to its products and/or manufacturing processes. Any of the foregoing could have a material adverse effect on the Company's business, results of operations or financial condition.

Antitrust Matters: At least sixty-eight purported class action price-fixing lawsuits have been filed against the Company and other DRAM suppliers in various federal and state courts in the United States and in Puerto Rico on behalf of indirect purchasers alleging price-fixing in violation of federal and state antitrust laws, violations of state unfair competition law, and/or unjust enrichment relating to the sale and pricing of DRAM products during the period from April 1999 through at least June 2002. The complaints seek joint and several damages, trebled, in addition to restitution, costs and attorneys' fees. A number of these cases have been removed to federal court and transferred to the U.S. District Court for the Northern District of California for consolidated pre-trial proceedings. On January 29, 2008, the Northern District of California court granted in part and denied in part the Company's motion to dismiss plaintiffs' second amended consolidated complaint. Plaintiffs subsequently filed a motion seeking certification for interlocutory appeal of the decision. On February 27, 2008, plaintiffs filed a third amended complaint. On June 26, 2008, the United States Court of Appeals for the Ninth Circuit agreed to consider plaintiffs' interlocutory appeal.

In addition, various states, through their Attorneys General, have filed suit against the Company and other DRAM manufacturers. On July 14, 2006, and on September 8, 2006 in an amended complaint, the following Attorneys General filed suit in the U.S. District Court for the Northern District of California: Alaska, Arizona, Arkansas, California, Colorado, Delaware, Florida, Hawaii, Idaho, Illinois, Iowa, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Nebraska, Nevada, New Hampshire, New Mexico, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin and the Commonwealth of the Northern Mariana Islands. Thereafter, three states, Ohio, New Hampshire, and Texas, voluntarily dismissed their claims. The remaining states filed a third amended complaint on October 1, 2007. Alaska, Delaware, Kentucky, and Vermont subsequently voluntarily dismissed their claims. The amended complaint alleges, among other things, violations of the Sherman Act, Cartwright Act, and certain other states' consumer protection and antitrust laws and seeks joint and several damages, trebled, as well as injunctive and other relief. Additionally, on July 13, 2006, the State of New York filed a similar suit in the U.S. District Court for the Southern District of New York. That case was subsequently transferred to the U.S. District Court for the Northern District of California for pre-trial purposes. The State of New York filed an amended complaint on October 1, 2007. On October 3, 2008, the California Attorney General filed a similar lawsuit in California Superior Court, purportedly on behalf of local California government entities, alleging, among other things, violations of the Cartwright Act and state unfair competition law.

Three purported class action DRAM lawsuits also have been filed against the Company in Quebec, Ontario, and British Columbia, Canada, on behalf of direct and indirect purchasers, alleging violations of the Canadian Competition Act. The substantive allegations in these cases are similar to those asserted in the DRAM antitrust cases filed in the United States. Plaintiffs' motion for class certification was denied in the British Columbia and Quebec cases in May and June 2008, respectively. Plaintiffs subsequently filed an appeal of each of those decisions. Those appeals are pending.

In February and March 2007, All American Semiconductor, Inc., Jaco Electronics, Inc., and the DRAM Claims Liquidation Trust each filed suit against the Company and other DRAM suppliers in the U.S. District Court for the Northern District of California after opting-out of a direct purchaser class action suit that was settled. The complaints allege, among other things, violations of federal and state antitrust and competition laws in the DRAM industry, and seek joint and several damages, trebled, as well as restitution, attorneys' fees, costs and injunctive relief.

On October 11, 2006, the Company received a grand jury subpoena from the U.S. District Court for the Northern District of California seeking information regarding an investigation by the U.S. Department of Justice ("DOJ") into possible antitrust violations in the "Static Random Access Memory" or "SRAM" industry. In December 2008, the Company was informed that the DOJ closed its investigation of the SRAM industry.

Subsequent to the issuance of subpoenas to the SRAM industry, a number of purported class action lawsuits have been filed against the Company and other SRAM suppliers. Six cases have been filed in the U.S. District Court for the Northern District of California asserting claims on behalf of a purported class of individuals and entities that purchased SRAM directly from various SRAM suppliers during the period from November 1, 1996 through December 31, 2005. Additionally, at least 74 cases have been filed in various U.S. district courts asserting claims on behalf of a purported class of individuals and entities that indirectly purchased SRAM and/or products containing SRAM from various SRAM suppliers during the time period from November 1, 1996 through December 31, 2006. In September 2008, a class of direct purchasers was certified, and plaintiffs were granted leave to amend their complaint to cover Pseudo-Static RAM or "PSRAM" products as well. The complaints allege price fixing in violation of federal antitrust laws and state antitrust and unfair competition laws and seek treble monetary damages, restitution, costs, interest and attorneys' fees. On March 19, 2009, the Company executed settlement agreements with both the direct purchaser class and the purported indirect purchaser class. If approved by the Court, the agreements would resolve the pending U.S. class action SRAM litigation against the Company and release the Company from those claims.

Three purported class action SRAM lawsuits also have been filed against the Company in Canada, on behalf of direct and indirect purchasers, alleging violations of the Canadian Competition Act. The substantive allegations in these cases are similar to those asserted in the SRAM cases filed in the United States.

In addition, three purported class action lawsuits alleging price-fixing of Flash products have been filed in Canada, asserting violations of the Canadian Competition Act. These cases assert claims on behalf of a purported class of individuals and entities that purchased Flash memory directly and indirectly from various Flash memory suppliers.

On May 5, 2004, Rambus filed a complaint in the Superior Court of the State of California (San Francisco County) against the Company and other DRAM suppliers. The complaint alleges various causes of action under California state law including conspiracy to restrict output and fix prices of Rambus DRAM ("RDRAM") and unfair competition. Trial is currently scheduled to begin in September 2009. The complaint seeks joint and several damages, trebled, punitive damages, attorneys' fees, costs, and a permanent injunction enjoining the defendants from the conduct alleged in the complaint.

The Company is unable to predict the outcome of these lawsuits and investigations and therefore cannot estimate the range of possible loss. The final resolution of these alleged violations of antitrust laws could result in significant liability and could have a material adverse effect on the Company's business, results of operations or financial condition.

Securities Matters: On February 24, 2006, a putative class action complaint was filed against the Company and certain of its officers in the U.S. District Court for the District of Idaho alleging claims under Section 10(b) and 20(a) of the Securities Exchange Act of 1934, as amended, and Rule 10b-5 promulgated thereunder. Four substantially similar complaints subsequently were filed in the same Court. The cases purport to be brought on behalf of a class of purchasers of the Company's stock during the period February 24, 2001 to February 13, 2003. The five lawsuits have been consolidated and a consolidated amended class action complaint was filed on July 24, 2006. The complaint generally alleges violations of federal securities laws based on, among other things, claimed misstatements or omissions regarding alleged illegal price-fixing conduct. The complaint seeks unspecified damages, interest, attorneys' fees, costs, and expenses. On December 19, 2007, the Court issued an order certifying the class but reducing the class period to purchasers of the Company's stock during the period from February 24, 2001 to September 18, 2002.

In addition, on March 23, 2006, a shareholder derivative action was filed in the Fourth District Court for the State of Idaho (Ada County), allegedly on behalf of and for the benefit of the Company, against certain of the Company's current and former officers and directors. The Company also was named as a nominal defendant. An amended complaint was filed on August 23, 2006 and subsequently dismissed by the Court. Another amended complaint was filed on September 6, 2007. The amended complaint is based on the same allegations of fact as in the securities class actions filed in the U.S. District Court for the District of Idaho and alleges breach of fiduciary duty, abuse of control, gross mismanagement, waste of corporate assets, unjust enrichment, and insider trading. The amended complaint seeks unspecified damages, restitution, disgorgement of profits, equitable and injunctive relief, attorneys' fees, costs, and expenses. The amended complaint is derivative in nature and does not seek monetary damages from the Company. However, the Company may be required, throughout the pendency of the action, to advance payment of legal fees and costs incurred by the defendants. On January 25, 2008, the Court granted the Company's motion to dismiss the second amended complaint without leave to amend. On March 10, 2008, plaintiffs filed a notice of appeal to the Idaho Supreme Court. That appeal is pending.

The Company is unable to predict the outcome of these cases and therefore cannot estimate the range of possible loss. A court determination in any of these actions against the Company could result in significant liability and could have a material adverse effect on the Company's business, results of operations or financial condition.

Fair Value Measurements

SFAS No. 157 establishes three levels of inputs that may be used to measure fair value: quoted prices in active markets for identical assets or liabilities (referred to as Level 1), observable inputs other than Level 1 that are observable for the asset or liability either directly or indirectly (referred to as Level 2) and unobservable inputs to the valuation methodology that are significant to the measurement of fair value of assets or liabilities (referred to as Level 3).

Fair value measurements on a recurring basis: Assets measured at fair value on a recurring basis as of March 5, 2009 were as follows:

	Level 1	Level 2	Total
Money market[(1)]	$ 395	$ --	$ 395
Commercial paper[(1)]	--	85	85
U.S. government and agencies[(1)]	189	--	189
Certificates of deposit[(1)]	--	192	192
Marketable equity investments[(2)]	8	--	8
	$ 592	$ 277	$ 869

[(1)]*Included in cash and equivalents*
[(2)]*Included in other noncurrent assets*

Level 2 assets are valued using observable inputs in active markets for similar assets or alternative pricing sources and models utilizing market observable inputs. During the first quarter of 2009, the Company recognized an other-than-temporary impairment of $7 million for marketable equity instruments.

Fair value measurements on a nonrecurring basis: As of March 5, 2009, non-marketable equity investments of $11 million were valued using Level 3 inputs. In the second quarter and first six months of 2009, the Company identified events and circumstances that indicated the fair value of certain non-marketable equity investments sustained an other-than-temporary decline in value and recognized charges of $1 million and $3 million, respectively, to write down the carrying values of these investments to their estimated fair values. The fair value measurements were determined using market multiples derived from industry-comparable companies which were classified as Level 3 inputs as they were unobservable and require management's judgment due to the absence of quoted market prices, inherent lack of liquidity and the long-term nature of such investments.

During the first quarter of 2009, the Company recorded loans with Nan Ya Plastics and Inotera at fair value because the stated interest rates were substantially lower than the prevailing rates for loans with comparable terms and collateral and for borrowers with similar credit ratings. During the second quarter of 2009, the Company recorded other long-term contractual liabilities at fair values of $36 million (net of $39 million of discounts) based on prevailing rates for comparable obligations. The fair values of these obligations were determined based on discounted cash flows using inputs that are observable in the market or that could be derived from or corroborated with observable market data, as well as significant unobservable inputs (Level 3), including interest rates based on published rates for transactions involving parties with similar credit ratings as the Company. (See "Debt" note.)

Equity Plans

As of March 5, 2009, the Company had an aggregate of 197.0 million shares of its common stock reserved for issuance under various equity plans, of which 131.1 million shares were subject to outstanding stock awards and 65.9 million shares were available for future grants. Awards are subject to terms and conditions as determined by the Company's Board of Directors.

Stock options: The Company granted 14.0 million and 20.8 million stock options during the second quarter and first six months of 2009, respectively, with weighted-average grant-date fair values per share of $1.34 and $1.66, respectively. The Company granted 6.3 million and 6.5 million stock options during the second quarter and first six months of 2008, respectively, with weighted-average grant-date fair values per share of $2.48 and $2.53, respectively.

The fair values of option awards were estimated as of the date of grant using the Black-Scholes option valuation model. The Black-Scholes model was developed for use in estimating the fair value of traded options which have no vesting restrictions and are fully transferable and requires the input of subjective assumptions, including the expected stock price volatility and estimated option life. The expected volatilities utilized by the Company were based on implied volatilities from traded options on the Company's stock and on historical volatility. The expected lives of options granted in 2009 were based, in part, on historical experience and on the terms and conditions of the options. The expected lives of options granted prior to 2009 were based on the simplified method provided by the Securities and Exchange Commission. The risk-free interest rates utilized by the Company were based on the U.S. Treasury yield in effect at the time of the grant. No dividends were assumed in the Company's estimated option values. Assumptions used in the Black-Scholes model are presented below:

	Quarter ended		Six months ended	
	March 5, 2009	February 28, 2008	March 5, 2009	February 28, 2008
Average expected life in years	4.99	4.25	4.91	4.25
Weighted-average expected volatility	79%	46%	73%	46%
Weighted-average risk-free interest rate	1.6%	2.9%	1.9%	2.9%

Restricted stock: The Company awards restricted stock and restricted stock units (collectively, "Restricted Awards") under its equity plans. During the second quarter of 2009 and 2008, the Company granted 0.2 million and 2.3 million shares, respectively, of service-based Restricted Awards. During the first six months of 2009 and 2008, the Company granted 1.9 million and 3.6 million shares, respectively, of service-based Restricted Awards, and 1.7 million and 1.3 million shares, respectively, of performance-based Restricted Awards. The weighted-average grant-date fair values per share were $2.07 and $4.40 for Restricted Awards granted during the second quarter and first six months of 2009, respectively, and $6.10 and $8.53 for Restricted Awards granted during the second quarter and first six months of 2008, respectively.

Stock-based compensation expense: Total compensation costs for the Company's equity plans were as follows:

	Quarter ended		Six months ended	
	March 5, 2009	February 28, 2008	March 5, 2009	February 28, 2008
Stock-based compensation expense by caption:				
Cost of goods sold	$ 4	$ 4	$ 8	$ 7
Selling, general and administrative	6	6	8	12
Research and development	3	3	6	7
	$ 13	$ 13	$ 22	$ 26
Stock-based compensation expense by type of award:				
Stock options	$ 8	$ 6	$ 15	$ 12
Restricted stock	5	7	7	14
	$ 13	$ 13	$ 22	$ 26

As of March 5, 2009, $95 million of total unrecognized compensation costs related to non-vested awards was expected to be recognized through the second quarter of 2013, resulting in a weighted-average period of 1.3 years. Stock-based compensation expense in the above presentation does not reflect any significant income taxes, which is consistent with the Company's treatment of income or loss from its U.S. operations. (See "Income Taxes" note.)

Restructure

In response to a severe downturn in the semiconductor memory industry and global economic conditions, the Company initiated restructure plans in 2009 primarily attributable to the Company's Memory segment. In the first quarter of 2009, IM Flash, a joint venture between the Company and Intel, terminated its agreement with the Company to obtain NAND Flash memory supply from the Company's Boise facility, reducing the Company's NAND Flash production by approximately 35,000 200mm wafers per month. In addition, the Company and Intel agreed to suspend tooling and the ramp of NAND Flash production at IM Flash's Singapore wafer fabrication facility. On February 23, 2009, the Company announced that it will phase out all remaining 200mm wafer manufacturing operations at its Boise, Idaho, facility, reducing employment there by as many as 2,000 positions by the end of 2009.

As a result of these actions, the Company recorded a net $66 million credit to restructure in the first quarter of 2009 and a restructure charge of $105 million in the second quarter of 2009. The net credit in the first quarter of 2009 includes a $144 million gain in connection with the termination of the NAND Flash supply agreement, charges of $56 million to reduce the carrying value of certain 200mm wafer manufacturing equipment at its Boise, Idaho facility and charges of $22 million for severance and other termination benefits. The charge in the second quarter of 2009 includes charges of $87 million to reduce the carrying value of certain 200mm wafer manufacturing equipment at its Boise, Idaho facility and charges of $17 million for severance and other termination benefits. Excluding any gains or losses from equipment, the Company expects to incur additional restructure costs through 2009 of approximately $27 million, comprised primarily of severance and other employee related costs.

The following table summarizes restructure charges (credits) resulting from the Company's 2009 restructure activities:

	Quarter ended		Six months ended
	March 5, 2009	December 4, 2008	March 5, 2009
Write-down of equipment	$ 87	$ 56	$ 143
Severance and other termination benefits	17	22	39
Gain from termination of NAND Flash supply agreement	--	(144)	(144)
Other	1	--	1
	$ 105	$ (66)	$ 39

During the second and first quarters of 2009, the Company made cash payments of $16 million and $17 million, respectively, for severance and other termination benefits. As of March 5, 2009, $7 million of restructure costs, primarily related to severance and other termination benefits, remained unpaid and were included in accounts payable and accrued expenses. In connection with the termination of the NAND Flash memory supply agreement with Intel, in the first quarter of 2009, the Company recorded a receivable from Intel of $208 million that was settled in the second quarter of 2009.

Under a previous restructure plan initiated in the fourth quarter of 2007, the Company recorded charges of $8 million and $21 million for the second quarter and first six months of 2008, respectively, for severance and other employee related costs and to write down certain facilities to their fair values.

Other Operating (Income) Expense, Net

Other operating (income) expense for the second quarter and first six months of 2009 included losses of $29 million and $43 million, respectively, on disposals of semiconductor equipment. Other operating (income) expense for the second quarter and first six months of 2008 included gains of $47 million and $57 million, respectively, on disposals of semiconductor equipment, and losses of $6 million and $33 million, respectively, from changes in currency exchange rates. Other operating (income) expense for the first quarter of 2008 included $38 million of receipts from the U.S. government in connection with anti-dumping tariffs.

Income Taxes

Income taxes for 2009 and 2008 primarily reflect taxes on the Company's non-U.S. operations and U.S. alternative minimum tax. The Company has a valuation allowance for its net deferred tax asset associated with its U.S. operations. The benefit for taxes on U.S. operations in 2009 and 2008 was substantially offset by changes in the valuation allowance.

Earnings Per Share

Basic earnings per share is computed based on the weighted-average number of common shares and stock rights outstanding. Diluted earnings per share is computed based on the weighted-average number of common shares outstanding plus the dilutive effects of stock options, warrants and convertible notes. Potential common shares that would increase earnings per share amounts or decrease loss per share amounts are antidilutive and are therefore excluded from earnings per share calculations. Antidilutive potential common shares that could dilute basic earnings per share in the future were 228.7 million for the second quarter and first six months of 2009 and 255.0 million for the second quarter and first six months of 2008.

	Quarter ended		Six months ended	
	March 5, 2009	February 28, 2008	March 5, 2009	February 28, 2008
Net loss available to common shareholders	$ (751)	$ (777)	$ (1,457)	$ (1,039)
Weighted-average common shares outstanding	773.9	772.4	773.6	772.2
Loss per share:				
Basic	$ (0.97)	$ (1.01)	$ (1.88)	$ (1.35)
Diluted	(0.97)	(1.01)	(1.88)	(1.35)

Comprehensive Income (Loss)

Comprehensive loss for the second quarter of 2009 was ($754) million and included ($4) million of change in cumulative translation adjustment and de minimis amounts of change in minimum pension liability adjustment. Comprehensive loss for the first six months of 2009 was ($1,456) million and included $4 million, net of tax, of unrealized gains on investment, ($4) million of change in cumulative translation adjustment and de minimis amounts of change in minimum pension liability adjustment. Comprehensive loss for the second quarter and first six months of 2008 was ($775) million and ($1,038) million, respectively, and included de minimis amounts of unrealized gains and losses on investments.

Consolidated Variable Interest Entities

NAND Flash joint ventures with Intel ("IM Flash"): The Company has formed two joint ventures with Intel (IM Flash Technologies, LLC formed January 2006 and IM Flash Singapore LLP formed February 2007) to manufacture NAND Flash memory products for the exclusive benefit of the partners. IMFT and IMFS are aggregated as IM Flash in the following disclosure due to the similarity of their ownership structure, function, operations and the way the Company's management reviews the results of their operations. At inception and through March 5, 2009, the Company owned 51% and Intel owned 49% of IM Flash. IMFT and IMFS are each governed by a Board of Managers, with Micron and Intel initially appointing an equal number of managers to each of the boards. The number of managers appointed by each party adjusts depending on the parties' ownership interests. These ventures will operate until 2016 but are subject to prior termination under certain terms and conditions.

IM Flash is a variable interest entity as defined by FIN 46(R) because all costs of IM Flash are passed to the Company and Intel through purchase agreements. IMFT and IMFS are dependent upon the Company and Intel for any additional cash requirements. The Company and Intel are also considered related parties under the provisions of FIN 46(R). As a result, the primary beneficiary of IM Flash is the entity that is most closely associated with IM Flash. The Company considered several factors to determine whether it or Intel is most closely associated with IM Flash, including the size and nature of IM Flash's operations relative to the Company and Intel, and which entity had the majority of economic exposure under the purchase agreements. Based on those factors, the Company determined that it is most closely associated with IM Flash and is therefore the primary beneficiary. Accordingly, the financial results of IM Flash are included in the Company's consolidated financial statements and all amounts pertaining to Intel's interests in IM Flash are reported as noncontrolling interests in subsidiaries.

IM Flash manufactures NAND Flash memory products based on NAND Flash designs developed by the Company and Intel and licensed to the Company. Product design and other research and development ("R&D") costs for NAND Flash are generally shared equally between the Company and Intel. As a result of reimbursements received from Intel under a NAND Flash R&D cost-sharing arrangement, the Company's R&D expenses were reduced by $25 million and $57 million for the second quarter and first six months of 2009, respectively, and $29 million and $82 million for the second quarter and first six months of 2008, respectively.

IM Flash sells products to the joint venture partners generally in proportion to their ownership at long-term negotiated prices approximating cost. IM Flash sales to Intel were $215 million and $533 million for the second quarter and first six months of 2009, respectively, and $241 million and $464 million for the second quarter and first six months of 2008, respectively. As of March 5, 2009 and August 28, 2008, IM Flash had receivables from Intel primarily for sales of NAND Flash products of $80 million and $144 million, respectively. In addition, as of March 5, 2009, the Company had receivables from Intel of $29 million related to NAND Flash product design and process development activities. As of March 5, 2009 and August 28, 2008, IM Flash had payables to Intel of $1 million and $4 million, respectively, for various services.

Under the terms of a wafer supply agreement, the Company manufactured wafers for IM Flash in its Boise, Idaho facility. In the first quarter of 2009, the Company and Intel agreed to discontinue production of NAND flash memory for IM Flash at the Boise facility. Pursuant to the terms of a termination agreement with Intel, the Company received $208 million from Intel in the second quarter of 2009. Also in the first quarter of 2009, IM Flash substantially completed construction of a new 300mm wafer fabrication facility structure in Singapore and the Company and Intel agreed to suspend tooling and the ramp of production at this facility.

IM Flash distributed $318 million and $463 million to Intel in the second quarter and first six months of 2009, respectively, and $331 million and $482 million to the Company in the second quarter and first six months of 2009, respectively. In the second quarter of 2009, Intel contributed $24 million and the Company contributed $25 million to IM Flash. Intel contributed $42 million and $192 million to IM Flash in the second quarter and first six months of 2008, respectively, and the Company contributed $44 million and $200 million to IM Flash in the second quarter and first six months of 2008, respectively. The Company's ability to access IM Flash's cash and marketable investment securities ($239 million as of March 5, 2009) to finance the Company's other operations is subject to agreement by the joint venture partners.

Total IM Flash assets and liabilities included in the Company's balance sheets are as follows:

As of	March 5, 2009	August 28, 2008
Assets		
Cash and equivalents	$ 239	$ 393
Receivables	96	169
Inventories	168	225
Other current assets	5	14
Total current assets	508	801
Property, plant and equipment, net	3,739	3,998
Other assets	63	58
Total assets	$ 4,310	$ 4,857
Liabilities and shareholders' equity		
Accounts payable and accrued expenses	$ 105	$ 166
Deferred income	138	67
Equipment purchase contracts	4	18
Current portion of long-term debt	6	5
Total current liabilities	253	256
Long-term debt	67	38
Other liabilities	4	5
Total liabilities	$ 324	$ 299

Amounts exclude intercompany balances that are eliminated in consolidation of the Company's consolidated balance sheets. IMFT and IMFS are aggregated as IM Flash in the following disclosure due to the similarity of their ownership structure, function, operations and the way the Company's management reviews the results of their operations.

The creditors of IM Flash have recourse only to the assets of IM Flash and do not have recourse to any other assets of the Company.

MP Mask Technology Center, LLC ("MP Mask"): In 2006, the Company formed a joint venture, MP Mask, with Photronics, Inc. ("Photronics") to produce photomasks for leading-edge and advanced next generation semiconductors. At inception and through March 5, 2009, the Company owned 50.01% and Photronics owned 49.99% of MP Mask. The Company purchases a substantial majority of the reticles produced by MP Mask pursuant to a supply arrangement. In connection with the joint venture, the Company received $72 million in 2006 in exchange for entering into a license agreement with Photronics, which is being recognized over the term of the 10-year agreement. As of March 5, 2009, deferred income and other liabilities included $52 million for this agreement. MP Mask distributed $5 million to the Company and $5 million to Photronics in the first quarter of 2009.

MP Mask is a variable interest entity as defined by FIN 46(R), because all costs of MP Mask are passed on to the Company and Photronics through purchase agreements and MP Mask is dependent upon the Company and Photronics for any additional cash requirements. The Company and Photronics are also considered related parties under the provisions of FIN 46(R). As a result, the primary beneficiary of MP Mask is the entity that is most closely associated with MP Mask. The Company considered several factors to determine whether it or Photronics is more closely associated with the joint venture. The most important factor was the nature of the joint ventures' operations relative to the Company and Photronics. Based on those factors, the Company determined that it most closely associated with the joint ventures and therefore it is the primary beneficiary. Accordingly, the financial results of MP Mask are included in the Company's consolidated financial statements and all amounts pertaining to Photonics' interest in MP Mask are reported as noncontrolling interests in subsidiaries.

Total MP Mask assets and liabilities included in the Company's balance sheets are as follows:

As of	March 5, 2009	August 28, 2008
Current assets	$ 28	$ 27
Noncurrent assets (primarily property, plant and equipment)	106	121
Current liabilities	6	11

Amounts exclude intercompany balances that are eliminated in consolidation of the Company's consolidated balance sheets.

The creditors of MP Mask have recourse only to the assets of MP Mask and do not have recourse to any other assets of the Company.

In 2008, the Company completed the construction of a facility to produce photomasks and leased the facility to Photronics under a build to suit lease agreement, with quarterly lease payments through January 2013. As of March 5, 2009, other receivables included $12 million and other noncurrent assets included $40 million for this lease.

TECH Semiconductor Singapore Pte. Ltd.

Since 1998, the Company has participated in TECH Semiconductor Singapore Pte. Ltd. ("TECH"), a semiconductor memory manufacturing joint venture in Singapore among the Company, Canon Inc. and Hewlett-Packard Company ("HP"). The financial results of TECH are included in the Company's consolidated financial statements and all amounts pertaining to Canon Inc. and HP are reported as noncontrolling interests in subsidiaries.

On February 23, 2009, the Company entered into a term loan agreement with the EDB that enables the Company to borrow up to $300 million Singapore Dollars at 5.38% ($194 million U.S. Dollars as of March 5, 2009). The Company is required to use the proceeds from any borrowing under the facility to make equity contributions to TECH. On February 27, 2009, the Company drew $150 million Singapore dollars under the facility and used the proceeds to purchase 85.1 million shares of TECH for $99 million. Because the Company's joint venture partners in TECH did not participate in the capital call, the Company's interest in TECH increased from approximately 73% to approximately 76%. (See "Debt" note.)

TECH's cash and marketable investment securities ($184 million as of March 5, 2009) are not anticipated to be available to finance the Company's other operations. In March, 2008, TECH entered into a credit facility, which is guaranteed, in part, by the Company.

Segment Information

The Company's segments are Memory and Imaging. The Memory segment's primary products are DRAM and NAND Flash memory and the Imaging segment's primary product is CMOS image sensors. Segment information reported below is consistent with how it is reviewed and evaluated by the Company's chief operating decision makers and is based on the nature of the Company's operations and products offered to customers. The Company does not identify or report depreciation and amortization, capital expenditures or assets by segment.

	Quarter ended		Six months ended	
	March 5, 2009	February 28, 2008	March 5, 2009	February 28, 2008
Net sales:				
Memory	$ 910	$ 1,224	$ 2,132	$ 2,590
Imaging	83	135	263	304
Total consolidated net sales	$ 993	$ 1,359	$ 2,395	$ 2,894
Operating income (loss):				
Memory	$ (606)	$ (751)	$ (1,281)	$ (1,002)
Imaging	(102)	(21)	(99)	(30)
Total consolidated operating loss	$ (708)	$ (772)	$ (1,380)	$ (1,032)

Item 2. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

The following discussion contains trend information and other forward-looking statements that involve a number of risks and uncertainties. Forward-looking statements include, but are not limited to, statements such as those made in "Overview" regarding the Company's DRAM development costs relative to Nanya, Inotera's transition to the Company's stack process technology and manufacturing plans for CMOS image sensors; in "Net Sales" regarding production levels for the third quarter of 2009 and future increases in NAND production; in "Gross Margin" regarding the effects of production slowdowns on costs for the third quarter of 2009 and future charges for inventory write-downs; in "Research and Development" regarding research and development expenses for the third quarter of 2009; in "Restructure" regarding the remaining costs of restructure plans; in "Liquidity and Capital Resources" regarding capital spending in 2009, future distributions from IM Flash to Intel and capital contributions to TECH; and in "Recently Issued Accounting Standards" regarding the impact from the adoption of new accounting standards. The Company's actual results could differ materially from the Company's historical results and those discussed in the forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to, those identified in "PART II. OTHER INFORMATION – Item 1A. Risk Factors." This discussion should be read in conjunction with the Consolidated Financial Statements and accompanying notes and with the Company's Annual Report on Form 10-K for the year ended August 28, 2008. All period references are to the Company's fiscal periods unless otherwise indicated. The Company's fiscal year is the 52 or 53-week period ending on the Thursday closest to August 31. The Company's fiscal 2009, which ends on September 3, 2009, contains 53 weeks. All production data reflects production of the Company and its consolidated joint ventures.

Overview

The Company is a global manufacturer of semiconductor devices, principally semiconductor memory products (including DRAM and NAND Flash) and CMOS image sensors. The Company operates in two segments: Memory and Imaging. Its products are used in a broad range of electronic applications including personal computers, workstations, network servers, mobile phones and other consumer applications including Flash memory cards, USB storage devices, digital still cameras, MP3/4 players and in automotive applications. The Company markets its products through its internal sales force, independent sales representatives and distributors primarily to original equipment manufacturers and retailers located around the world. The Company's success is largely dependent on the market acceptance of a diversified portfolio of semiconductor memory products, efficient utilization of the Company's manufacturing infrastructure, successful ongoing development of advanced process technologies and generation of sufficient return on research and development investments.

The Company has made significant investments to develop proprietary product and process technology that is implemented in its worldwide manufacturing facilities and through its joint ventures to enable the production of semiconductor products with increasing functionality and performance at lower costs. The Company generally reduces the manufacturing cost of each generation of product through advancements in product and process technology such as its leading-edge line-width process technology and innovative array architecture. The Company continues to introduce new generations of products that offer improved performance characteristics, such as higher data transfer rates, reduced package size, lower power consumption and increased memory density and megapixel count. To leverage its significant investments in research and development, the Company has formed strategic joint ventures under which the costs of developing memory product and process technologies are shared with its joint venture partners. In addition, from time to time, the Company has also sold and/or licensed technology to other parties. The Company is pursuing additional opportunities to recover its investment in intellectual property through partnering and other arrangements.

The semiconductor memory industry is experiencing a severe downturn due to a significant oversupply of products. The downturn has been exacerbated by global economic conditions which have adversely affected demand for semiconductor memory products. Average selling prices per gigabit for the Company's DRAM and NAND Flash products for the second quarter of 2009 decreased 30% and 13%, respectively, compared to the first quarter of 2009 after decreasing 34% and 24%, respectively, for the first quarter of 2009 as compared to the fourth quarter of 2008. Average selling prices per gigabit for the Company's DRAM and NAND Flash products in 2008 were down 51% and 67%, respectively, compared to 2007 and down 63% and 85%, respectively, compared to 2006. These declines significantly outpaced the long-term historical trend. As a result of these market conditions, the Company and other semiconductor memory manufacturers have reported negative gross margins and substantial losses in recent periods. In the first six months of 2009, the Company reported a net loss of $1.5 billion after reporting a net loss of $1.6 billion for 2008.

In response to these market conditions, the Company initiated restructure plans in 2009, primarily attributable to the Company's Memory segment. In the first quarter of 2009, IM Flash, a joint venture between the Company and Intel, terminated its agreement with the Company to obtain NAND Flash memory supply from the Company's Boise facility, reducing the Company's NAND Flash production by approximately 35,000 200mm wafers per month. In addition, the Company and Intel agreed to suspend tooling and the ramp of NAND Flash production at IM Flash's Singapore wafer fabrication facility. On February 23, 2009, the Company announced that it will phase out all remaining 200mm wafer manufacturing operations at its Boise, Idaho, facility, reducing employment there by as many as 2,000 positions by the end of 2009. The Company has also undertaken additional cost savings measures to increase its competitiveness, including reductions in executive and employee salary and bonuses, a continued hiring freeze, suspension of matching contributions under the Company's 401(k) employee savings plan and reduction of other discretionary costs such as outside services, travel and overtime.

The effects of the worsening global economy and the tightening credit markets are also making it increasingly difficult for semiconductor memory manufacturers to obtain external sources of financing to fund their operations. Although the Company believes that it is better positioned than some of its peers, it faces challenges in the current and near-term that require it to continue to make significant improvements in its competitiveness. Additionally, the Company is pursuing further financing alternatives, further reducing capital expenditures and implementing further cost reduction initiatives.

DRAM joint ventures with Nanya Technology Corporation ("Nanya"): The Company has a partnering arrangement with Nanya Technology Corporation ("Nanya") pursuant to which the Company and Nanya jointly develop process technology and designs to manufacture stack DRAM products. Each party generally bears its own development costs and the Company's development costs are expected to exceed Nanya's development costs by a significant amount. In addition, the Company has transferred and licensed certain intellectual property related to the manufacture of stack DRAM products to Nanya and licensed certain intellectual property from Nanya. As a result, the Company is to receive an aggregate of $207 million from Nanya through 2010. The Company recognized $26 million and $54 million of license revenue from this agreement in the second quarter and first six months of 2009, respectively, and since May 2008 through March 5, 2009 has recognized $90 million of cumulative license revenue. In addition, the Company expects to receive royalties in future periods from Nanya for stack DRAM products manufactured by or for Nanya.

The Company has also partnered with Nanya in investments in two Taiwan DRAM memory companies: Inotera Memories, Inc. ("Inotera") and MeiYa Technology Corporation ("MeiYa"). As of March 5, 2009, the ownership of Inotera was held 35.6% by Nanya, 35.5% by the Company and the balance was publicly held. As of March 5, 2009, the ownership of MeiYa was held 50% by Nanya and 50% by the Company. The Company accounts for its interests using the equity method of accounting and does not consolidate these entities.

Inotera and MeiYa each have fiscal years that end on December 31. As these fiscal years differ from that of the Company's fiscal year, the Company recognizes its share of Inotera's and MeiYa's quarterly earnings or losses for the calendar quarter that ends within the Company's fiscal quarter. This results in the recognition of the Company's share of earnings or losses from these entities for a period that lags the Company's fiscal periods by approximately two months.

Inotera: In the first quarter of 2009, the Company acquired a 35.5% ownership interest in Inotera, a publicly-traded entity in Taiwan, from Qimonda AG ("Qimonda") for $398 million. The interest in Inotera was acquired for cash, a portion of which was funded from proceeds of a $200 million two-year term loan received by the Company from Nan Ya Plastics Corporation, an affiliate of Nanya, and an $85 million six-month term loan received from Inotera. The loans were recorded at their fair values, which reflect an aggregate discount of $31 million from their face amounts. This aggregate discount was recorded as a reduction of the Company's basis in the investment in Inotera. The Company also capitalized $10 million of costs and other fees incurred in connection with the acquisition. As a result of the above transactions, total consideration for the Company's equity investment in Inotera was $377 million. The Company's results of operations for the second quarter of 2009 reflect a $56 million net loss on equity method investments for the Company's share of Inotera's loss from the acquisition date to December 31, 2008.

The Company has rights and obligations to purchase up to 50% of Inotera's wafer production. Inotera's actual wafer production will vary from time to time based on market and other conditions. In connection with the acquisition of the shares in Inotera, the Company and Nanya entered into a supply agreement with Inotera (the "Supply Agreement") pursuant to which Inotera will sell to the Company and Nanya trench and stack DRAM products manufactured by Inotera. Inotera's current trench production capacity is expected to transition to the Company's stack process technology. Inotera will sell to the Company and Nanya all of the trench DRAM products manufactured by Inotera other than trench DRAM products that were to be sold by Inotera to Qimonda pursuant to a separate supply agreement between Inotera and Qimonda (the "Qimonda Supply Agreement"). Under the Qimonda Supply Agreement, Qimonda was obligated to purchase trench DRAM products resulting from wafers started for it by Inotera through July 2009 in accordance with a ramp down schedule specified in the Qimonda Supply Agreement. Under the Supply Agreement, with respect to trench DRAM products, the Company will purchase the products resulting from 50% of Inotera's aggregate trench DRAM production less the trench DRAM products contemplated to be purchased by Qimonda pursuant to the Qimonda Supply Agreement. Under the supply agreement, with respect to stack DRAM products, the Company will purchase the products resulting from 50% of the aggregate stack DRAM production. Under the Supply Agreement, the pricing formula that determines the amounts to be paid by the Company for DRAM products includes manufacturing costs and margins associated with the products purchased.

In the second quarter of 2009, Qimonda filed for bankruptcy and defaulted on its obligations to purchase trench products from Inotera under the Qimonda Supply Agreement. Pursuant to the Company's obligations under the Supply Agreement, the Company recorded $51 million in cost of goods sold in the second quarter of 2009 for its obligations to Inotera as a result of Qimonda's default.

MeiYa: In the fourth quarter of 2008, the Company and Nanya formed MeiYa to manufacture stack DRAM products and sell such products exclusively to the Company and Nanya. In addition, during the first quarter of 2009, the Company received $50 million from MeiYa, half of which was accounted for as a technology transfer fee and half as a reduction of the Company's investment in MeiYa. In connection with the purchase of its ownership interest in Inotera, the Company entered into a series of agreements with Nanya pursuant to which both parties will cease future funding of, and resource commitments to, MeiYa.

(See "Item 1. Financial Statements – Notes to Consolidated Financial Statements – Supplemental Balance Sheet Information – Equity Method Investments")

Aptina Imaging Business: The Company is exploring partnering arrangements with outside parties regarding the sale of Aptina in which the Company could retain a minority ownership interest. To that end, the Company began operating Aptina as a separate wholly-owned subsidiary in October 2008. Under the arrangements being considered, the Company expects that it will continue to manufacture CMOS image sensors for some period of time.

Inventory Write-Downs: The Company's results of operations for the second and first quarters of 2009 and fourth, second and first quarters of 2008 included charges of $234 million, $369 million, $205 million, $15 million and $62 million, respectively, to write down the carrying value of work in process and finished goods inventories of memory products (both DRAM and NAND Flash) to their estimated market values.

Results of Operations

	Second Quarter				First Quarter		Six Months			
	2009	% of net sales	2008	% of net sales	2009	% of net sales	2009	% of net sales	2008	% of net sales
	(amounts in millions and as a percent of net sales)									
Net sales:										
Memory	$ 910	92 %	$ 1,224	90 %	$ 1,222	87 %	$ 2,132	89 %	$ 2,590	89 %
Imaging	83	8 %	135	10 %	180	13 %	263	11 %	304	11 %
	$ 993	100 %	$ 1,359	100 %	$ 1,402	100 %	$ 2,395	100 %	$ 2,894	100 %
Gross margin:										
Memory	$ (269)	(30) %	$ (76)	(6) %	$ (502)	(41) %	$ (771)	(36) %	$ (115)	(4) %
Imaging	2	2 %	33	24 %	53	29 %	55	21 %	77	25 %
	$ (267)	(27) %	$ (43)	(3) %	$ (449)	(32) %	$ (716)	(30) %	$ (38)	(1) %
SG&A	$ 90	9 %	$ 120	9 %	$ 102	7 %	$ 192	8 %	$ 232	8 %
R&D	168	17 %	180	13 %	178	13 %	346	14 %	343	12 %
Restructure	105	11 %	8	1 %	(66)	(5) %	39	2 %	21	1 %
Goodwill impairment	58	6 %	463	34 %	--	--	58	2 %	463	16 %
Other operating (income) expense, net	20	2 %	(42)	(3) %	9	1 %	29	1 %	(65)	(2) %
Net income (loss)	(751)	(76) %	(777)	(57) %	(706)	(50) %	(1,457)	(61) %	(1,039)	(36) %

The Company's second quarter of 2009, which ended March 5, 2009, contained 13 weeks as compared to 14 weeks for the first quarter of 2009 and 13 weeks for the second quarter of 2008.

Net Sales

Total net sales for the second quarter of 2009 decreased 29% as compared to the first quarter of 2009 primarily due to a 26% decrease in Memory sales and a 54% decrease in Imaging sales. Memory sales for the second quarter of 2009 reflect significant declines in per gigabit average selling prices as compared to the first quarter of 2009. Memory sales were 92% of total net sales for the second quarter of 2009 as compared to 87% and 90%, respectively, for the first quarter of 2009 and second quarter of 2008. Total net sales for the second quarter of 2009 decreased 27% as compared to the second quarter of 2008 primarily due to a 26% decrease in Memory sales and a 39% decrease in Imaging sales. Total net sales for the first six months of 2009 decreased 17% as compared to the first six months of 2008 primarily due to an 18% decrease in Memory sales and a 13% decrease in Imaging sales.

In response to adverse market conditions, the Company shut down production of NAND for IM Flash at the Company's Boise fabrication facility in the second quarter of 2009 and announced that it would shut down the remainder of its production at the Boise fabrication facility by the end of 2009. In addition, the Company implemented temporary production slowdowns at some of its manufacturing facilities during the second quarter of 2009. The shutdown of the Company's Boise fabrication facility and slowdowns at other facilities reduced production output for Memory and Imaging products for the second quarter of 2009 and are expected to reduce production output for the remainder of 2009.

The Company has formed partnering arrangements under which it has sold and/or licensed technology to other parties. The Company recognized royalty and license revenue of $33 million in the second quarter of 2009, $36 million in the first quarter of 2009 and $5 million in the second quarter of 2008.

Memory: Memory sales for the second quarter of 2009 decreased 26% from the first quarter of 2009 as sales of DRAM products decreased by 30% and sales of NAND Flash products decreased 20%.

Sales of DRAM products for the second quarter of 2009 decreased from the first quarter of 2009 primarily due to a 30% decline in average selling prices. Gigabit production of DRAM products decreased approximately 8% for the second quarter of 2009 as compared to the first quarter of 2009, primarily due to production slowdowns implemented at several facilities and one less week in the quarter, mitigated by efficiencies from improvements in product and process technologies. Sales of DDR2 and DDR3 DRAM products were 26% of the Company's total net sales in the second quarter of 2009, as compared to 25% for the first quarter of 2009 and 28% for the second quarter of 2008.

Sales of NAND Flash products for the second quarter of 2009 decreased from the first quarter of 2009 primarily due to a 13% decline in average selling prices per gigabit and an 8% decrease in gigabits sold as a result of production decreases. Gigabit production of NAND Flash products decreased 5% for the second quarter of 2009 as compared to the first quarter of 2009 primarily due to the shutdown of NAND Flash production for IM Flash at the Company's Boise wafer fabrication facility near the end of the first quarter of 2009 and one less week in the quarter, mitigated by production efficiencies achieved by transitions to higher density, advanced geometry devices. The Company expects that its gigabit production of NAND Flash products will increase at a slower rate in 2009 than in 2008 primarily due to the completion of production ramps at new 300mm manufacturing facilities in 2008 and the shutdown of NAND Flash production at the Boise fabrication facility. Sales of NAND Flash products represented 43% of the Company's total net sales for the second quarter of 2009 as compared to 38% for the first quarter of 2009 and 36% for the second quarter of 2008.

Memory sales for the second quarter of 2009 decreased 26% from the second quarter of 2008 as sales of DRAM products decreased by 34% and sales of NAND Flash products decreased 13%. The decrease in sales of DRAM products for the second quarter of 2009 from the second quarter of 2008 was primarily the result of a 57% decline in average selling prices mitigated by a 43% increase in gigabits sold. Gigabit production of DRAM products increased 43% for the second quarter of 2009 as compared to the second quarter of 2008, primarily due to production efficiencies from improvements in product and process technologies as well as the additional week in the quarter. Sales of NAND Flash products for the second quarter of 2009 decreased 13% from the second quarter of 2008 primarily due to a 57% decline in average selling prices mitigated by a 102% increase in gigabits sold. The significant increase in gigabit sales of NAND Flash products was primarily due to an 89% increase in production primarily as a result of the continued ramp of NAND Flash products at the Company's 300mm fabrication facilities and transitions to higher density, advanced geometry devices.

Memory sales for the first six months of 2009 decreased 18% from the first six months of 2008 as sales of DRAM products decreased by 27% and sales of NAND Flash products decreased 3%. The decrease in sales of DRAM products for the first six months of 2009 from the first six months of 2008 was primarily the result of a 52% decline in average selling prices mitigated by a 43% increase in gigabits sold. Gigabit production of DRAM products increased 49% for the first six months of 2009 as compared to the first six months of 2008, primarily due to production efficiencies from improvements in product and process technologies as well as the additional week in the quarter. Sales of NAND Flash products for the first six months of 2009 decreased 3% from the first six months of 2008 primarily due to a 61% decline in average selling prices mitigated by a 146% increase in gigabits sold. The significant increase in gigabit sales of NAND Flash products was primarily due to a 117% increase in production primarily as a result of the continued ramp of NAND Flash products at the Company's 300mm fabrication facilities and transitions to higher density, advanced geometry devices.

Imaging: Imaging sales for the second quarter of 2009 decreased 54% as compared to the first quarter of 2009 primarily due to decreases in unit sales stemming from weakness in the mobile phone markets. Imaging sales for the second quarter and first six months of 2009 decreased by 39% and 13%, respectively, from the corresponding periods of 2008 primarily due to decreased units sales, particularly for products with 2-megapixel or lower resolution, and declines in average selling prices. Imaging sales were approximately 8% of the Company's total net sales for the second quarter of 2009 as compared to 13% for the first quarter of 2009 and 10% for the second quarter of 2008.

Gross Margin

The Company's overall gross margin percentage for the second quarter of 2009 improved to negative 27% from negative 32% for the first quarter of 2009, primarily due to an improvement in the gross margin for Memory partially offset by a decline in the gross margin for Imaging. Production slowdowns implemented at some of the Company's manufacturing facilities during the second quarter of 2009 adversely affected per megabit costs of Memory products and per unit costs of Imaging products and the continuation of these slowdowns is expected to have an adverse effect on costs for the third quarter of 2009. The Company's overall gross margin percentage in the second quarter of 2009 declined from negative 3% for the second quarter of 2008 due to a decline in the gross margin percentage for Memory, primarily as a result of significant decreases in average selling prices mitigated by cost reductions, as well as a decline in the gross margin for Imaging. The Company's overall gross margin percentage declined from negative 1% for the first six months of 2008 to negative 30% for the first six months of 2009 primarily due to a decline in the gross margin for Memory, primarily as a result of significant decreases in average selling prices and inventory write-downs, as well as a decline in the gross margin for Imaging.

Memory: The Company's gross margin percentage for Memory products improved to negative 30% for the second quarter of 2009 from negative 41% for the first quarter of 2009 primarily due to an improvement in the gross margin for NAND Flash products partially offset by a slight decline in the gross margin for DRAM products. Gross margins for DRAM and NAND Flash products for the second quarter of 2009 were adversely affected by declines in average selling prices, mitigated by reductions in manufacturing costs. Gross margins for Memory products for the second quarter of 2009 were also adversely impacted by idle facility charges of approximately $60 million, primarily from Inotera and IM Flash's Singapore facility.

The Company's gross margins for Memory in 2009 and 2008 were impacted by charges to write down inventories to their estimated market values as a result of the significant decreases in average selling prices for both DRAM and NAND Flash products. The impact of inventory write-downs on gross margins for all periods reflects the period-end inventory write-down less the estimated net effect of prior period write-downs. The effects of inventory write-downs on gross margin by period were as follows:

	Second Quarter		First Quarter	Six Months	
	2009	2008	2009	2009	2008
	(amounts in millions)				
Period-end inventory write-downs	$(234)	$(15)	$(369)	$(603)	$(77)
Estimated net effect of previous write-downs	277	50	157	434	64
Net effect of inventory write-downs	$43	$35	$(212)	$(169)	$(13)

As charges to write down inventories are recorded in advance of when inventories are sold, gross margins in subsequent periods are higher than they would be absent the effect of the previous write-downs. In future periods, the Company will be required to record additional inventory write-downs if estimated average selling prices of products held in finished goods and work in process inventories at a quarter-end date are below the manufacturing cost of those products.

The Company's gross margin for NAND Flash products for the second quarter of 2009 improved from the first quarter of 2009, despite the 13% decrease in average selling prices per gigabit, primarily due to the effects of inventory write-downs and a reduction in manufacturing costs per gigabit. Costs of NAND Flash products were also reduced as a result of lower prices for products purchased for sale under the Company's Lexar brand. The Company's NAND Flash costs per gigabit were 31% lower in the second quarter of 2009 compared to the first quarter of 2009 (6% of which was due to the favorable net effects of inventory write-downs) primarily due to increased production of higher-density, advanced-geometry devices. Sales of NAND Flash products include sales from IM Flash to Intel at long-term negotiated prices approximating cost. IM Flash sales to Intel were $215 million for the second quarter of 2009, $318 million for the first quarter of 2009 and $241 million for the second quarter of 2008. IM Flash sales to Intel were $533 million for the first six months of 2009 and $464 million for the first six months of 2008.

The Company's gross margin for DRAM products for the second quarter of 2009 declined slightly from the first quarter of 2009, primarily due to the 30% decrease in average selling prices per gigabit mitigated by a reduction in cost per gigabit. The Company's DRAM costs per gigabit were 26% lower in the second quarter of 2009 compared to the first quarter of 2009 (21% of which was due to the favorable net effects of inventory write-downs) due to production efficiencies achieved through transitions to higher-density, advanced-geometry devices, which were partially offset by the impact from production slowdowns implemented at a number of facilities in response to declining demand and by idle capacity costs.

The Company's gross margin percentage for Memory products declined from negative 6% for the second quarter of 2008 to negative 30% for the second quarter of 2009 primarily due a decline in the gross margins for DRAM products partially offset by improvements in the gross margins for NAND Flash products. Declines in gross margins on sales of DRAM products for the second quarter of 2009 as compared to the second quarter of 2008 were primarily due to the 57% decline in average selling prices mitigated by per gigabit cost reductions of 31%. Gross margins on NAND Flash products for the second quarter of 2009 improved from the second quarter of 2008 primarily due to per gigabit cost reductions of 60% partially offset by the 57% decline in average selling prices.

The Company's gross margin percentage for Memory products declined from negative 4% for the first six months of 2008 to negative 36% for the first six months of 2009 primarily due to declines in the gross margin for both DRAM and NAND Flash products. Declines in gross margins on sales of DRAM products for the first six months of 2009 as compared to the first six months of 2008 were primarily due to the 52% decline in average selling prices and inventory write-downs mitigated by per gigabit cost reductions. The Company's DRAM costs per gigabit were 26% lower in the first six months of 2009 compared to the first six months of 2008, despite an adverse net effect on cost per gigabit of 8% due to inventory write-downs. Gross margins on NAND Flash products for the first six months of 2009 declined from the first six months of 2008 primarily due to the 61% decline in average selling prices mitigated by per gigabit cost reductions of 56%.

In the second quarter of 2009, the Company's TECH Semiconductor Singapore Pte. Ltd. ("TECH") joint venture accounted for approximately 21% of the Company's total wafer production. TECH primarily produced DDR and DDR2 products in 2009 and 2008. Since TECH utilizes the Company's product designs and process technology and has a similar manufacturing cost structure, the gross margin on sales of TECH products approximates gross margins on sales of similar products manufactured by the Company's wholly-owned operations. (See "Item 1. Financial Statements – Notes to Consolidated Financial Statements – Consolidated Joint Ventures – TECH Semiconductor Singapore Pte. Ltd.")

Imaging: The Company's gross margin percentage for Imaging declined from 29% for the first quarter of 2009 to 2% for the second quarter of 2009 primarily due to increased unit costs due to production slowdowns as the Company significantly reduced its production of Imaging products in the second quarter of 2009 in response to reduced market demand. The Company's gross margin percentage for Imaging declined from 24% for the second quarter of 2008, primarily due to declines in average selling prices and increased costs due to production slowdowns. The Company's gross margin percentage for Imaging declined from 25% for the first six months of 2008 to 21% for the first six months of 2009 primarily due to declines in average selling prices mitigated by a shift in product mix to products with 3-megapixels or more that realized higher margins.

Selling, General and Administrative

Selling, general and administrative ("SG&A") expenses for the second quarter of 2009 decreased 12% from the first quarter of 2009, primarily due to one less week in the second quarter of 2009 and lower payroll expenses and other costs related to the Company's restructure initiatives. SG&A expenses for the second quarter of 2009 decreased 25% from the second quarter of 2008 primarily due to lower payroll expenses and other costs related to the Company's restructure initiatives and lower legal expenses. SG&A expenses for the first six months of 2009 decreased 17% from the first six months of 2008, despite the additional week in the period, primarily due to lower payroll expenses and other costs related to the Company's restructure initiatives. Future SG&A expense is expected to vary, potentially significantly, depending on, among other things, the number of legal matters that are resolved relatively early in their life-cycle and the number of matters that progress to trial.

For the Company's Memory segment, SG&A expenses as a percentage of sales were 9% for the second quarter of 2009, 7% for the first quarter of 2009, 8% for the second quarter of 2008, 8% for the first six months of 2009 and 8% for the first six months of 2008. For the Imaging segment, SG&A expenses as a percentage of sales were 12% for the second quarter of 2009, 8% for the first quarter of 2009, 13% for the second quarter of 2008, 10% for the first six months of 2009 and 11% for the first six months of 2008.

Research and Development

Research and development ("R&D") expenses vary primarily with the number of development wafers processed, the cost of advanced equipment dedicated to new product and process development, and personnel costs. Because of the lead times necessary to manufacture its products, the Company typically begins to process wafers before completion of performance and reliability testing. The Company deems development of a product complete once the product has been thoroughly reviewed and tested for performance and reliability. R&D expenses can vary significantly depending on the timing of product qualification as costs incurred in production prior to qualification are charged to R&D.

R&D expenses for the second quarter of 2009 decreased 6% from the first quarter of 2009 primarily due to increased costs associated with the additional week in the first quarter of 2009. R&D expenses for the second quarter of 2009 decreased 7% from the second quarter of 2008 primarily due to lower payroll costs from the Company's cost reduction initiatives. R&D expenses for the first six months of 2009 were relatively unchanged from the first six months of 2008, primarily due to decreases in development wafers processed and lower payroll costs offset by lower reimbursements under a NAND Flash R&D cost-sharing arrangement with Intel Corporation. As a result of reimbursements received under this cost-sharing arrangement, R&D expenses were reduced by $25 million for the second quarter of 2009, $32 million for the first quarter of 2009, $29 million for the second quarter of 2008, $57 million for the first six months of 2009 and $82 million for the first six months of 2008. The Company anticipates R&D expenses to approximate $175 million to $180 million in the third quarter of 2009.

For the Company's Memory segment, R&D expenses as a percentage of sales were 15% for the second quarter of 2009, 11% for the first quarter of 2009, 12% for the second quarter of 2008, 13% for the first six months of 2009 and 10% for the first six months of 2008. For the Imaging segment, R&D expenses as a percentage of sales were 42% for the second quarter of 2009, 22% for the first quarter of 2009, 27% for the second quarter of 2008, 28% for the first six months of 2009 and 25% for the first six months of 2008.

The Company's process technology R&D efforts are focused primarily on development of successively smaller line-width process technologies which are designed to facilitate the Company's transition to next-generation memory products and CMOS image sensors. Additional process technology R&D efforts focus on advanced computing and mobile memory architectures and new manufacturing materials. Product design and development efforts are concentrated on the Company's 1 Gb and 2 Gb DDR2 and DDR3 products as well as high density and mobile NAND Flash memory (including multi-level cell technology), CMOS image sensors and specialty memory products.

Restructure

In response to a severe downturn in the semiconductor memory industry and global economic conditions, the Company initiated restructure plans in 2009 primarily attributable to the Company's Memory segment. In the first quarter of 2009, IM Flash, a joint venture between the Company and Intel, terminated its agreement with the Company to obtain NAND Flash memory supply from the Company's Boise facility, reducing the Company's NAND Flash production by approximately 35,000 200mm wafers per month. In addition, the Company and Intel agreed to suspend tooling and the ramp of NAND Flash production at IM Flash's Singapore wafer fabrication facility. On February 23, 2009, the Company announced that it will phase out all remaining 200mm wafer manufacturing operations at its Boise, Idaho, facility, reducing employment there by as many as 2,000 positions by the end of 2009.

As a result of these actions, the Company recorded a net $66 million credit to restructure in the first quarter of 2009 and a restructure charge of $105 million in the second quarter of 2009. The net credit in the first quarter of 2009 includes a $144 million gain in connection with the termination of the NAND Flash supply agreement, charges of $56 million to reduce the carrying value of certain 200mm wafer manufacturing equipment at its Boise, Idaho facility and charges of $22 million for severance and other termination benefits. The charge in the second quarter of 2009 includes charges of $87 million to reduce the carrying value of certain 200mm wafer manufacturing equipment at its Boise, Idaho facility and charges of $17 million for severance and other termination benefits. Excluding any gains or losses from equipment, the Company expects to incur additional restructure costs through 2009 of approximately $27 million, comprised primarily of severance and other employee related costs.

The following table summarizes restructure charges (credits) resulting from the Company's 2009 restructure activities:

	Quarter ended		Six months ended
	March 5, 2009	December 4, 2008	March 5, 2009
Write-down of equipment	$ 87	$ 56	$ 143
Severance and other termination benefits	17	22	39
Gain from termination of NAND Flash supply agreement	--	(144)	(144)
Other	1	--	1
	$ 105	$ (66)	$ 39

Under a previous restructure plan initiated in the fourth quarter of 2007, the Company recorded charges of $8 million and $21 million for the second quarter and first six months of 2008, respectively, for severance and other employee related costs and to write down certain facilities to their fair values.

Goodwill Impairment

In the second quarter of 2009, the Company's Imaging segment experienced a severe decline in sales, margins and profitability due to a significant decline in demand as a result of the downturn in global economic conditions. The drop in market demand resulted in significant declines in average selling prices and unit sales. Due to these market and economic conditions, the Company's Imaging segment and its competitors have experienced significant declines in market value. As a result, the Company concluded that there were sufficient factual circumstances for interim impairment analyses under SFAS No. 142. Accordingly, in the second quarter of 2009, the Company performed an assessment of goodwill for impairment. Based on the results of the Company's assessment of goodwill for impairment, it was determined that the carrying value of the Imaging segment exceeded its estimated fair value as of March 5, 2009. Therefore, the Company performed a preliminary second step of the impairment test to estimate the implied fair value of goodwill. The preliminary analysis indicated that there would be no remaining implied value attributable to goodwill in the Imaging segment and accordingly, the Company wrote off all $58 million of goodwill associated with its Imaging segment as of March 5, 2009. Any adjustments to the estimated charge resulting from the completion of the measurement of the impairment loss will be recognized in the third quarter of 2009. (See "Item 1. Financial Statements – Notes to Consolidated Financial Statements – Supplemental Balance Sheet Information – Goodwill.")

In the second quarter of 2008, the Company wrote off all $463 million of its goodwill relating to its Memory segment based on the results of its test for impairment.

Other Operating (Income) Expense, Net

Other operating (income) expense for the second quarter and first six months of 2009 included losses of $29 million and $43 million, respectively, on disposals of semiconductor equipment. Other operating (income) expense for the first quarter of 2009 included losses of $14 million on disposals of semiconductor equipment. Other operating (income) expense for the second quarter and first six months of 2008 included gains of $47 million and $57 million, respectively, on disposals of semiconductor equipment, and losses of $6 million and $33 million, respectively, from changes in currency exchange rates. Other operating (income) expense for the first six months of 2008 included $38 million of receipts from the U.S. government in connection with anti-dumping tariffs.

Income Taxes

Income taxes for 2009 and 2008 primarily reflect taxes on the Company's non-U.S. operations and U.S. alternative minimum tax. The Company has a valuation allowance for its net deferred tax asset associated with its U.S. operations. The benefit for taxes on U.S. operations in 2009 and 2008 was substantially offset by changes in the valuation allowance.

Equity in Net Losses of Equity Method Investees

In connection with its DRAM partnering arrangements with Nanya, the Company has investments in two Taiwan DRAM memory companies that are accounted for as equity method investments: Inotera and MeiYa. Inotera and MeiYa each have fiscal years that end on December 31. As these fiscal years from that of the Company's fiscal year, the Company recognizes its share of Inotera's and MeiYa's quarterly earnings or losses for the calendar quarter that ends within the Company's fiscal quarter. This results in the recognition of the Company's share of earnings or losses from these entities for a period that lags the Company's fiscal periods by approximately two months. The Company recognized losses from these equity method investments of $56 million and $5 million, respectively, for the second and first quarters of 2009. In the second quarter of 2009, the loss on equity method investments includes a credit of $8 million credit for the amortization of the difference between the Company's investment in Inotera and its proportionate interest in the carrying value of Inotera's equity. (See "Item 1. Financial Statements – Notes to Consolidated Financial Statements – Supplemental Balance Sheet Information – Equity Method Investments.")

Noncontrolling Interests in Net (Income) Loss

Noncontrolling interests for 2009 and 2008 primarily reflects the share of income or losses of the Company's TECH joint venture attributable to the noncontrolling interests in TECH. On February 27, 2009, the Company purchased 85.1 million shares of TECH for $99 million. Because the Company's joint venture partners in TECH did not participate in the capital call, noncontrolling interests in TECH decreased from approximately 27% to approximately 24%. (See "Item 1. Financial Statements – Notes to Consolidated Financial Statements – TECH Semiconductor Singapore Pte. Ltd.")

Stock-Based Compensation

Total compensation cost for the Company's equity plans for the second quarter of 2009, the first quarter of 2009 and second quarter of 2008 was $13 million, $9 million and $13 million, respectively. Total compensation cost for the Company's equity plans for the first six months of 2009 and 2008 was $22 million and $26 million, respectively. Stock compensation expenses fluctuate based on assessments of whether performance conditions will be achieved for the Company's performance-based stock grants. As of March 5, 2009, $95 million of total unrecognized compensation cost related to non-vested awards was expected to be recognized through the second quarter of 2013.

Liquidity and Capital Resources

As of March 5, 2009, the Company had cash and equivalents and short-term investments totaling $932 million compared to $1,362 million as of August 28, 2008. The balance as of March 5, 2009, included $239 million held at the Company's IM Flash joint venture and $184 million held at the Company's TECH joint venture. The Company's ability to access funds held by joint ventures to finance the Company's other operations is subject to agreement by the joint venture partners. Amounts held by TECH are not anticipated to be available to finance the Company's other operations.

The Company's liquidity is highly dependent on average selling prices for its products and the timing of capital expenditures, both of which can vary significantly from period to period. Depending on conditions in the semiconductor memory market, the Company's cash flows from operations and current holdings of cash and investments may not be adequate to meet the Company's needs for capital expenditures and operations. Historically, the Company has used external financing to fund these needs. Due to conditions in the credit markets, many financing instruments used by the Company in the past may not be available on terms acceptable to the Company. The Company has significantly reduced its planned capital expenditures for 2009. In addition, the Company is pursuing further financing alternatives, further reducing capital expenditures and implementing further cost reduction initiatives.

Operating activities: The Company generated $698 million of cash from operating activities in the first six months of 2009, which primarily reflects the Company's $1,457 million of net loss adjusted by $1,134 million for noncash depreciation and amortization expense, $603 million for noncash charges to write down inventories to estimated market value and a $374 million decrease in receivables.

Investing activities: Net cash used by investing activities was $618 million in the first six months of 2009, which included cash expenditures of $408 million for the Company's 35.5% interest in Inotera and cash expenditures of $375 million for property, plant and equipment partially offset by the net effect of maturities and purchases of marketable investment securities of $124 million. A significant portion of the capital expenditures relate to the ramp of IM Flash facilities and 300mm conversion of manufacturing operations at TECH. The Company believes that to develop new product and process technologies, support future growth, achieve operating efficiencies and maintain product quality, it must continue to invest in manufacturing technologies, facilities and capital equipment and research and development. The Company expects 2009 capital spending to approximate $650 million to $700 million. As of March 5, 2009, the Company had commitments of approximately $150 million for the acquisition of property, plant and equipment, of which approximately $50 million is expected to be paid within one year.

In the first quarter of 2009, the Company acquired a 35.5% ownership interest in Inotera, a Taiwanese DRAM memory manufacturer, from Qimonda AG for $398 million in cash and incurred $10 million of costs and other fees in connection with the acquisition. (See "Item 1. Financial Statements – Notes to Consolidated Financial Statements – Supplemental Balance Sheet Information – Equity Method Investments.")

Financing activities: Net cash used by financing activities was $391 million in the first six months of 2009, which primarily reflects $468 million of distributions to joint venture partners, $234 million in debt payments and $98 million in payments on equipment purchase contracts partially offset by $382 million in proceeds from borrowings.

In the first quarter of 2009, in connection with the purchase of its 35.5% interest in Inotera, the Company entered into a two-year, variable rate term loan with Nan Ya Plastics and a six-month, variable rate term loan with Inotera. On November 26, 2008, the Company received loan proceeds of $200 million from Nan Ya Plastics and $85 million from Inotera, which are payable at the end of each loan term. Under the terms of the loan agreements, interest is payable quarterly at LIBOR plus 2%. The interest rates reset quarterly and were 3.2% per annum as of March 5, 2009. The Company recorded the debt net of aggregate discounts of $31 million, which will be recognized as interest expense over the respective lives of the loans, based on imputed interest rates of 12.1% for the Nan Ya Plastics loan and 11.6% for the Inotera loan. The Nan Ya Plastics loan is collateralized by a first priority security interest in the Inotera shares owned by the Company (approximate carrying value of $323 million as of March 5, 2009).

On February 23, 2009, the Company entered into a term loan agreement with the Singapore Economic Development Board ("EDB") that enables the Company to borrow up to $300 million Singapore dollars at 5.38% ($194 million U.S. dollars as of March 5, 2009). The Company is required to use the proceeds from any borrowings under the agreement to make equity contributions to its joint venture subsidiary, TECH Semiconductor Singapore Pte. Ltd. ("TECH"). The loan agreement further requires that TECH use the proceeds from the Company's equity contributions to purchase production assets and meet certain production milestones related to the implementation of advanced process manufacturing. The loan contains a covenant that limits the amount of indebtedness TECH can incur without approval from the EDB. The loan is collateralized by the Company's shares in TECH up to a maximum of 66% of TECH's outstanding shares. On February 27, 2009, the Company drew $150 million Singapore dollars ($97 million U.S. dollars), which is due in February 2012 with quarterly interest payments. The Company may draw the remaining $150 million Singapore dollars through February 2010.

(See "Item 1. Financial Statements – Notes to Consolidated Financial Statements – Supplemental Balance Sheet Information – Debt.")

Joint ventures: In the first six months of 2009, IM Flash distributed $463 million to Intel and the Company estimates that it will make additional distributions to Intel of approximately $270 million through the remainder of 2009. Timing of these distributions and any future contributions, however, is subject to market conditions and approval of the partners.

On February 27, 2009, the Company purchased 85.1 million shares of TECH for $99 million, increasing its interest in TECH from approximately 73% to approximately 76%. The Company expects to make additional capital contributions to TECH in 2009. The timing and amount of these contributions is subject to market conditions and partner participation.

Contractual obligations: As of March 5, 2009, contractual obligations for notes payable, capital lease obligations and operating leases were as follows:

	Total	Remainder of 2009	2010	2011	2012	2013	2014 and thereafter
				(amounts in millions)			
Notes payable[1]	$ 2,590	$ 174	$ 340	$ 447	$ 280	$ 24	$ 1,325
Capital lease obligations[1]	672	78	152	265	50	19	108
Operating leases	80	9	17	14	10	9	21

[1] *Includes interest*

Recently Issued Accounting Standards

In December 2008, the Financial Accounting Standards Board ("FASB") issued FASB Staff Position ("FSP") No. FAS 140-4 and FIN 46(R)-8, "Disclosures by Public Entities (Enterprises) about Transfers of Financial Assets and Interests in Variable Interest Entities." FSP No. FAS 140-4 and FIN 46(R)-8 requires public entities to provide additional disclosures about transfers of financial assets and their involvement with variable interest entities. The Company adopted FSP No. FAS 140-4 and FIN 46(R)-8 effective in the second quarter of 2009. The scope of FSP No. FAS 140-4 and FIN 46(R)-8 is limited to disclosures and the adoption had no impact on the Company's financial position or results of operations.

In May 2008, the FASB issued FSP No. APB 14-1, "Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)." FSP No. APB 14-1 requires that issuers of convertible debt instruments that may be settled in cash upon conversion separately account for the liability and equity components in a manner that will reflect the entity's nonconvertible debt borrowing rate as interest cost is recognized in subsequent periods. The Company is required to adopt FSP No. APB 14-1 at the beginning of 2010. On adoption, the Company will retrospectively account for its $1.3 billion of 1.875% convertible senior notes issued in May of 2007 under the provisions of FSP No. APB 14-1. The Company estimates that debt recognized on issuance of the $1.3 billion convertible senior notes would be approximately $400 million lower under FSP No. APB 14-1. This difference of approximately $400 million would be accreted to interest expense over the approximate seven-year term of the notes. The Company is continuing to evaluate the full impact that the adoption of FSP No. APB 14-1 will have on its financial statements.

In December 2007, the FASB issued Statement of Financial Accounting Standards ("SFAS") No. 141 (revised 2007), "Business Combinations" ("SFAS No. 141(R)"), which establishes the principles and requirements for how an acquirer in a business combination (1) recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any noncontrolling interests in the acquiree, (2) recognizes and measures the goodwill acquired in the business combination or a gain from a bargain purchase, and (3) determines what information to disclose. The Company is required to adopt SFAS No. 141(R) effective at the beginning of 2010. The impact of the adoption of SFAS No. 141(R) will depend on the nature and extent of business combinations occurring after the beginning of 2010.

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements – an amendment of ARB No. 51." SFAS No. 160 requires that (1) noncontrolling interests be reported as a separate component of equity, (2) net income attributable to the parent and to the noncontrolling interest be separately identified in the income statement, (3) changes in a parent's ownership interest while the parent retains its controlling interest be accounted for as equity transactions, and (4) any retained noncontrolling equity investment upon the deconsolidation of a subsidiary be initially measured at fair value. The Company is required to adopt SFAS No. 160 effective at the beginning of 2010. The Company is evaluating the impact the adoption of SFAS No. 160 will have on its financial statements.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities – Including an amendment of FASB Statement No. 115." Under SFAS No. 159, the Company may elect to measure many financial instruments and certain other items at fair value on an instrument by instrument basis, subject to certain restrictions. The Company adopted SFAS No. 159 effective at the beginning of 2009. The Company did not elect to measure any existing items at fair value upon the adoption of SFAS No. 159.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements." SFAS No. 157 (as amended by subsequent FSP's) defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. The Company adopted SFAS No. 157 effective at the beginning of 2009 for financial assets and financial liabilities. The adoption did not have a significant impact on the Company's financial statements. The Company is required to adopt SFAS No. 157 for all other assets and liabilities at the beginning of 2010 and it is evaluating the impact the adoption will have on its financial statements.

Critical Accounting Estimates

The preparation of financial statements and related disclosures in conformity with U.S. GAAP requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues, expenses and related disclosures. Estimates and judgments are based on historical experience, forecasted future events and various other assumptions that the Company believes to be reasonable under the circumstances. Estimates and judgments may vary under different assumptions or conditions. The Company evaluates its estimates and judgments on an ongoing basis. Management believes the accounting policies below are critical in the portrayal of the Company's financial condition and results of operations and requires management's most difficult, subjective or complex judgments.

Acquisitions and consolidations: Determination and the allocation of the purchase price of acquired operations significantly influences the period in which costs are recognized. Accounting for acquisitions and consolidations requires the Company to estimate the fair value of the individual assets and liabilities acquired as well as various forms of consideration given, which involves a number of judgments, assumptions and estimates that could materially affect the amount and timing of costs recognized. The Company typically obtains independent third party valuation studies to assist in determining fair values, including assistance in determining future cash flows, appropriate discount rates and comparable market values.

Contingencies: The Company is subject to the possibility of losses from various contingencies. Considerable judgment is necessary to estimate the probability and amount of any loss from such contingencies. An accrual is made when it is probable that a liability has been incurred or an asset has been impaired and the amount of loss can be reasonably estimated. The Company accrues a liability and charges operations for the estimated costs of adjudication or settlement of asserted and unasserted claims existing as of the balance sheet date.

Goodwill and intangible assets: The Company tests goodwill for impairment annually and whenever events or circumstances make it more likely than not that an impairment may have occurred, such as a significant adverse change in the business climate (including declines in selling prices for products) or a decision to sell or dispose of a reporting unit. Goodwill is tested for impairment using a two-step process. In the first step, the fair value of each reporting unit is compared to the carrying value of the net assets assigned to the unit. If the fair value of the reporting unit exceeds its carrying value, goodwill is considered not impaired. If the carrying value of the reporting unit exceeds its fair value, then the second step of the impairment test must be performed in order to determine the implied fair value of the reporting unit's goodwill. Determining the implied fair value of goodwill requires valuation of all of the Company's tangible and intangible assets and liabilities. If the carrying value of a reporting unit's goodwill exceeds its implied fair value, then the Company would record an impairment loss equal to the difference.

Determining when to test for impairment, the Company's reporting units, the fair value of a reporting unit and the fair value of assets and liabilities within a reporting unit, requires judgment and involves the use of significant estimates and assumptions. These estimates and assumptions include revenue growth rates and operating margins used to calculate projected future cash flows, risk-adjusted discount rates, future economic and market conditions and determination of appropriate market comparables. The Company bases fair value estimates on assumptions it believes to be reasonable but that are unpredictable and inherently uncertain. Actual future results may differ from those estimates. In addition, judgments and assumptions are required to allocate assets and liabilities to reporting units. In the second quarter of 2009, the Company wrote off all $58 million of the Imaging goodwill based on the results of its test for impairment. In the second quarter of 2008, the Company wrote off all $463 million of its goodwill relating to its Memory segment based on the results of its test for impairment.

The Company tests other identified intangible assets with definite useful lives and subject to amortization when events and circumstances indicate the carrying value may not be recoverable by comparing the carrying amount to the sum of undiscounted cash flows expected to be generated by the asset. The Company tests intangible assets with indefinite lives annually for impairment using a fair value method such as discounted cash flows. Estimating fair values involves significant assumptions, especially regarding future sales prices, sales volumes, costs and discount rates.

Income taxes: The Company is required to estimate its provision for income taxes and amounts ultimately payable or recoverable in numerous tax jurisdictions around the world. Estimates involve interpretations of regulations and are inherently complex. Resolution of income tax treatments in individual jurisdictions may not be known for many years after completion of any fiscal year. The Company is also required to evaluate the realizability of its deferred tax assets on an ongoing basis in accordance with U.S. GAAP, which requires the assessment of the Company's performance and other relevant factors when determining the need for a valuation allowance with respect to these deferred tax assets. Realization of deferred tax assets is dependent on the Company's ability to generate future taxable income.

Inventories: Inventories are stated at the lower of average cost or market value and the Company recorded charges to write down the carrying value of inventories of memory products to their estimated market values of $234 million for the second quarter of 2009, $369 million for the first quarter of 2009 and $282 million in aggregate for 2008. Cost includes labor, material and overhead costs, including product and process technology costs. Determining market value of inventories involves numerous judgments, including projecting average selling prices and sales volumes for future periods and costs to complete products in work in process inventories. To project average selling prices and sales volumes, the Company reviews recent sales volumes, existing customer orders, current contract prices, industry analysis of supply and demand, seasonal factors, general economic trends and other information. When these analyses reflect estimated market values below the Company's manufacturing costs, the Company records a charge to cost of goods sold in advance of when the inventory is actually sold. Differences in forecasted average selling prices used in calculating lower of cost or market adjustments can result in significant changes in the estimated net realizable value of product inventories and accordingly the amount of write-down recorded. For example, a 5% variance in the estimated selling prices would have changed the estimated market value of the Company's semiconductor memory inventory by approximately $50 million at March 5, 2009. Due to the volatile nature of the semiconductor memory industry, actual selling prices and volumes often vary significantly from projected prices and volumes and, as a result, the timing of when product costs are charged to operations can vary significantly.

U.S. GAAP provides for products to be grouped into categories in order to compare costs to market values. The amount of any inventory write-down can vary significantly depending on the determination of inventory categories. The Company's inventories have been categorized as Memory products or Imaging products. The major characteristics the Company considers in determining inventory categories are product type and markets.

Product and process technology: Costs incurred to acquire product and process technology or to patent technology developed by the Company are capitalized and amortized on a straight-line basis over periods currently ranging up to 10 years. The Company capitalizes a portion of costs incurred based on its analysis of historical and projected patents issued as a percent of patents filed. Capitalized product and process technology costs are amortized over the shorter of (i) the estimated useful life of the technology, (ii) the patent term or (iii) the term of the technology agreement.

Property, plant and equipment: The Company reviews the carrying value of property, plant and equipment for impairment when events and circumstances indicate that the carrying value of an asset or group of assets may not be recoverable from the estimated future cash flows expected to result from its use and/or disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to the amount by which the carrying value exceeds the estimated fair value of the assets. The estimation of future cash flows involves numerous assumptions which require judgment by the Company, including, but not limited to, future use of the assets for Company operations versus sale or disposal of the assets, future selling prices for the Company's products and future production and sales volumes. In addition, judgment is required by the Company in determining the groups of assets for which impairment tests are separately performed.

Research and development: Costs related to the conceptual formulation and design of products and processes are expensed as research and development when incurred. Determining when product development is complete requires judgment by the Company. The Company deems development of a product complete once the product has been thoroughly reviewed and tested for performance and reliability.

Stock-based compensation: Under the provisions of SFAS No. 123(R), stock-based compensation cost is estimated at the grant date based on the fair-value of the award and is recognized as expense ratably over the requisite service period of the award. For stock-based compensation awards with graded vesting that were granted after 2005, the Company recognizes compensation expense using the straight-line amortization method. For performance-based stock awards, the expense recognized is dependent on the probability of the performance measure being achieved. The Company utilizes forecasts of future performance to assess these probabilities and this assessment requires considerable judgment.

Determining the appropriate fair-value model and calculating the fair value of stock-based awards at the grant date requires considerable judgment, including estimating stock price volatility, expected option life and forfeiture rates. The Company develops its estimates based on historical data and market information which can change significantly over time. A small change in the estimates used can result in a relatively large change in the estimated valuation. The Company uses the Black-Scholes option valuation model to value employee stock awards. The Company estimates stock price volatility based on an average of its historical volatility and the implied volatility derived from traded options on the Company's stock.

Item 3. ***Quantitative and Qualitative Disclosures about Market Risk***

Interest Rate Risk

As of March 5, 2009, $2,027 million of the Company's $2,895 million of debt was at fixed interest rates. As a result, the fair value of the debt fluctuates based on changes in market interest rates. The estimated fair value of the Company's debt was $1,996 million as of March 5, 2009 and was $2,167 million as of August 28, 2008. The Company estimates that as of March 5, 2009, a 1% decrease in market interest rates would change the fair value of the fixed-rate debt by approximately $34 million. As of March 5, 2009, $868 million of the Company's debt was at variable interest rates and an increase of 1% would increase annual interest expense by approximately $8 million.

Foreign Currency Exchange Rate Risk

The information in this section should be read in conjunction with the information related to changes in the exchange rates of foreign currency in "Item 1A. Risk Factors." Changes in foreign currency exchange rates could materially adversely affect the Company's results of operations or financial condition.

The functional currency for substantially all of the Company's operations is the U.S. dollar. The Company held aggregate cash and other assets in foreign currencies valued at U.S. $210 million as of March 5, 2009 and U.S. $425 million as of August 28, 2008. The Company also had aggregate foreign currency liabilities valued at U.S. $563 million as of March 5, 2009 and U.S. $580 million as of August 28, 2008. Significant components of the Company's assets and liabilities denominated in foreign currencies were as follows (in U.S. dollar equivalents):

	March 5, 2009			August 28, 2008		
	Singapore Dollars	Yen	Euro	Singapore Dollars	Yen	Euro
Cash and equivalents	$ 18	$ 20	$ 4	$ 84	$ 130	$ 25
Net deferred tax assets	--	94	2	--	85	2
Accounts payable and accrued expenses	(74)	(153)	(32)	(105)	(127)	(61)
Debt	(173)	(7)	(3)	(49)	(108)	(4)
Other liabilities	(6)	(52)	(35)	(8)	(45)	(43)

The Company estimates that, based on its assets and liabilities denominated in currencies other than the U.S. dollar as of March 5, 2009, a 1% change in the exchange rate versus the U.S. dollar would result in foreign currency gains or losses of approximately U.S. $2 million for the Singapore dollar and U.S. $1 million for yen and the euro.

Item 4. ***Controls and Procedures***

An evaluation was carried out under the supervision and with the participation of the Company's management, including its principal executive officer and principal financial officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) as of the end of the period covered by this report. Based upon that evaluation, the principal executive officer and principal financial officer concluded that those disclosure controls and procedures were effective to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms and that such information is accumulated and communicated to the Company's management, including the principal executive officer and principal financial officer, to allow timely decision regarding disclosure.

During the quarterly period covered by this report, there were no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. ***Legal Proceedings***

Patent Matters

On August 28, 2000, the Company filed a complaint against Rambus, Inc. ("Rambus") in the U.S. District Court for the District of Delaware seeking monetary damages and declaratory and injunctive relief. Among other things, the Company's complaint (as amended) alleges violation of federal antitrust laws, breach of contract, fraud, deceptive trade practices, and negligent misrepresentation. The complaint also seeks a declaratory judgment (a) that certain Rambus patents are not infringed by the Company, are invalid, and/or are unenforceable, (b) that the Company has an implied license to those patents, and (c) that Rambus is estopped from enforcing those patents against the Company. On February 15, 2001, Rambus filed an answer and counterclaim in Delaware denying that the Company is entitled to relief, alleging infringement of the eight Rambus patents (later amended to add four additional patents) named in the Company's declaratory judgment claim, and seeking monetary damages and injunctive relief. In the Delaware action, the Company subsequently added claims and defenses based on Rambus's alleged spoliation of evidence and litigation misconduct. The spoliation and litigation misconduct claims and defenses were heard in a bench trial before Judge Robinson in October 2007. On January 9, 2009, Judge Robinson entered an opinion in favor of the Company holding that Rambus had engaged in spoliation and that the twelve Rambus patents in the suit were unenforceable against the Company.

A number of other suits involving Rambus are currently pending in Europe alleging that certain of the Company's SDRAM and DDR SDRAM products infringe various of Rambus' country counterparts to its European patent 525 068, including: on September 1, 2000, Rambus filed suit against Micron Semiconductor (Deutschland) GmbH in the District Court of Mannheim, Germany; on September 22, 2000, Rambus filed a complaint against the Company and Reptronic (a distributor of the Company's products) in the Court of First Instance of Paris, France; on September 29, 2000, the Company filed suit against Rambus in the Civil Court of Milan, Italy, alleging invalidity and non-infringement. In addition, on December 29, 2000, the Company filed suit against Rambus in the Civil Court of Avezzano, Italy, alleging invalidity and non-infringement of the Italian counterpart to European patent 1 004 956. Additionally, on August 14, 2001, Rambus filed suit against Micron Semiconductor (Deutschland) GmbH in the District Court of Mannheim, Germany alleging that certain of the Company's DDR SDRAM products infringe Rambus' country counterparts to its European patent 1 022 642. In the European suits against the Company, Rambus is seeking monetary damages and injunctive relief. Subsequent to the filing of the various European suits, the European Patent Office (the "EPO") declared Rambus' 525 068 and 1 004 956 European patents invalid and revoked the patents. The declaration of invalidity with respect to the '068 patent was upheld on appeal. The original claims of the '956 patent also were declared invalid on appeal, but the EPO ultimately granted a Rambus request to amend the claims by adding a number of limitations.

On January 13, 2006, Rambus filed a lawsuit against the Company in the U.S. District Court for the Northern District of California. The complaint alleges that certain of the Company's DDR2, DDR3, RLDRAM, and RLDRAM II products infringe as many as fourteen Rambus patents and seeks monetary damages, treble damages, and injunctive relief. On June 2, 2006, the Company filed an answer and counterclaim against Rambus alleging among other things, antitrust and fraud claims. The Northern District of California Court subsequently consolidated the antitrust and fraud claims and certain equitable defenses of the Company and other parties against Rambus in a jury trial that began on January 29, 2008. On March 26, 2008, a jury returned a verdict in favor of Rambus on the Company's antitrust and fraud claims. On November 24, 2008, the Court granted partial summary judgment of infringement in favor of Rambus on one of the patent claims at issue in the case. Trial on the patent phase of that case has been stayed pending resolution of Rambus' appeal of the Delaware spoliation decision or order of the California Court.

On July 24, 2006, the Company filed a declaratory judgment action against Mosaid Technologies, Inc. ("Mosaid") in the U.S. District Court for the Northern District of California seeking, among other things, a court determination that fourteen Mosaid patents are invalid, not enforceable, and/or not infringed. On July 25, 2006, Mosaid filed a lawsuit against the Company and others in the U.S. District Court for the Eastern District of Texas alleging infringement of nine Mosaid patents. On August 31, 2006, Mosaid filed an amended complaint adding three additional Mosaid patents. On January 31, 2009, the Company and Mosaid agreed to dismiss the litigation, granting the Company a license under certain Mosaid patents, and transferring certain Company patents to Mosaid.

On March 6, 2009, Panavision Imaging, LLC filed suit against the Company and Aptina Imaging Corporation, a subsidiary of the Company ("Aptina"), in the U.S. District Court for the Central District of California alleging that certain of the Company and Aptina's image sensor products infringe two Panavision Imaging U.S. patents. The complaint seeks injunctive relief, damages, attorneys' fees, and costs.

On March 24, 2009, Accolade Systems LLC filed suit against the Company and Aptina in the U.S. District Court for the Eastern District of Texas alleging that certain of the Company and Aptina's image sensor products infringe one Accolade Systems U.S. patent. The complaint seeks injunctive relief, damages, attorneys' fees, and costs.

The Company is unable to predict the outcome of these suits. A court determination that the Company's products or manufacturing processes infringe the product or process intellectual property rights of others could result in significant liability and/or require the Company to make material changes to its products and/or manufacturing processes. Any of the foregoing results could have a material adverse effect on the Company's business, results of operations or financial condition.

Antitrust Matters

A number of purported class action price-fixing lawsuits have been filed against the Company and other DRAM suppliers. Four cases have been filed in the U.S. District Court for the Northern District of California asserting claims on behalf of a purported class of individuals and entities that indirectly purchased DRAM and/or products containing DRAM from various DRAM suppliers during the time period from April 1, 1999 through at least June 30, 2002. The complaints allege price fixing in violation of federal antitrust laws and various state antitrust and unfair competition laws and seek treble monetary damages, restitution, costs, interest and attorneys' fees. In addition, at least sixty-four cases have been filed in various state courts asserting claims on behalf of a purported class of indirect purchasers of DRAM. Cases have been filed in the following states: Arkansas, Arizona, California, Florida, Hawaii, Iowa, Kansas, Massachusetts, Maine, Michigan, Minnesota, Mississippi, Montana, North Carolina, North Dakota, Nebraska, New Hampshire, New Jersey, New Mexico, Nevada, New York, Ohio, Pennsylvania, South Dakota, Tennessee, Utah, Vermont, Virginia, Wisconsin, and West Virginia, and also in the District of Columbia and Puerto Rico. The complaints purport to be on behalf of a class of individuals and entities that indirectly purchased DRAM and/or products containing DRAM in the respective jurisdictions during various time periods ranging from April 1999 through at least June 2002. The complaints allege violations of the various jurisdictions' antitrust, consumer protection and/or unfair competition laws relating to the sale and pricing of DRAM products and seek joint and several damages, trebled, as well as restitution, costs, interest and attorneys' fees. A number of these cases have been removed to federal court and transferred to the U.S. District Court for the Northern District of California (San Francisco) for consolidated pre-trial proceedings. On January 29, 2008, the Northern District of California Court granted in part and denied in part the Company's motion to dismiss plaintiff's second amended consolidated complaint. Plaintiffs subsequently filed a motion seeking certification for interlocutory appeal of the decision. On February 27, 2008, plaintiffs filed a third amended complaint. On June 26, 2008, the United States Court of Appeals for the Ninth Circuit agreed to consider plaintiffs' interlocutory appeal.

Additionally, three cases have been filed against the Company in the following Canadian courts: Superior Court, District of Montreal, Province of Quebec; Ontario Superior Court of Justice, Ontario; and Supreme Court of British Columbia, Vancouver Registry, British Columbia. The substantive allegations in these cases are similar to those asserted in the DRAM antitrust cases filed in the United States. Plaintiffs' motion for class certification was denied in the British Columbia and Quebec cases in May and June 2008 respectively. Plaintiffs have filed an appeal of each of those decisions. Those appeals are pending.

In addition, various states, through their Attorneys General, have filed suit against the Company and other DRAM manufacturers. On July 14, 2006, and on September 8, 2006 in an amended complaint, the following Attorneys General filed suit in the U.S. District Court for the Northern District of California: Alaska, Arizona, Arkansas, California, Colorado, Delaware, Florida, Hawaii, Idaho, Illinois, Iowa, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Nebraska, Nevada, New Hampshire, New Mexico, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin and the Commonwealth of the Northern Mariana Islands. Thereafter, three states, Ohio, New Hampshire, and Texas, voluntarily dismissed their claims. The remaining states filed a third amended complaint on October 1, 2007. Alaska, Delaware, Kentucky, and Vermont subsequently voluntarily dismissed their claims. The amended complaint alleges, among other things, violations of the Sherman Act, Cartwright Act, and certain other states' consumer protection and antitrust laws and seeks joint and several damages, trebled, as well as injunctive and other relief. Additionally, on July 13, 2006, the State of New York filed a similar suit in the U.S. District Court for the Southern District of New York. That case was subsequently transferred to the U.S. District Court for the Northern District of California for pre-trial purposes. The State of New York filed an amended complaint on October 1, 2007. On October 3, 2008, the California Attorney General filed a similar lawsuit in California Superior Court, purportedly on behalf of local California government entities, alleging, among other things, violations of the Cartwright Act and state unfair competition law.

On February 28, 2007, February 28, 2007 and March 8, 2007, cases were filed against the Company and other manufacturers of DRAM in the U.S. District Court for the Northern District of California by All American Semiconductor, Inc., Jaco Electronics, Inc. and DRAM Claims Liquidation Trust, respectively, that opted-out of a direct purchaser class action suit that was settled. The complaints allege, among other things, violations of federal and state antitrust and competition laws in the DRAM industry, and seek joint and several damages, trebled, as well as restitution, attorneys' fees, costs, and injunctive relief.

On October 11, 2006, the Company received a grand jury subpoena from the U.S. District Court for the Northern District of California seeking information regarding an investigation by the U.S. Department of Justice ("DOJ") into possible antitrust violations in the "Static Random Access Memory" or "SRAM" industry. In December 2008, the Company was informed that the DOJ closed its investigation of the SRAM industry.

Subsequent to the issuance of subpoenas to the SRAM industry, a number of purported class action lawsuits have been filed against the Company and other SRAM suppliers. Six cases have been filed in the U.S. District Court for the Northern District of California asserting claims on behalf of a purported class of individuals and entities that purchased SRAM directly from various SRAM suppliers during the period from November 1, 1996 through December 31, 2005. Additionally, at least 74 cases have been filed in various U.S. district courts asserting claims on behalf of a purported class of individuals and entities that indirectly purchased SRAM and/or products containing SRAM from various SRAM suppliers during the time period from November 1, 1996 through December 31, 2006. In September 2008, a class of direct purchasers was certified, and plaintiffs were granted leave to amend their complaint to cover Pseudo-Static RAM or "PSRAM" products as well. The complaints allege price fixing in violation of federal antitrust laws and state antitrust and unfair competition laws and seek treble monetary damages, restitution, costs, interest and attorneys' fees. On March 19, 2009, the Company executed settlement agreements with both the direct purchaser class and the purported indirect purchaser class. If approved by the Court, the agreements would resolve the pending U.S. class action SRAM litigation against the Company and release the Company from those claims.

Three purported class action SRAM lawsuits also have been filed in Canada, on behalf of direct and indirect purchasers, alleging violations of the Canadian Competition Act. The substantive allegations in these cases are similar to those asserted in the SRAM cases filed in the United States.

In addition, three purported class action lawsuits alleging price-fixing of Flash products have been filed in Canada, asserting violations of the Canadian Competition Act. These cases assert claims on behalf of a purported class of individuals and entities that purchased Flash memory directly and indirectly from various Flash memory suppliers.

On May 5, 2004, Rambus filed a complaint in the Superior Court of the State of California (San Francisco County) against the Company and other DRAM suppliers. The complaint alleges various causes of action under California state law including a conspiracy to restrict output and fix prices of Rambus DRAM ("RDRAM") and unfair competition. Trial is currently scheduled to begin in September 2009. The complaint seeks joint and several damages, trebled, punitive damages, attorneys' fees, costs, and a permanent injunction enjoining the defendants from the conduct alleged in the complaints.

The Company is unable to predict the outcome of these lawsuits and investigations. The final resolution of these alleged violations of antitrust laws could result in significant liability and could have a material adverse effect on the Company's business, results of operations or financial condition.

Securities Matters

On February 24, 2006, a putative class action complaint was filed against the Company and certain of its officers in the U.S. District Court for the District of Idaho alleging claims under Section 10(b) and 20(a) of the Securities Exchange Act of 1934, as amended, and Rule 10b-5 promulgated thereunder. Four substantially similar complaints subsequently were filed in the same Court. The cases purport to be brought on behalf of a class of purchasers of the Company's stock during the period February 24, 2001 to February 13, 2003. The five lawsuits have been consolidated and a consolidated amended class action complaint was filed on July 24, 2006. The complaint generally alleges violations of federal securities laws based on, among other things, claimed misstatements or omissions regarding alleged illegal price-fixing conduct or the Company's operations and financial results. The complaint seeks unspecified damages, interest, attorneys' fees, costs, and expenses. On December 19, 2007, the Court issued an order certifying the class but reducing the class period to purchasers of the Company's stock during the period from February 24, 2001 to September 18, 2002.

In addition, on March 23, 2006 a shareholder derivative action was filed in the Fourth District Court for the State of Idaho (Ada County), allegedly on behalf of and for the benefit of the Company, against certain of the Company's current and former officers and directors. The Company also was named as a nominal defendant. An amended complaint was filed on August 23, 2006 and was subsequently dismissed by the Court. Another amended complaint was filed on September 6, 2007. The amended complaint is based on the same allegations of fact as in the securities class actions filed in the U.S. District Court for the District of Idaho and alleges breach of fiduciary duty, abuse of control, gross mismanagement, waste of corporate assets, unjust enrichment, and insider trading. The amended complaint seeks unspecified damages, restitution, disgorgement of profits, equitable and injunctive relief, attorneys' fees, costs, and expenses. The amended complaint is derivative in nature and does not seek monetary damages from the Company. However, the Company may be required, throughout the pendency of the action, to advance payment of legal fees and costs incurred by the defendants. On January 25, 2008, the Court granted the Company's motion to dismiss the second amended complaint without leave to amend. On March 10, 2008, plaintiffs filed a notice of appeal to the Idaho Supreme Court. That appeal is pending.

The Company is unable to predict the outcome of these cases. A court determination in any of these actions against the Company could result in significant liability and could have a material adverse effect on the Company's business, results of operations or financial condition.

(See "Item 1A. Risk Factors.")

Item 1A. ***Risk Factors***

In addition to the factors discussed elsewhere in this Form 10-Q, the following are important factors which could cause actual results or events to differ materially from those contained in any forward-looking statements made by or on behalf of the Company.

We have experienced dramatic declines in average selling prices for our semiconductor memory products which have adversely affected our business.

For the second quarter of 2009, average selling prices of DRAM and NAND Flash products decreased 30% and 13%, respectively, as compared to the first quarter of 2009. For the first quarter of 2009, average selling prices of DRAM and NAND Flash products decreased 34% and 24%, respectively, as compared to the fourth quarter of 2008. For 2008, average selling prices of DRAM and NAND Flash products decreased 51% and 67%, respectively, as compared to 2007. For 2007, average selling prices of DRAM and NAND Flash products decreased 23% and 56%, respectively, as compared to 2006. Currently, and at times in the past, average selling prices for our memory products have been below our costs. We recorded aggregate inventory write-downs of $234 million for the second quarter of 2009, $369 million for the first quarter of 2009, $282 million in 2008 and $20 million in 2007 as a result of the significant decreases in average selling prices for our semiconductor memory products. If the estimated market values of products held in finished goods and work in process inventories at a quarter-end date are below the manufacturing cost of these products, we recognize charges to cost of goods sold to write down the carrying value of our inventories to market value. Future charges for inventory write-downs could be larger than the amounts recorded in 2009 and 2008. If average selling prices for our memory products remain depressed or decrease faster than we can decrease per gigabit costs, as they recently have, our business, results of operations or financial condition could be materially adversely affected.

We may be unable to generate sufficient cash flows or obtain access to external financing necessary to fund our operations and make adequate capital investments.

Our cash flows from operations depend primarily on the volume of semiconductor memory sold, average selling prices and per unit manufacturing costs. To develop new product and process technologies, support future growth, achieve operating efficiencies and maintain product quality, we must make significant capital investments in manufacturing technology, facilities and capital equipment, research and development, and product and process technology. We currently estimate our capital spending to approximate between $650 million to $700 million for 2009. Cash and investments of IM Flash and TECH are generally not available to finance our other operations. In the past we have utilized external sources of financing when needed and access to capital markets has historically been very important to us. As a result of the severe downturn in the semiconductor memory market, the downturn in general economic conditions, and the adverse conditions in the credit markets, financing instruments that we have used in the past may not be available on terms acceptable to us. We significantly reduced our planned capital expenditures for 2009. In addition, we are pursuing further financing alternatives, further reducing capital expenditures and implementing further cost-cutting initiatives. There can be no assurance that we will be able to generate sufficient cash flows or find other sources of financing to fund our operations; make adequate capital investments to remain competitive in terms of technology development and cost efficiency; or access capital markets. Our inability to do the foregoing could have a material adverse effect on our business and results of operations.

We may be unable to reduce our per gigabit manufacturing costs at the rate average selling prices decline.

Our gross margins are dependent upon continuing decreases in per gigabit manufacturing costs achieved through improvements in our manufacturing processes, including reducing the die size of our existing products. In future periods, we may be unable to reduce our per gigabit manufacturing costs at sufficient levels to increase gross margins due to factors including, but not limited to, strategic product diversification decisions affecting product mix, the increasing complexity of manufacturing processes, changes in process technologies or products that inherently may require relatively larger die sizes. Per gigabit manufacturing costs may also be affected by the relatively smaller production quantities and shorter product lifecycles of certain specialty memory products. Temporary production slowdowns that we implemented at some of our manufacturing facilities during the second quarter of 2009 adversely affected per megabit costs of Memory products. Further temporary production slowdowns during the third quarter of 2009 are expected to adversely affect per megabit costs of Memory products.

Consolidation of industry participants may result in uncertainty in the semiconductor market and negatively impact our ability to compete.

The semiconductor industry is highly competitive and, despite historically high levels of overall demand, manufacturing capacity in the semiconductor industry exceeds demand. Some of our competitors may try to enhance their capacity and lower their cost structure through consolidation. In particular, the Taiwanese government is considering a wide range of proposals to assist some of our Taiwanese competitors. In addition, significant declines in the average selling prices of DRAM and NAND Flash products as well as limited access to sources of financing have led to the deterioration in the financial condition of a number of industry participants. Among other things, this deterioration has led to the insolvency of at least one competitor, Qimonda AG. Consolidation of industry competitors could put us at a competitive disadvantage.

Economic conditions may harm our business.

Economic and business conditions, including a continuing downturn in the semiconductor memory industry or the overall economy is having an adverse effect on our business. Adverse conditions affect consumer demand for devices that incorporate our products such as personal computers, mobile phones, Flash memory cards and USB devices. Reduced demand for our products could result in continued market oversupply and significant decreases in our selling prices. A continuation of current conditions in credit markets would limit our ability to obtain external financing to fund our operations and capital expenditures. In addition, we may experience losses on our holdings of cash and investments due to failures of financial institutions and other parties. Difficult economic conditions may also result in a higher rate of losses on our accounts receivables due to credit defaults. As a result, our business, results of operations or financial condition could be materially adversely affected.

The semiconductor memory industry is highly competitive.

We face intense competition in the semiconductor memory market from a number of companies, including Elpida Memory, Inc.; Hynix Semiconductor Inc.; Samsung Electronics Co., Ltd.; SanDisk Corporation; Toshiba Corporation and from emerging companies in Taiwan and China, who have significantly expanded the scale of their operations. Some of our competitors are large corporations or conglomerates that may have greater resources to withstand downturns in the semiconductor markets in which we compete, invest in technology and capitalize on growth opportunities.

Our competitors seek to increase silicon capacity, improve yields, reduce die size and minimize mask levels in their product designs. The transitions to smaller line-width process technologies and 300mm wafers in the industry have resulted in significant increases in the worldwide supply of semiconductor memory and will likely lead to future increases. Increases in worldwide supply of semiconductor memory also result from semiconductor memory fab capacity expansions, either by way of new facilities, increased capacity utilization or reallocation of other semiconductor production to semiconductor memory production. We and several of our competitors have significantly increased production in recent periods through construction of new facilities or expansion of existing facilities. Increases in worldwide supply of semiconductor memory, if not accompanied with commensurate increases in demand, would lead to further declines in average selling prices for our products and would materially adversely affect our business, results of operations or financial condition.

Our joint ventures and strategic partnerships involve numerous risks.

We have entered into partnering arrangements to manufacture products and develop new manufacturing process technologies and products. These arrangements include our IM Flash NAND flash joint ventures with Intel, our DRAM joint ventures with Nanya, our TECH DRAM joint venture and our MP Mask joint venture with Photronics. These strategic partnerships and joint ventures are subject to various risks that could adversely affect the value of our investments and our results of operations. These risks include the following:

- our interests could diverge from our partners in the future or we may not be able to agree with partners on the amount, timing or nature of further investments in our joint venture;
- due to financial constraints, our partners may be unable to meet their commitments to us or our joint ventures and may pose credit risks for our transactions with them;
- the terms of our arrangements may turn out to be unfavorable;
- cash flows may be inadequate to fund increased capital requirements;

- we may experience difficulties in transferring technology to joint ventures;
- we may experience difficulties and delays in ramping production at joint ventures;
- these operations may become less cost efficient as a result of underutilized capacity; and
- political or economic instability may occur in the countries where our joint ventures and/or partners are located.

If our joint ventures and strategic partnerships are unsuccessful, our business, results of operations or financial condition may be adversely affected.

Our acquisition of a 35.5% interest in Inotera Memories, Inc. involves numerous risks.

In the first quarter of 2009, we acquired a 35.5% ownership interest in Inotera Memories, Inc., a Taiwanese DRAM memory manufacturer, for $398 million in cash. As a result of this acquisition, we have rights and obligations to purchase 50% of the wafer production of Inotera. Our acquisition of an interest in Inotera involves numerous risks including the following:

- Inotera's ability to meet its ongoing obligations;
- charges to us resulting from Qimonda's default on its obligations to purchase certain agreed quantities of products made using Qimonda's trench technology during the transition period;
- difficulties in converting Inotera production from Qimonda's trench technology to our stack technology;
- difficulties in obtaining financing for capital expenditures necessary to convert Inotera production to our stack technology;
- increasing debt to finance the acquisition;
- uncertainties around the timing and amount of wafer supply received;
- risks relating to our purchase of the Inotera shares and related agreements arising in connection with Qimonda's bankruptcy proceedings;
- Inotera's operations may become less cost efficient as a result of underutilized capacity;
- obligations during the technology transition period to procure product based on a competitor's technology which may be difficult to sell and provide for product support due to our limited understanding of the technology;
- recognition in our results of operation of our share of potential Inotera losses; and
- the impact of on margins associated with our obligation to purchase product utilizing Qimonda's trench technology at a relatively higher cost than other products manufactured by us and selling them potentially at a lower price than other products produced us.

In the second quarter of 2009, Qimonda filed for bankruptcy and defaulted on its obligations to purchase trench products from Inotera under a supply agreement. Pursuant to the Company's obligations under a supply agreement with Inotera, the Company recorded $51 million in cost of goods sold in the second quarter of 2009 for its obligations to Inotera as a result of Qimonda's default.

Our NAND Flash memory operations involve numerous risks.

As a result of severe oversupply in the NAND Flash market, our average selling prices of NAND Flash products decreased 13% for the second quarter of 2009 as compared to the first quarter of 2009 after decreasing 24% for the first quarter of 2009 as compared to the fourth quarter of 2008, 67% for 2008 as compared to 2007 and 56% for 2007 as compared to 2006. As a result, we experienced negative gross margins on sales of our NAND Flash products in 2009 and 2008. In the first quarter of 2009, we discontinued production of NAND flash memory for IM Flash at our Boise facility. The NAND Flash production shutdown reduces IM Flash's NAND flash production by approximately 35,000 200mm wafers per month. In addition, we and Intel agreed to suspend tooling and the ramp of production of NAND Flash at IM Flash's Singapore wafer fabrication plant. A continuation of the challenging conditions in the NAND Flash market will materially adversely affect our business, results of operations and financial condition.

We may incur additional restructure charges or not realize the expected benefits of new initiatives to reduce costs across our operations.

In response to a severe downturn in the semiconductor memory industry and global economic conditions, we initiated restructure plans in 2009. In the first quarter of 2009, our IM Flash joint venture between us and Intel terminated its agreement with the Company to obtain NAND Flash memory supply from our Boise facility, reducing our NAND Flash production by approximately 35,000 200mm wafers per month. In addition, we and Intel agreed to suspend tooling and the ramp of NAND Flash production at IM Flash's Singapore wafer fabrication facility. On February 23, 2009, we announced that we will phase out all 200mm wafer manufacturing operations at our Boise, Idaho, facility. During the second quarter of 2009, we recorded noncash impairment charges of $87 million to reduce the carrying value of certain 200mm wafer manufacturing equipment at our Boise, Idaho facility to its estimated salvage value. The 200mm wafer manufacturing phase-out will further reduce employment at our Boise facility by as many as 2,000 positions by the end of 2009. As a result of these actions, we recorded a charge of $105 million to restructure in the second quarter of 2009 and a net $66 million credit to restructure in the first quarter of 2009. The net credit for the first quarter of 2009 includes a $144 million gain in connection with the termination of the NAND Flash supply agreement. We expect to incur additional restructure costs through 2009 of approximately $27 million, comprised primarily of severance and other employee related costs. As a result of these initiatives, we expect to lose production output, incur restructuring or other infrequent charges and we may experience disruptions in our operations, loss of key personnel and difficulties in delivering products timely.

An adverse determination that our products or manufacturing processes infringe the intellectual property rights of others could materially adversely affect our business, results of operations or financial condition.

On January 13, 2006, Rambus, Inc. ("Rambus") filed a lawsuit against us in the U.S. District Court for the Northern District of California. Rambus alleges that certain of our DDR2, DDR3, RLDRAM, and RLDRAM II products infringe as many as fourteen Rambus patents and seeks monetary damages, treble damages, and injunctive relief. The accused products account for a significant portion of our net sales. On June 2, 2006, we filed an answer and counterclaim against Rambus alleging, among other things, antitrust and fraud claims. Trial on the patent phase of that case has been stayed pending appeal of the Delaware spoliation decision or other order of the California court. (See "Item 1. Legal Proceedings" for additional details on this lawsuit and other Rambus matters pending in the U.S. and Europe.)

On March 6, 2009, Panavision Imaging LLC filed suit against the Company and Aptina Imaging Corporation, a subsidiary of the Company, in the U.S. District Court for the Central District of California alleging that certain of the Company and Aptina's image sensor products infringe two Panavision Imaging U.S. patents. The complaint seeks injunctive relief, damages, attorneys' fees, and costs.

On March 24, 2009, Accolade Systems LLC filed suit against the Company and Aptina in the U.S. District Court for the Eastern District of Texas alleging that certain of the Company and Aptina's image sensor products infringe one Accolade Systems U.S. patent. The complaint seeks injunctive relief, damages, attorneys' fees, and costs.

We are unable to predict the outcome of assertions of infringement made against us. A court determination that our products or manufacturing processes infringe the intellectual property rights of others could result in significant liability and/or require us to make material changes to our products and/or manufacturing processes. Any of the foregoing results could have a material adverse effect on our business, results of operations or financial condition.

We have a number of patent and intellectual property license agreements. Some of these license agreements require us to make one time or periodic payments. We may need to obtain additional patent licenses or renew existing license agreements in the future. We are unable to predict whether these license agreements can be obtained or renewed on acceptable terms.

An adverse outcome relating to allegations of anticompetitive conduct could materially adversely affect our business, results of operations or financial condition.

A number of purported class action price-fixing lawsuits have been filed against us and other DRAM suppliers. Numerous cases have been filed in various state and federal courts asserting claims on behalf of a purported class of individuals and entities that indirectly purchased DRAM and/or products containing DRAM from various DRAM suppliers during the time period from April 1, 1999 through at least June 30, 2002. The complaints allege violations of the various jurisdictions' antitrust, consumer protection and/or unfair competition laws relating to the sale and pricing of DRAM products and seek joint and several damages, trebled, restitution, costs, interest and attorneys' fees. A number of these cases have been removed to federal court and transferred to the U.S. District Court for the Northern District of California (San Francisco) for consolidated pre-trial proceedings. On January 29, 2008, the Northern District of California Court granted in part and denied in part our motion to dismiss the plaintiff's second amended consolidated complaint. The District Court subsequently certified the decision for interlocutory appeal. On February 27, 2008, plaintiffs filed a third amended complaint. On June 26, 2008, the United States Court of Appeals for the Ninth Circuit agreed to consider plaintiffs' interlocutory appeal. (See "Item 1. Legal Proceedings" for additional details on these cases and related matters.)

Various states, through their Attorneys General, have filed suit against us and other DRAM manufacturers alleging violations of state and federal competition laws. The amended complaint alleges, among other things, violations of the Sherman Act, Cartwright Act, and certain other states' consumer protection and antitrust laws and seeks damages, and injunctive and other relief. On October 3, 2008, the California Attorney General filed a similar lawsuit in California Superior Court, purportedly on behalf of local California government entities, alleging, among other things, violations of the Cartwright Act and state unfair competition law. (See "Item 1. Legal Proceedings" for additional details on these cases and related matters.)

Three purported class action lawsuits alleging price-fixing of Flash products have been filed against us in Canada asserting violations of the Canadian Competition Act. These cases assert claims on behalf of a purported class of individuals and entities that purchased Flash memory directly and indirectly from various Flash memory suppliers. (See "Item 1. Legal Proceedings" for additional details on these cases and related matters.)

On May 5, 2004, Rambus filed a lawsuit in the Superior Court of the State of California (San Francisco County) against us and other DRAM suppliers. The complaint alleges various causes of action under California state law including conspiracy to restrict output and fix prices of Rambus DRAM ("RDRAM"), and unfair competition. The complaint seeks joint and several damages, trebled, punitive damages, attorneys' fees, costs, and a permanent injunction enjoining the defendants from the conduct alleged in the complaint. Trial is currently scheduled to begin in September 2009. (See "Item 1. Legal Proceedings" for additional details on this case and other Rambus matters pending in the U.S. and Europe.)

We are unable to predict the outcome of these lawsuits. An adverse court determination in any of these lawsuits alleging violations of antitrust laws could result in significant liability and could have a material adverse effect on our business, results of operations or financial condition.

Covenants in our debt instruments may obligate us to repay debt, increase contributions to our TECH joint venture and limit our ability to obtain financing.

Our ability to comply with the financial and other covenants contained in our debt may be affected by economic or business conditions or other events. As of March 5, 2009, our 76% owned TECH Semiconductor Singapore Pte. Ltd., ("TECH") subsidiary, had $600 million outstanding under a credit facility with covenants that, among other requirements, establish certain liquidity, debt service coverage and leverage ratios for TECH and restrict TECH's ability to incur indebtedness, create liens and acquire or dispose of assets. If TECH does not comply with these debt covenants and restrictions, this debt may be deemed to be in default and the debt declared payable. Additionally, if TECH is unable to repay its borrowings when due, the lenders under TECH's credit facility could proceed against substantially all of TECH's assets. We have guaranteed approximately 73% of the outstanding amount of TECH's credit facility, and our obligation increases to 100% of the outstanding amount of the facility in April 2010. If TECH's debt is accelerated, we may not have sufficient assets to repay amounts due. Existing covenant restrictions may limit our ability to obtain additional debt financing and to avoid covenant defaults we may have to pay off debt obligations and make additional contributions to TECH, which could adversely affect our liquidity and financial condition.

An adverse outcome relating to allegations of violations of securities laws could materially adversely affect our business, results of operations or financial condition.

On February 24, 2006, a number of purported class action complaints were filed against us and certain of our officers in the U.S. District Court for the District of Idaho alleging claims under Section 10(b) and 20(a) of the Securities Exchange Act of 1934, as amended, and Rule 10b-5 promulgated thereunder. The cases purport to be brought on behalf of a class of purchasers of our stock during the period February 24, 2001 to February 13, 2003. The five lawsuits have been consolidated and a consolidated amended class action complaint was filed on July 24, 2006. The complaint generally alleges violations of federal securities laws based on, among other things, claimed misstatements or omissions regarding alleged illegal price-fixing conduct. The complaint seeks unspecified damages, interest, attorneys' fees, costs, and expenses. On December 19, 2007, the Court issued an order certifying the class but reducing the class period to purchasers of our stock during the period from February 24, 2001 to September 18, 2002. (See "Item 1. Legal Proceedings" for additional details on these cases and related matters.)

We are unable to predict the outcome of these cases. An adverse court determination in any of the class action lawsuits against us could result in significant liability and could have a material adverse effect on our business, results of operations or financial condition.

Products that fail to meet specifications, are defective or that are otherwise incompatible with end uses could impose significant costs on us.

Products that do not meet specifications or that contain, or are perceived by our customers to contain, defects or that are otherwise incompatible with end uses could impose significant costs on us or otherwise materially adversely affect our business, results of operations or financial condition.

Because the design and production process for semiconductor memory is highly complex, it is possible that we may produce products that do not comply with customer specifications, contain defects or are otherwise incompatible with end uses. If, despite design review, quality control and product qualification procedures, problems with nonconforming, defective or incompatible products occur after we have shipped such products, we could be adversely affected in several ways, including the following:

- we may replace product or otherwise compensate customers for costs incurred or damages caused by defective or incompatible product, and
- we may encounter adverse publicity, which could cause a decrease in sales of our products.

Our debt level is higher than compared to historical periods.

We currently have a higher level of debt compared to historical periods. As of March 5, 2009, we had $2.9 billion of debt. We may need to incur additional debt in the future. Our debt level could adversely impact us. For example it could:

- make it more difficult for us to make payments on our debt;

- require us to dedicate a substantial portion of our cash flow from operations and other capital resources to debt service;
- limit our future ability to raise funds for capital expenditures, acquisitions, research and development and other general corporate requirements;
- increase our vulnerability to adverse economic and semiconductor memory industry conditions;
- expose us to fluctuations in interest rates with respect to that portion of our debt which is at variable rate of interest; and
- require us to make additional investments in joint ventures to maintain compliance with financial covenants.

Several of our credit facilities, one of which was modified during the second quarter of 2009, have covenants which require us to maintain minimum levels of tangible net worth and cash and investments. As of March 5, 2009, we were in compliance with our debt covenants. If we are unable to continue to be in compliance with our debt covenants, or obtain waivers, an event of default could be triggered, which, if not cured, could cause the maturity of other borrowings to be accelerated and become due and currently payable.

New product development may be unsuccessful.

We are developing new products that complement our traditional memory products or leverage their underlying design or process technology. We have made significant investments in product and process technologies and anticipate expending significant resources for new semiconductor product development over the next several years. The process to develop NAND Flash, Imaging and certain specialty memory products requires us to demonstrate advanced functionality and performance, many times well in advance of a planned ramp of production, in order to secure design wins with our customers. There can be no assurance that our product development efforts will be successful, that we will be able to cost-effectively manufacture these new products, that we will be able to successfully market these products or that margins generated from sales of these products will recover costs of development efforts.

The future success of our Imaging business will be dependent on continued market acceptance of our products and the development, introduction and marketing of new Imaging products.

We face competition in the image sensor market from a number of suppliers of CMOS image sensors including OmniVision Technologies, Inc.; Samsung Electronics Co., Ltd; Sony Corporation; STMicroelectronics NV; Toshiba Corporation and from a number of suppliers of CCD image sensors including Matsushita Electric Industrial Co., Ltd.; Sharp Corporation and Sony Corporation. In recent periods, a number of new companies have entered the CMOS image sensor market. Competitors include many large domestic and international companies that have greater presence in key markets, better access to certain customer bases, greater name recognition and more established strategic and financial relationships than the Company.

In recent years, our Imaging net sales and gross margins decreased and we faced increased competition. There can be no assurance that we will be able to grow or maintain our market share or gross margins for Imaging products in the future. Slowdowns of Imaging production that we implemented during the second quarter of 2009 adversely affected per unit costs of Imaging products and the continuation of these production slowdowns is expected to adversely affect per unit costs of Imaging products in the third quarter of 2009. The success of our Imaging business will depend on a number of factors, including:

- development of products that maintain a technological advantage over the products of our competitors;
- accurate prediction of market requirements and evolving standards, including pixel resolution, output interface standards, power requirements, optical lens size, input standards and other requirements;
- timely completion and introduction of new Imaging products that satisfy customer requirements;
- timely achievement of design wins with prospective customers, as manufacturers may be reluctant to change their source of components due to the significant costs, time, effort and risk associated with qualifying a new supplier; and

- efficient, cost-effective manufacturing as we transition to new products and higher volumes.

Our efforts to restructure our Aptina Imaging business may be unsuccessful.

We are exploring partnering arrangements with outside parties regarding the sale of Aptina in which we could retain a minority ownership interest. To that end, we began operating our Imaging business as a separate, wholly-owned, subsidiary in October 2008. To the extent we form a partnering arrangement, the resulting business model may not be successful and the Imaging operations revenues and margins could be adversely affected. We may incur significant costs to convert Imaging operations to a new business structure and operations could be disrupted. In addition, we may lose key personnel. If our efforts to restructure the Imaging business are unsuccessful, our business, results of operations or financial condition could be materially adversely affected.

We expect to make future acquisitions and alliances, which involve numerous risks.

Acquisitions and the formation of alliances such as joint ventures and other partnering arrangements, involve numerous risks including the following:

- difficulties in integrating the operations, technologies and products of acquired or newly formed entities;
- increasing capital expenditures to upgrade and maintain facilities;
- increasing debt to finance any acquisition or formation of a new business;
- difficulties in protecting our intellectual property as we enter into a greater number of licensing arrangements;
- diverting management's attention from normal daily operations;
- managing larger or more complex operations and facilities and employees in separate geographic areas; and
- hiring and retaining key employees.

Acquisitions of, or alliances with, high-technology companies are inherently risky, and any future transactions may not be successful and may materially adversely affect our business, results of operations or financial condition.

Changes in foreign currency exchange rates could materially adversely affect our business, results of operations or financial condition.

Our financial statements are prepared in accordance with U.S. GAAP and are reported in U.S. dollars. Across our multi-national operations, there are transactions and balances denominated in other currencies, primarily the euro, yen and Singapore dollar. We recorded a net loss of $25 million from changes in currency exchange rates for 2008. We estimate that, based on its assets and liabilities denominated in currencies other than the U.S. dollar as of March 5, 2009, a 1% change in the exchange rate versus the U.S. dollar would result in foreign currency gains or losses of approximately U.S. $2 million for the Singapore dollar and $1 million for the yen and euro. In the event that the U.S. dollar weakens significantly compared to the yen, Singapore dollar and euro, our results of operations or financial condition will be adversely affected.

We face risks associated with our international sales and operations that could materially adversely affect our business, results of operations or financial condition.

Sales to customers outside the United States approximated 79% of our consolidated net sales for the second quarter of 2009. In addition, we have manufacturing operations in China, Italy, Japan, Puerto Rico and Singapore. Our international sales and operations are subject to a variety of risks, including:

- currency exchange rate fluctuations;
- export and import duties, changes to import and export regulations, and restrictions on the transfer of funds;

- political and economic instability;
- problems with the transportation or delivery of our products;
- issues arising from cultural or language differences and labor unrest;
- longer payment cycles and greater difficulty in collecting accounts receivable; and
- compliance with trade and other laws in a variety of jurisdictions.

These factors may materially adversely affect our business, results of operations or financial condition.

Our net operating loss and tax credit carryforwards may be limited.

We have significant net operating loss and tax credit carryforwards. We have provided significant valuation allowances against the tax benefit of such losses as well as certain tax credit carryforwards. Utilization of these net operating losses and credit carryforwards is dependent upon us achieving sustained profitability. As a consequence of prior business acquisitions, utilization of the tax benefits for some of the tax carryforwards is subject to limitations imposed by Section 382 of the Internal Revenue Code and some portion or all of these carryforwards may not be available to offset any future taxable income. The determination of the limitations is complex and requires significant judgment and analysis of past transactions.

If our manufacturing process is disrupted, our business, results of operations or financial condition could be materially adversely affected.

We manufacture products using highly complex processes that require technologically advanced equipment and continuous modification to improve yields and performance. Difficulties in the manufacturing process or the effects from a shift in product mix can reduce yields or disrupt production and may increase our per gigabit manufacturing costs. Additionally, our control over operations at our IM Flash, TECH, Inotera, MeiYa and MP Mask joint ventures may be limited by our agreements with our partners. From time to time, we have experienced minor disruptions in our manufacturing process as a result of power outages, improperly functioning equipment and equipment failures. If production at a fabrication facility is disrupted for any reason, manufacturing yields may be adversely affected or we may be unable to meet our customers' requirements and they may purchase products from other suppliers. This could result in a significant increase in manufacturing costs or loss of revenues or damage to customer relationships, which could materially adversely affect our business, results of operations or financial condition.

Disruptions in our supply of raw materials could materially adversely affect our business, results of operations or financial condition.

Our operations require raw materials that meet exacting standards. We generally have multiple sources of supply for our raw materials. However, only a limited number of suppliers are capable of delivering certain raw materials that meet our standards. Various factors could reduce the availability of raw materials such as silicon wafers, photomasks, chemicals, gases, lead frames and molding compound. Shortages may occur from time to time in the future. In addition, disruptions in transportation lines could delay our receipt of raw materials. Lead times for the supply of raw materials have been extended in the past. If our supply of raw materials is disrupted or our lead times extended, our business, results of operations or financial condition could be materially adversely affected.

We may be required to record impairment charges for long-lived assets.

We review the carrying value of long-lived assets (including property, plant and equipment and intangible assets) for impairment when events and circumstances indicate that the carrying value of an asset or group of assets may not be recoverable from the estimated future cash flows expected to result from its use and/or disposition. The semiconductor memory industry is experiencing a severe downturn which has adversely affected our revenues, margins and cash flows. If business conditions continue to deteriorate, we may be required to negatively revise our estimated future cash flows related to the future use of assets, which could result in impairment charges to long-lived assets. As of March 5, 2009, we had approximately $7,910 million of property, plant and equipment and $382 million of intangible asset that could be subject to impairment. Any impairment charges recorded could have a material adverse effect on our results of operations.

Item 2. ***Issuer Purchases of Equity Securities, Unregistered Sales of Equity Securities and Use of Proceeds***

During the second quarter of 2009, the Company acquired, as payment of withholding taxes in connection with the vesting of restricted stock and restricted stock unit awards, 325,670 shares of its common stock at an average price per share of $3.11. The Company retired the 325,670 shares in the second quarter of 2009.

Period	(a) Total number of shares purchased	(b) Average price paid per share	(c) Total number of shares (or units) purchased as part of publicly announced plans or programs	(d) Maximum number (or approximate dollar value) of shares (or units) that may yet be purchased under the plans or programs
December 5, 2008 – January 8, 2009	41,145	$ 2.20	N/A	N/A
January 9, 2009 – February 5, 2009	150,214	3.15	N/A	N/A
February 6, 2009 – March 5, 2009	134,311	3.34	N/A	N/A
	325,670	3.11		

Item 4. ***Submission of Matters to a Vote of Security Holders***

Please refer to “PART II. OTHER INFORMATION – Item 4. Submission of Matter to a Vote of Security Holders” of the Company's Quarterly Report on Form 10-Q for the quarter ended December 4, 2008 for a description and results of matters submitted to the shareholders at the Company's Annual Meeting of Shareholders on December 11, 2008.

Item 6. ***Exhibits***

Exhibit Number	Description of Exhibit
3.1	Restated Certificate of Incorporation of the Registrant (1)
3.2	Bylaws of the Registrant, as amended (2)
10.11	2004 Equity Incentive Plan, as Amended
10.79	Loan Agreement as of February 23, 2009, by and between Micron Technology, Inc. and Economic Development Board
10.80	Mortgage and Charge Agreement as of February 23, 2009, by and among Economic Development Board, Micron Technology, Inc. and TECH Semiconductor Singapore Pte. Ltd.
31.1	Rule 13a-14(a) Certification of Chief Executive Officer
31.2	Rule 13a-14(a) Certification of Chief Financial Officer
32.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. 1350
32.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C. 1350

(1) Incorporated by reference to Quarterly Report on Form 10-Q for the fiscal quarter ended May 31, 2001
(2) Incorporated by reference to Current Report on Form 8-K dated October 1, 2008

SIGNATURES

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 thereunto duly authorized.

Micron Technology, Inc.
(Registrant)

Date: April 7, 2009

/s/ Ronald C. Foster
Ronald C. Foster
Vice President of Finance and Chief Financial Officer (Principal Financial and Accounting Officer)

MICRON TECHNOLOGY, INC.
2004 EQUITY INCENTIVE PLAN

ARTICLE 1
PURPOSE

1.1. GENERAL. The purpose of the Micron Technology, Inc. 2004 Equity Incentive Plan (the "Plan") is to promote the success, and enhance the value, of Micron Technology, Inc. (the "Company"), by linking the personal interests of employees, officers, directors and consultants of the Company or any Affiliate (as defined below) to those of Company stockholders and by providing such persons with an incentive for outstanding performance. The Plan is further intended to provide flexibility to the Company in its ability to motivate, attract, and retain the services of employees, officers, directors and consultants upon whose judgment, interest, and special effort the successful conduct of the Company's operation is largely dependent. Accordingly, the Plan permits the grant of incentive awards from time to time to selected employees, officers, directors and consultants of the Company and its Affiliates.

ARTICLE 2
DEFINITIONS

2.1. DEFINITIONS. When a word or phrase appears in this Plan with the initial letter capitalized, and the word or phrase does not commence a sentence, the word or phrase shall generally be given the meaning ascribed to it in this Section or in Section 1.1 unless a clearly different meaning is required by the context. The following words and phrases shall have the following meanings:

(a) "Affiliate" means (i) any Subsidiary or Parent, or (ii) an entity that directly or through one or more intermediaries controls, is controlled by or is under common control with, the Company, as determined by the Committee.

(b) "Award" means any Option, Stock Appreciation Right, Restricted Stock Award, Restricted Stock Unit Award, Deferred Stock Unit Award, Performance Share, Dividend Equivalent Award, or Other Stock-Based Award granted to a Participant under the Plan.

(c) "Award Certificate" means a written document, in such form as the Committee prescribes from time to time, setting forth the terms and conditions of an Award. Award Certificates may be in the form of individual award agreements or certificates or a program document describing the terms and provisions of an Awards or series of Awards under the Plan.

(d) "Board" means the Board of Directors of the Company.

(e) "Change in Control" means and includes the occurrence of any one of the following events:

(i) individuals who, on the Effective Date, constitute the Board of Directors of the Company (the "Incumbent Directors") cease for any reason to constitute at least a majority of such Board, provided that any person becoming a director after the Effective Date and whose election or nomination for election was approved by a vote of at least a majority of the Incumbent Directors then on the Board shall be an Incumbent Director; provided, however, that no individual initially elected or nominated as a director of the Company as a result of an actual or threatened election contest with respect to the election or removal of directors ("Election Contest") or other actual or threatened solicitation of proxies or consents by or on behalf of any Person other than the Board ("Proxy Contest"), including by reason of any agreement intended to avoid or settle any Election Contest or Proxy Contest, shall be deemed an Incumbent Director; or

(ii) any person is or becomes a "beneficial owner" (as defined in Rule 13d-3 under the 1934 Act), directly or indirectly, of either (A) 35% or more of the then-outstanding shares of common stock of the Company ("Company Common Stock") or (B) securities of the Company representing 35% or more of the combined voting power of the Company's then outstanding

securities eligible to vote for the election of directors (the "Company Voting Securities"); provided, however, that for purposes of this subsection (ii), the following acquisitions shall not constitute a Change in Control: (w) an acquisition directly from the Company, (x) an acquisition by the Company or a Subsidiary of the Company, (y) an acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any Subsidiary of the Company, or (z) an acquisition pursuant to a Non-Qualifying Transaction (as defined in subsection (iii) below); or

(iii) the consummation of a reorganization, merger, consolidation, statutory share exchange or similar form of corporate transaction involving the Company or a Subsidiary (a "Reorganization"), or the sale or other disposition of all or substantially all of the Company's assets (a "Sale") or the acquisition of assets or stock of another corporation (an "Acquisition"), unless immediately following such Reorganization, Sale or Acquisition: (A) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the outstanding Company Common Stock and outstanding Company Voting Securities immediately prior to such Reorganization, Sale or Acquisition beneficially own, directly or indirectly, more than 50% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Reorganization, Sale or Acquisition (including, without limitation, a corporation which as a result of such transaction owns the Company or all or substantially all of the Company's assets or stock either directly or through one or more subsidiaries, the "Surviving Corporation") in substantially the same proportions as their ownership, immediately prior to such Reorganization, Sale or Acquisition, of the outstanding Company Common Stock and the outstanding Company Voting Securities, as the case may be, and (B) no person (other than (x) the Company or any Subsidiary of the Company, (y) the Surviving Corporation or its ultimate parent corporation, or (z) any employee benefit plan or related trust) sponsored or maintained by any of the foregoing is the beneficial owner, directly or indirectly, of 35% or more of the total common stock or 35% or more of the total voting power of the outstanding voting securities eligible to elect directors of the Surviving Corporation, and (C) at least a majority of the members of the board of directors of the Surviving Corporation were Incumbent Directors at the time of the Board's approval of the execution of the initial agreement providing for such Reorganization, Sale or Acquisition (any Reorganization, Sale or Acquisition which satisfies all of the criteria specified in (A), (B) and (C) above shall be deemed to be a "Non-Qualifying Transaction"); or

(iv) approval by the stockholders of the Company of a complete liquidation or dissolution of the Company.

(f) "Code" means the Internal Revenue Code of 1986, as amended from time to time, and includes a reference to the underlying final regulations. Reference to a specific Section of the Code or regulation thereunder shall include such Section or regulation, any valid regulation promulgated under such Section, and any comparable provision of any future law, legislation or regulation amending, supplementing or superseding such Section or regulation.

(g) "Committee" means the committee of the Board described in Article 4.

(h) "Company" means Micron Technology, Inc., a Delaware corporation, or any successor corporation.

(i) "Continuous Status as a Participant" means the absence of any interruption or termination of service as an employee, officer, consultant or director of the Company or any Affiliate, as applicable; provided, however, that for purposes of an Incentive Stock Option, or a Stock Appreciation Right issued in tandem with an Incentive Stock Option, "Continuous Status as a Participant" means the absence of any interruption or termination of service as an employee of the Company or any Parent or Subsidiary, as applicable, pursuant to applicable tax regulations. Continuous Status as a Participant shall not be considered interrupted in the case of any leave of absence authorized in writing by the Company prior to its commencement; provided, however, that for purposes of Incentive Stock Options, no such leave may exceed 90 days, unless reemployment upon expiration of such leave is guaranteed by statute or contract. If

reemployment upon expiration of a leave of absence approved by the Company is not so guaranteed, on the 91st day of such leave any Incentive Stock Option held by the Participant shall cease to be treated as an Incentive Stock Option and shall be treated for tax purposes as a Nonstatutory Stock Option.

(j) "Covered Employee" means a covered employee as defined in Code Section 162(m)(3).

(k) "Disability" or "Disabled" has the same meaning as provided in the long-term disability plan or policy maintained by the Company or if applicable, most recently maintained, by the Company or if applicable, an Affiliate, for the Participant, whether or not such Participant actually receives disability benefits under such plan or policy. If no long-term disability plan or policy was ever maintained on behalf of Participant or if the determination of Disability relates to an Incentive Stock Option, or a Stock Appreciation Right issued in tandem with an Incentive Stock Option, Disability means Permanent and Total Disability as defined in Section 22(e)(3) of the Code. Notwithstanding the foregoing, for any Awards that constitute a nonqualified deferred compensation plan within the meaning of Section 409A(d) of the Code, Disability has the meaning given such term in Section 409A of the Code. In the event of a dispute, the determination whether a Participant is Disabled will be made by the Committee and may be supported by the advice of a physician competent in the area to which such Disability relates.

(l) "Deferred Stock Unit" means a right granted to a Participant under Article 11.

(m) "Dividend Equivalent" means a right granted to a Participant under Article 12.

(n) "Effective Date" has the meaning assigned such term in Section 3.1.

(o) "Eligible Participant" means an employee, officer, consultant or director of the Company or any Affiliate.

(p) "Exchange" means the New York Stock Exchange or any other national securities exchange or national market system on which the Stock may from time to time be listed or traded.

(q) "Fair Market Value" of the Stock, on any date, means: (i) if the Stock is listed or traded on any Exchange, the average closing price for such Stock (or the closing bid, if no sales were reported) as quoted on such Exchange (or the Exchange with the greatest volume of trading in the Stock) for the last market trading day prior to the day of determination, as reported by *Bloomberg L.P.* or such other source as the Committee deems reliable; (ii) if the Stock is quoted on the over-the-counter market or is regularly quoted by a recognized securities dealer, but selling prices are not reported, the Fair Market Value of the Stock shall be the mean between the high bid and low asked prices for the Stock on the last market trading day prior to the day of determination, as reported by *Bloomberg L.P.* or such other source as the Committee deems reliable, or (iii) in the absence of an established market for the Stock, the Fair Market Value shall be determined by such other method as the Committee determines in good faith to be reasonable and in compliance with Code Section 409A.

(r) "Full Value Award" means an Award other than in the form of an Option or SAR, and which is settled by the issuance of Stock.

(s) "Grant Date" of an Award means the first date on which all necessary corporate action has been taken to approve the grant of the Award as provided in the Plan, or such later date as is determined and specified as part of that authorization process. Notice of the grant shall be provided to the grantee within a reasonable time after the Grant Date.

(t) "Incentive Stock Option" means an Option that is intended to be an incentive stock option and meets the requirements of Section 422 of the Code or any successor provision thereto.

(u) "Non-Employee Director" means a director of the Company who is not a common law employee of the Company or an Affiliate.

(v) "Nonstatutory Stock Option" means an Option that is not an Incentive Stock Option.

(w) "Option" means a right granted to a Participant under Article 7 of the Plan to purchase Stock at a specified price during specified time periods. An Option may be either an Incentive Stock Option or a Nonstatutory Stock Option.

(x) "Other Stock-Based Award" means a right, granted to a Participant under Article 13 that relates to or is valued by reference to Stock or other Awards relating to Stock.

(y) "Parent" means a corporation, limited liability company, partnership or other entity which owns or beneficially owns a majority of the outstanding voting stock or voting power of the Company. Notwithstanding the above, with respect to an Incentive Stock Option, Parent shall have the meaning set forth in Section 424(e) of the Code.

(z) "Participant" means a person who, as an employee, officer, director or consultant of the Company or any Affiliate, has been granted an Award under the Plan; provided that in the case of the death of a Participant, the term "Participant" refers to a beneficiary designated pursuant to Section 14.5 or the legal guardian or other legal representative acting in a fiduciary capacity on behalf of the Participant under applicable state law and court supervision.

(aa) "Performance Share" means any right granted to a Participant under Article 9 to a unit to be valued by reference to a designated number of Shares to be paid upon achievement of such performance goals as the Committee establishes with regard to such Performance Share.

(bb) "Person" means any individual, entity or group, within the meaning of Section 3(a)(9) of the 1934 Act and as used in Section 13(d)(3) or 14(d)(2) of the 1934 Act.

(cc) "Plan" means the Micron Technology, Inc. 2004 Equity Incentive Plan, as amended from time to time.

(dd) "Public Offering" shall occur on closing date of a public offering of any class or series of the Company's equity securities pursuant to a registration statement filed by the Company under the 1933 Act.

(ee) "Qualified Performance-Based Award" means an Award that is either (i) intended to qualify for the Section 162(m) Exemption and is made subject to performance goals based on Qualified Business Criteria as set forth in Section 14.10(b), or (ii) an Option or SAR.

(ff) "Qualified Business Criteria" means one or more of the Business Criteria listed in Section 14.10(b) upon which performance goals for certain Qualified Performance-Based Awards may be established by the Committee.

(gg) "Restricted Stock Award" means Stock granted to a Participant under Article 10 that is subject to certain restrictions and to risk of forfeiture.

(hh) "Restricted Stock Unit Award" means the right granted to a Participant under Article 10 to receive shares of Stock (or the equivalent value in cash or other property if the Committee so provides) in the future, which right is subject to certain restrictions and to risk of forfeiture.

(ii) "Section 162(m) Exemption" means the exemption from the limitation on deductibility imposed by Section 162(m) of the Code that is set forth in Section 162(m)(4)(C) of the Code or any successor provision thereto.

(jj) "Shares" means shares of the Company's Stock. If there has been an adjustment or substitution pursuant to Section 15.1, the term "Shares" shall also include any shares of stock or other securities that are substituted for Shares or into which Shares are adjusted pursuant to Section 15.1.

(kk) "Stock" means the $.10 par value common stock of the Company and such other securities of the Company as may be substituted for Stock pursuant to Article 15.

(ll) "Stock Appreciation Right" or "SAR" means a right granted to a Participant under Article 8 to receive a payment equal to the difference between the Fair Market Value of a Share as of the date of exercise of the SAR over the base price of the SAR, all as determined pursuant to Article 8.

(mm) "Subsidiary" means any corporation, limited liability company, partnership or other entity of which a majority of the outstanding voting stock or voting power is beneficially owned directly or indirectly by the Company. Notwithstanding the above, with respect to an Incentive Stock Option, Subsidiary shall have the meaning set forth in Section 424(f) of the Code.

(nn) "1933 Act" means the Securities Act of 1933, as amended from time to time.

(oo) "1934 Act" means the Securities Exchange Act of 1934, as amended from time to time.

ARTICLE 3
EFFECTIVE TERM OF PLAN

3.1. EFFECTIVE DATE. The Plan shall be effective as of the date it is approved by both the Board and the stockholders of the Company (the "Effective Date").

3.2. TERMINATION OF PLAN. The Plan shall terminate on the tenth anniversary of the Effective Date unless earlier terminated as provided herein. The termination of the Plan on such date shall not affect the validity of any Award outstanding on the date of termination.

ARTICLE 4
ADMINISTRATION

4.1. COMMITTEE. The Plan shall be administered by a Committee appointed by the Board (which Committee shall consist of at least two directors) or, at the discretion of the Board from time to time, the Plan may be administered by the Board. It is intended that at least two of the directors appointed to serve on the Committee shall be "non-employee directors" (within the meaning of Rule 16b-3 promulgated under the 1934 Act) and "outside directors" (within the meaning of Code Section 162(m)) and that any such members of the Committee who do not so qualify shall abstain from participating in any decision to make or administer Awards that are made to Eligible Participants who at the time of consideration for such Award (i) are persons subject to the short-swing profit rules of Section 16 of the 1934 Act, or (ii) are reasonably anticipated to become Covered Employees during the term of the Award. However, the mere fact that a Committee member shall fail to qualify under either of the foregoing requirements or shall fail to abstain from such action shall not invalidate any Award made by the Committee which Award is otherwise validly made under the Plan. The members of the Committee shall be appointed by, and may be changed at any time and from time to time in the discretion of, the Board. The Board may reserve to itself any or all of the authority and responsibility of the Committee under the Plan or may act as administrator of the Plan for any and all purposes. To the extent the Board has reserved any authority and responsibility or during any time that the Board is acting as administrator of the Plan, it shall have all the powers of the Committee hereunder, and any reference herein to the Committee (other than in this Section 4.1) shall include the Board. To the extent any action of the Board under the Plan conflicts with actions taken by the Committee, the actions of the Board shall control.

4.2. ACTION AND INTERPRETATIONS BY THE COMMITTEE. For purposes of administering the Plan, the Committee may from time to time adopt rules, regulations, guidelines and procedures for carrying out the provisions and purposes of the Plan and make such other determinations, not inconsistent with the Plan, as the

Committee may deem appropriate. The Committee's interpretation of the Plan, any Awards granted under the Plan, any Award Certificate and all decisions and determinations by the Committee with respect to the Plan are final, binding, and conclusive on all parties. Each member of the Committee is entitled to, in good faith, rely or act upon any report or other information furnished to that member by any officer or other employee of the Company or any Affiliate, the Company's or an Affiliate's independent certified public accountants, Company counsel or any executive compensation consultant or other professional retained by the Company to assist in the administration of the Plan.

4.3. AUTHORITY OF COMMITTEE. Except as provided below, the Committee has the exclusive power, authority and discretion to:

(a) Grant Awards;

(b) Designate Participants;

(c) Determine the type or types of Awards to be granted to each Participant;

(d) Determine the number of Awards to be granted and the number of Shares or dollar amount to which an Award will relate;

(e) Determine the terms and conditions of any Award granted under the Plan, including but not limited to, the exercise price, base price, or purchase price, any restrictions or limitations on the Award, any schedule for lapse of forfeiture restrictions or restrictions on the exercisability of an Award, and accelerations or waivers thereof, based in each case on such considerations as the Committee in its sole discretion determines;

(f) Accelerate the vesting, exercisability or lapse of restrictions of any outstanding Award, in accordance with Article 14, based in each case on such considerations as the Committee in its sole discretion determines;

(g) Determine whether, to what extent, and under what circumstances an Award may be settled in, or the exercise price of an Award may be paid in, cash, Stock, other Awards, or other property, or an Award may be canceled, forfeited, or surrendered;

(h) Prescribe the form of each Award Certificate, which need not be identical for each Participant;

(i) Decide all other matters that must be determined in connection with an Award;

(j) Establish, adopt or revise any rules, regulations, guidelines or procedures as it may deem necessary or advisable to administer the Plan;

(k) Make all other decisions and determinations that may be required under the Plan or as the Committee deems necessary or advisable to administer the Plan;

(l) Amend the Plan or any Award Certificate as provided herein; and

(m) Adopt such modifications, procedures, and subplans as may be necessary or desirable to comply with provisions of the laws of non-U.S. jurisdictions in which the Company or any Affiliate may operate, in order to assure the viability of the benefits of Awards granted to participants located in such other jurisdictions and to meet the objectives of the Plan.

Notwithstanding the foregoing, grants of Awards to Non-Employee Directors hereunder shall be made only in accordance with the terms, conditions and parameters of a plan, program or policy for the compensation of Non-Employee Directors as in effect from time to time, and the Committee may not make discretionary grants hereunder to Non-Employee Directors.

Notwithstanding the above, the Board or the Committee may, by resolution, expressly delegate to a special committee, consisting of one or more directors who are also officers of the Company, the authority, within specified parameters, to (i) designate officers, employees and/or consultants of the Company or any of its Affiliates to be recipients of Awards under the Plan, and (ii) to determine the number of such Awards to be received by any such Participants; provided, however, that such delegation of duties and responsibilities to an officer of the Company may not be made with respect to the grant of Awards to eligible participants (a) who are subject to Section 16(a) of the 1934 Act at the Grant Date, or (b) who as of the Grant Date are reasonably anticipated to be become Covered Employees during the term of the Award. The acts of such delegates shall be treated hereunder as acts of the Board and such delegates shall report regularly to the Board and the Compensation Committee regarding the delegated duties and responsibilities and any Awards so granted.

4.4. AWARD CERTIFICATES. Each Award shall be evidenced by an Award Certificate. Each Award Certificate shall include such provisions, not inconsistent with the Plan, as may be specified by the Committee.

ARTICLE 5
SHARES SUBJECT TO THE PLAN

5.1. NUMBER OF SHARES. Subject to adjustment as provided in Sections 5.2 and 15.1, the aggregate number of Shares reserved and available for issuance pursuant to Awards granted under the Plan shall be 26,000,000; provided, however, that each Share issued under the Plan pursuant to a Full Value Award shall reduce the number of available Shares by two (2) shares. The maximum number of Shares that may be issued upon exercise of Incentive Stock Options granted under the Plan shall be 2,000,000.

5.2. SHARE COUNTING. Shares covered by an Award shall be subtracted from the Plan share reserve as of the date of the grant, but shall be added back to the Plan share reserve in accordance with Section 5.2.

(a) To the extent that an Award is canceled, terminates, expires, is forfeited or lapses for any reason, any unissued or forfeited Shares subject to the Award will again be available for issuance pursuant to Awards granted under the Plan.

(b) Shares subject to Awards settled in cash will again be available for issuance pursuant to Awards granted under the Plan.

(c) Substitute Awards granted pursuant to Section 14.14 of the Plan shall not count against the Shares otherwise available for issuance under the Plan under Section 5.1.

5.3. STOCK DISTRIBUTED. Any Stock distributed pursuant to an Award may consist, in whole or in part, of authorized and unissued Stock, treasury Stock or Stock purchased on the open market.

5.4. LIMITATION ON AWARDS. Notwithstanding any provision in the Plan to the contrary (but subject to adjustment as provided in Section 15.1), the maximum number of Shares with respect to one or more Options and/or SARs that may be granted during any one calendar year under the Plan to any one Participant shall be 2,000,000. The maximum aggregate grant with respect to Awards of Restricted Stock, Restricted Stock Units, Deferred Stock Units, Performance Shares or other Stock-Based Awards (other than Options or SARs) granted in any one calendar year to any one Participant shall be 2,000,000.

ARTICLE 6
ELIGIBILITY

6.1. GENERAL. Awards may be granted only to Eligible Participants; except that Incentive Stock Options may be granted to only to Eligible Participants who are employees of the Company or a Parent or Subsidiary as defined in Section 424(e) and (f) of the Code. Eligible Participants who are service providers to an Affiliate may be granted Options or SARs under this Plan only if the Affiliate qualifies as an “eligible issuer of service recipient stock” within the meaning of §1.409A-1(b)(5)(iii)(E) of the final regulations under Code Section 409A.

ARTICLE 7
STOCK OPTIONS

7.1. GENERAL. The Committee is authorized to grant Options to Participants on the following terms and conditions:

(a) EXERCISE PRICE. The exercise price per Share under an Option shall be determined by the Committee; provided that the exercise price for any Option shall not be less than the Fair Market Value as of the Grant Date.

(b) TIME AND CONDITIONS OF EXERCISE. The Committee shall determine the time or times at which an Option may be exercised in whole or in part, subject to Section 7.1(d). The Committee shall also determine the performance or other conditions, if any, that must be satisfied before all or part of an Option may be exercised or vested. The Committee may waive any exercise or vesting provisions at any time in whole or in part based upon factors as the Committee may determine in its sole discretion so that the Option becomes exercisable or vested at an earlier date. The Committee may permit an arrangement whereby receipt of Stock upon exercise of an Option is delayed until a specified future date.

(c) PAYMENT. The Committee shall determine the methods by which the exercise price of an Option may be paid, the form of payment, including, without limitation, cash, Shares, or other property (including "cashless exercise" arrangements), and the methods by which Shares shall be delivered or deemed to be delivered to Participants; provided, however, that if Shares are used to pay the exercise price of an Option, such Shares must have been held by the Participant for at least such period of time, if any, as necessary to avoid the recognition of an expense under generally accepted accounting principles as a result of the exercise of the Option.

(d) EXERCISE TERM. In no event may any Option be exercisable for more than six years from the Grant Date.

(e) SUSPENSION. Any Participant who is also a participant in the Retirement at Micron ("RAM") Section 401(k) Plan and who requests and receives a hardship distribution from the RAM Plan, is prohibited from making, and must suspend, his or her employee elective contributions and employee contributions including, without limitation on the foregoing, the exercise of any Option granted from the date of receipt by that employee of the RAM hardship distribution.

7.2. INCENTIVE STOCK OPTIONS. The terms of any Incentive Stock Options granted under the Plan must comply with the following additional rules:

(a) EXERCISE PRICE. The exercise price of an Incentive Stock Option shall not be less than the Fair Market Value as of the Grant Date.

(b) LAPSE OF OPTION. Subject to any earlier termination provision contained in the Award Certificate, an Incentive Stock Option shall lapse upon the earliest of the following circumstances; provided, however, that the Committee may, prior to the lapse of the Incentive Stock Option under the circumstances described in subsections (3), (4) or (5) below, provide in writing that the Option will extend until a later date, but if an Option is so extended and is exercised after the dates specified in subsections (3) and (4) below, it will automatically become a Nonstatutory Stock Option:

(1) The expiration date set forth in the Award Certificate.

(2) The tenth anniversary of the Grant Date.

(3) Three months after termination of the Participant's Continuous Status as a Participant for any reason other than the Participant's Disability or death.

(4) One year after the Participant's Continuous Status as a Participant by reason of the Participant's Disability.

(5) One year after the termination of the Participant's death if the Participant dies while employed, or during the three-month period described in paragraph (3) or during the one-year period described in paragraph (4) and before the Option otherwise lapses.

Unless the exercisability of the Incentive Stock Option is accelerated as provided in Article 14, if a Participant exercises an Option after termination of employment, the Option may be exercised only with respect to the Shares that were otherwise vested on the Participant's termination of employment. Upon the Participant's death, any exercisable Incentive Stock Options may be exercised by the Participant's beneficiary, determined in accordance with Section 14.5.

(c) INDIVIDUAL DOLLAR LIMITATION. The aggregate Fair Market Value (determined as of the Grant Date) of all Shares with respect to which Incentive Stock Options are first exercisable by a Participant in any calendar year may not exceed $100,000.00.

(d) TEN PERCENT OWNERS. No Incentive Stock Option shall be granted to any individual who, at the Grant Date, owns stock possessing more than ten percent of the total combined voting power of all classes of stock of the Company or any Parent or Subsidiary unless the exercise price per share of such Option is at least 110% of the Fair Market Value per Share at the Grant Date and the Option expires no later than five years after the Grant Date.

(e) EXPIRATION OF AUTHORITY TO GRANT INCENTIVE STOCK OPTIONS. No Incentive Stock Option may be granted pursuant to the Plan after the day immediately prior to the tenth anniversary of the date the Plan was adopted by the Board, or the termination of the Plan, if earlier.

(f) RIGHT TO EXERCISE. During a Participant's lifetime, an Incentive Stock Option may be exercised only by the Participant or, in the case of the Participant's Disability, by the Participant's guardian or legal representative.

(g) ELIGIBLE GRANTEES. The Committee may not grant an Incentive Stock Option to a person who is not at the Grant Date an employee of the Company or a Parent or Subsidiary.

ARTICLE 8
STOCK APPRECIATION RIGHTS

8.1. GRANT OF STOCK APPRECIATION RIGHTS. The Committee is authorized to grant Stock Appreciation Rights to Participants on the following terms and conditions:

(a) RIGHT TO PAYMENT. Upon the exercise of a Stock Appreciation Right, the Participant to whom it is granted has the right to receive the excess, if any, of:

(1) The Fair Market Value of one Share on the date of exercise; over

(2) The base price of the Stock Appreciation Right as determined by the Committee, which shall not be less than the Fair Market Value of one Share on the Grant Date.

(b) OTHER TERMS. All awards of Stock Appreciation Rights shall be evidenced by an Award Certificate. The terms, methods of exercise, methods of settlement, form of consideration payable in settlement, and any other terms and conditions of any Stock Appreciation Right shall be determined by

the Committee at the time of the grant of the Award and shall be reflected in the Award Certificate. In no event may any Stock Appreciation Rights be exercisable for more than six years from the Grant Date.

ARTICLE 9
PERFORMANCE SHARES

9.1. GRANT OF PERFORMANCE SHARES. The Committee is authorized to grant Performance Shares to Participants on such terms and conditions as may be selected by the Committee. The Committee shall have the complete discretion to determine the number of Performance Shares granted to each Participant, subject to Section 5.4, and to designate the provisions of such Performance Shares as provided in Section 4.3. All Performance Shares shall be evidenced by an Award Certificate or a written program established by the Committee, pursuant to which Performance Shares are awarded under the Plan under uniform terms, conditions and restrictions set forth in such written program.

9.2. PERFORMANCE GOALS. The Committee may establish performance goals for Performance Shares which may be based on any criteria selected by the Committee. Such performance goals may be described in terms of Company-wide objectives or in terms of objectives that relate to the performance of the Participant, an Affiliate or a division, region, department or function within the Company or an Affiliate. If the Committee determines that a change in the business, operations, corporate structure or capital structure of the Company or the manner in which the Company or an Affiliate conducts its business, or other events or circumstances render performance goals to be unsuitable, the Committee may modify such performance goals in whole or in part, as the Committee deems appropriate. If a Participant is promoted, demoted or transferred to a different business unit or function during a performance period, the Committee may determine that the performance goals or performance period are no longer appropriate and may (i) adjust, change or eliminate the performance goals or the applicable performance period as it deems appropriate to make such goals and period comparable to the initial goals and period, or (ii) make a cash payment to the participant in amount determined by the Committee. The foregoing two sentences shall not apply with respect to an Award of Performance Shares that is intended to be a Qualified Performance-Based Award.

9.3. RIGHT TO PAYMENT. The grant of a Performance Share to a Participant will entitle the Participant to receive at a specified later time a specified number of Shares, or the equivalent value in cash or other property, if the performance goals established by the Committee are achieved and the other terms and conditions thereof are satisfied. The Committee shall set performance goals and other terms or conditions to payment of the Performance Shares in its discretion which, depending on the extent to which they are met, will determine the number of the Performance Shares that will be earned by the Participant.

9.4. OTHER TERMS. Performance Shares may be payable in cash, Stock, or other property, and have such other terms and conditions as determined by the Committee and reflected in the Award Certificate.

ARTICLE 10
RESTRICTED STOCK AND RESTRICTED STOCK UNIT AWARDS

10.1. GRANT OF RESTRICTED STOCK AND RESTRICTED STOCK UNITS. Subject to the terms and conditions of this Article 10, the Committee is authorized to make Awards of Restricted Stock or Restricted Stock Units to Participants in such amounts and subject to such terms and conditions as may be selected by the Committee. An Award of Restricted Stock or Restricted Stock Units shall be evidenced by an Award Certificate setting forth the terms, conditions, and restrictions applicable to the Award.

10.2. ISSUANCE AND RESTRICTIONS. Restricted Stock or Restricted Stock Units shall be subject to such restrictions on transferability and other restrictions as the Committee may impose (including, without limitation, limitations on the right to vote Restricted Stock or the right to receive dividends on the Restricted Stock); provided, however, at a minimum, all Restricted Stock and Restricted Stock Units shall be subject to the restrictions set forth in Section 14.4 for a period of no less than (a) one year from the date of award with respect to Restricted Stock or Restricted Stock Units subject to restrictions that lapse based upon satisfaction of performance goals, and (b) three years from the date of award with respect to Restricted Stock or Restricted Stock Units subject to time-based restrictions that lapse based upon one’s Continuous Status as a Participant. For avoidance of doubt, nothing in

the foregoing shall preclude any applicable restriction, including those set forth in Section 14.4 hereof, from lapsing ratably, including, but not limited to, roughly annual increments over three years, with respect to the Restricted Stock or Restricted Stock Units referred to in Section 10.2(b). Moreover, nothing in the foregoing shall preclude or be interpreted to preclude Awards to Non-employee Directors from containing a period of restriction shorter than that set forth above. Finally, nothing in this Section 10.2 shall be deemed or interpreted to preclude the waiver, lapse or the acceleration of lapse, of any restrictions with respect to Restricted Stock or Restricted Stock Units in accordance with or as permitted by Sections 14.7 through Section 14.9, respectively, Article 15 or any other provision of the Plan. Subject to the remaining terms and conditions of the Plan, these restrictions may lapse separately or in combination at such times, under such circumstances, in such installments, upon the satisfaction of performance goals or otherwise, as the Committee determines at the time of the grant of the Award or thereafter. Except as otherwise provided in an Award Certificate or any special Plan document governing an Award, the Participant shall have all of the rights of a stockholder with respect to the Restricted Stock, and the Participant shall have none of the rights of a stockholder with respect to Restricted Stock Units until such time as Shares of Stock are paid in settlement of the Restricted Stock Units.

10.3. FORFEITURE. Except as otherwise determined by the Committee at the time of the grant of the Award or thereafter, upon termination of Continuous Status as a Participant during the applicable restriction period or upon failure to satisfy a performance goal during the applicable restriction period, Restricted Stock or Restricted Stock Units that are at that time subject to restrictions shall be forfeited; provided, however, that the Committee may provide in any Award Certificate, subject to the terms and conditions of the Plan, that restrictions or forfeiture conditions relating to Restricted Stock or Restricted Stock Units will be waived in whole or in part in the event of terminations resulting from specified causes, including, but not limited to, death, Disability, or for the convenience or in the best interests of the Company.

10.4. DELIVERY OF RESTRICTED STOCK. Shares of Restricted Stock shall be delivered to the Participant at the time of grant either by book-entry registration or by delivering to the Participant, or a custodian or escrow agent (including, without limitation, the Company or one or more of its employees) designated by the Committee, a stock certificate or certificates registered in the name of the Participant. If physical certificates representing shares of Restricted Stock are registered in the name of the Participant, such certificates must bear an appropriate legend referring to the terms, conditions, and restrictions applicable to such Restricted Stock.

ARTICLE 11
DEFERRED STOCK UNITS

11.1. GRANT OF DEFERRED STOCK UNITS. The Committee is authorized to grant Deferred Stock Units to Participants subject to such terms and conditions as may be selected by the Committee. Deferred Stock Units shall entitle the Participant to receive Shares of Stock (or the equivalent value in cash or other property if so determined by the Committee) at a future time as determined by the Committee, or as determined by the Participant within guidelines established by the Committee in the case of voluntary deferral elections. An Award of Deferred Stock Units shall be evidenced by an Award Certificate setting forth the terms and conditions applicable to the Award.

ARTICLE 12
DIVIDEND EQUIVALENTS

12.1. GRANT OF DIVIDEND EQUIVALENTS. The Committee is authorized to grant Dividend Equivalents to Participants subject to such terms and conditions as may be selected by the Committee. Dividend Equivalents shall entitle the Participant to receive payments equal to dividends with respect to all or a portion of the number of Shares subject to an Award, as determined by the Committee. The Committee may provide that Dividend Equivalents be paid or distributed when accrued or be deemed to have been reinvested in additional Shares, or otherwise reinvested. Unless otherwise provided in the applicable Award Certificate, Dividend Equivalents will be paid or distributed no later than the 15th day of the 3rd month following the later of (i) the calendar year in which the corresponding dividends were paid to shareholders, or (ii) the first calendar year in which the Participant's right to such Dividends Equivalents is no longer subject to a substantial risk of forfeiture.

ARTICLE 13

STOCK OR OTHER STOCK-BASED AWARDS

13.1. GRANT OF STOCK OR OTHER STOCK-BASED AWARDS. The Committee is authorized, subject to limitations under applicable law, to grant to Participants such other Awards that are payable in, valued in whole or in part by reference to, or otherwise based on or related to Shares, as deemed by the Committee to be consistent with the purposes of the Plan, including without limitation Shares awarded purely as a "bonus" and not subject to any restrictions or conditions, convertible or exchangeable debt securities, other rights convertible or exchangeable into Shares, and Awards valued by reference to book value of Shares or the value of securities of or the performance of specified Parents or Subsidiaries. The Committee shall determine the terms and conditions of such Awards.

ARTICLE 14
PROVISIONS APPLICABLE TO AWARDS

14.1. STAND-ALONE AND TANDEM AWARDS. Awards granted under the Plan may, in the discretion of the Committee, be granted either alone or in addition to, in tandem with, any other Award granted under the Plan. Subject to Section 16.2, awards granted in addition to or in tandem with other Awards may be granted either at the same time as or at a different time from the grant of such other Awards.

14.2. TERM OF AWARD. The term of each Award shall be for the period as determined by the Committee, provided that in no event shall the term of any Incentive Stock Option or a Stock Appreciation Right granted in tandem with the Incentive Stock Option exceed a period of ten years from its Grant Date (or, if Section 7.2(d) applies, five years from its Grant Date).

14.3. FORM OF PAYMENT FOR AWARDS. Subject to the terms of the Plan and any applicable law or Award Certificate, payments or transfers to be made by the Company or an Affiliate on the grant or exercise of an Award may be made in such form as the Committee determines at or after the Grant Date, including without limitation, cash, Stock, other Awards, or other property, or any combination, and may be made in a single payment or transfer, in installments, or (except with respect to Options or SARs) on a deferred basis, in each case determined in accordance with rules adopted by, and at the discretion of, the Committee.

14.4. LIMITS ON TRANSFER. No right or interest of a Participant in any unexercised or restricted Award may be pledged, encumbered, or hypothecated to or in favor of any party other than the Company or an Affiliate, or shall be subject to any lien, obligation, or liability of such Participant to any other party other than the Company or an Affiliate. No unexercised or restricted Award shall be assignable or transferable by a Participant other than by will or the laws of descent and distribution or, except in the case of an Incentive Stock Option, pursuant to a domestic relations order that would satisfy Section 414(p)(1)(A) of the Code if such Section applied to an Award under the Plan; provided, however, that the Committee may (but need not) permit other transfers where the Committee concludes that such transferability (i) does not result in accelerated taxation, (ii) does not cause any Option intended to be an Incentive Stock Option to fail to be described in Code Section 422(b), and (iii) is otherwise appropriate and desirable, taking into account any factors deemed relevant, including without limitation, state or federal tax or securities laws applicable to transferable Awards.

14.5. BENEFICIARIES. Notwithstanding Section 14.4, a Participant may, in the manner determined by the Committee, designate a beneficiary to exercise the rights of the Participant and to receive any distribution with respect to any Award upon the Participant's death. A beneficiary, legal guardian, legal representative, or other person claiming any rights under the Plan is subject to all terms and conditions of the Plan and any Award Certificate applicable to the Participant, except to the extent the Plan and Award Certificate otherwise provide, and to any additional restrictions deemed necessary or appropriate by the Committee. If no beneficiary has been designated or survives the Participant, payment shall be made to the Participant's estate. Subject to the foregoing, a beneficiary designation may be changed or revoked by a Participant at any time provided the change or revocation is filed with the Committee.

14.6. STOCK CERTIFICATES. All Stock issuable under the Plan is subject to any stop-transfer orders and other restrictions as the Committee deems necessary or advisable to comply with federal or state securities laws,

rules and regulations and the rules of any national securities exchange or automated quotation system on which the Stock is listed, quoted, or traded. The Committee may place legends on any Stock certificate or issue instructions to the transfer agent to reference restrictions applicable to the Stock.

14.7. ACCELERATION UPON A CHANGE IN CONTROL. Except as otherwise provided in the Award Certificate or any special Plan document governing an Award, upon the occurrence of a Change in Control, all outstanding Options, SARs, and other Awards in the nature of rights that may be exercised shall become fully exercisable, and all time-based vesting restrictions on outstanding Awards shall lapse. Except as otherwise provided in the Award Certificate or any special Plan document governing an Award, upon the occurrence of a Change in Control, the target payout opportunities attainable under all outstanding performance-based Awards shall be deemed to have been fully earned as of the effective date of the Change in Control based upon an assumed achievement of all relevant performance goals at the "target" level and there shall be prorata payout to Participants within thirty (30) days following the effective date of the Change in Control based upon the length of time within the performance period that has elapsed prior to the Change in Control.

14.8 ACCELERATION UPON DEATH OR DISABILITY. Except as otherwise provided in the Award Certificate or any special Plan document governing an Award, upon the Participant's death or Disability during his or her Continuous Status as a Participant, (i) all of such Participant's outstanding Options, SARs, and other Awards in the nature of rights that may be exercised shall become fully exercisable, (ii) all time-based vesting restrictions on the Participant's outstanding Awards shall lapse, and (iii) the target payout opportunities attainable under all of such Participant's outstanding performance-based Awards shall be deemed to have been fully earned as of the date of termination based upon an assumed achievement of all relevant performance goals at the "target" level and there shall be a prorata payout to the Participant or his or her estate within thirty (30) days following the date of termination based upon the length of time within the performance period that has elapsed prior to the date of termination. Any Awards shall thereafter continue or lapse in accordance with the other provisions of the Plan and the Awards Certificate. To the extent that this provision causes Incentive Stock Options to exceed the dollar limitation set forth in Section 7.2(c), the excess Options shall be deemed to be Nonstatutory Stock Options.

14.9. ACCELERATION FOR ANY OTHER REASON. Regardless of whether an event has occurred as described in Section 14.7 or 14.8 above, and subject to Section 14.11 as to Qualified Performance-Based Awards, the Committee may in its sole discretion at any time determine that all or a portion of a Participant's Options, SARs, and other Awards in the nature of rights that may be exercised shall become fully or partially exercisable, that all or a part of the time-based vesting restrictions on all or a portion of the outstanding Awards shall lapse, and/or that any performance-based criteria with respect to any Awards shall be deemed to be wholly or partially satisfied, in each case, as of such date as the Committee may, in its sole discretion, declare; provided, however, the Committee shall not exercise such discretion with respect to Full Value Awards comprised of Shares of Restricted Stock or Restricted Stock Units which, in the aggregate, exceed five percent (5%) of the aggregate number of Shares reserved and available for issuance pursuant to Awards granted under the Plan; provided, further, that when calculating whether the five percent (5%) maximum has been reached, the Committee shall not count or consider any Shares of Restricted Stock or Restricted Stock Units granted to Non-Employee Directors or regarding which the Committee accelerated vesting rights, waived restrictions or determined performance-based criteria had been satisfied resulting from an event described in Section 14.7, 24.8. Article 15, a Participant's termination of employment or separation from service resulting from death, Disability or for the convenience or in the bests interests of the Company. The Committee may discriminate among Participants and among Awards granted to a Participant in exercising its discretion pursuant to this Section 14.9.

14.10. EFFECT OF ACCELERATION. If an Award is accelerated under Section 14.7, Section 14.8 or Section 14.9, the Committee may, in its sole discretion, provide (i) that the Award will expire after a designated period of time after such acceleration to the extent not then exercised, (ii) that the Award will be settled in cash rather than Stock, (iii) that the Award will be assumed by another party to a transaction giving rise to the acceleration or otherwise be equitably converted or substituted in connection with such transaction, (iv) that the Award may be settled by payment in cash or cash equivalents equal to the excess of the Fair Market Value of the underlying Stock, as of a specified date associated with the transaction, over the exercise price of the Award, or (v) any combination of the foregoing. The Committee's determination need not be uniform and may be different for different Participants whether or not such Participants are similarly situated. To the extent that such acceleration causes Incentive Stock Options to exceed the dollar limitation set forth in Section 7.2(c), the excess Options shall be deemed to be Nonstatutory Stock Options.

14.11. QUALIFIED PERFORMANCE-BASED AWARDS.

(a) The provisions of the Plan are intended to ensure that all Options and Stock Appreciation Rights granted hereunder to any Covered Employee shall qualify for the Section 162(m) Exemption; provided that the exercise or base price of such Award is not less than the Fair Market Value of the Shares on the Grant Date.

(b) When granting any other Award, the Committee may designate such Award as a Qualified Performance-Based Award, based upon a determination that the recipient is or may be a Covered Employee with respect to such Award, and the Committee wishes such Award to qualify for the Section 162(m) Exemption. If an Award is so designated, the Committee shall establish performance goals for such Award within the time period prescribed by Section 162(m) of the Code based on one or more of the following Qualified Business Criteria, which may be expressed in terms of Company-wide objectives or in terms of objectives that relate to the performance of an Affiliate or a unit, division, region, department or function within the Company or an Affiliate:

- Gross and/or net revenue (including whether in the aggregate or attributable to specific products)
- Cost of Goods Sold and Gross Margin
- Costs and expenses, including Research & Development and Selling, General & Administrative
- Income (gross, operating, net, etc.)
- Earnings, including before interest, taxes, depreciation and amortization (whether in the aggregate or on a per share basis
- Cash flows and share price
- Return on investment, capital, equity
- Manufacturing efficiency (including yield enhancement and cycle time reductions), quality improvements and customer satisfaction
- Product life cycle management (including product and technology design, development, transfer, manufacturing introduction, and sales price optimization and management)
- Economic profit or loss
- Market share
- Employee retention, compensation, training and development, including succession planning
- Objective goals consistent with the Participant's specific officer duties and responsibilities, designed to further the financial, operational and other business interests of the Company, including goals and objectives with respect to regulatory compliance matters.

Performance goals with respect to the foregoing Qualified Business Criteria may be specified in absolute terms (including completion of pre-established projects, such as the introduction of specified products), in percentages, or in terms of growth from period to period or growth rates over time as well as measured relative to an established or specially-created performance index of Company competitors, peers or other members of high tech industries. Any member of an index that disappears during a measurement period shall be disregarded for the entire measurement period. Performance Goals need not be based upon an increase or positive result under a business criterion and could include, for example, the maintenance of the status quo or the limitation of economic losses (measured, in each case, by reference to a specific business criterion).

(c) Each Qualified Performance-Based Award (other than an Option or SAR) shall be earned, vested and payable (as applicable) only upon the achievement of performance goals established by the Committee based upon one or more of the Qualified Business Criteria, together with the satisfaction of any other conditions, including the condition as to continued employment as set forth in subsection (g) below, as the Committee may determine to be appropriate; provided, however, that the Committee may

provide, in its sole and absolute discretion, either in connection with the grant thereof or by amendment thereafter, that achievement of such performance goals will be waived upon the death or Disability of the Participant, or upon a Change in Control. Performance periods established by the Committee for any such Qualified Performance-Based Award may be as short as ninety (90) days and may be any longer period.

(d) The Committee may provide in any Qualified Performance-Based Award that any evaluation of performance may include or exclude any of the following events that occurs during a performance period: (a) asset write-downs or impairment charges; (b) litigation or claim judgments or settlements; (c) the effect of changes in tax laws, accounting principles or other laws or provisions affecting reported results; (d) accruals for reorganization and restructuring programs; (e) extraordinary nonrecurring items as described in Accounting Principles Board Opinion No. 30 and/or in management's discussion and analysis of financial condition and results of operations appearing in the Company's annual report to stockholders for the applicable year; (f) acquisitions or divestitures; and (g) foreign exchange gains and losses. To the extent such inclusions or exclusions affect Awards to Covered Employees, they shall be prescribed in a form and at a time that meets the requirements of Code Section 162(m) for deductibility.

(e) Any payment of a Qualified Performance-Based Award granted with performance goals pursuant to subsection (c) above shall be conditioned on the written certification of the Committee in each case that the performance goals and any other material conditions were satisfied. Written certification may take the form of a Committee resolution passed by a majority of the Committee at a properly convened meeting or through unanimous action by the Committee via action by written consent. The certification requirement also may be satisfied by a separate writing executed by the Chairman of the Committee, acting in his capacity as such, following the foregoing Committee action or by the Chairman executing approved minutes of the Committee in which such determinations were made. Except as specifically provided in subsection (c), no Qualified Performance-Based Award held by a Covered Employee or an employee who in the reasonable judgment of the Committee may be a Covered Employee on the date of payment, may be amended, nor may the Committee exercise any discretionary authority it may otherwise have under the Plan with respect to a Qualified Performance-Based Award under the Plan, in any manner to waive the achievement of the applicable performance goal based on Qualified Business Criteria or to increase the amount payable pursuant thereto or the value thereof, or otherwise in a manner that would cause the Qualified Performance-Based Award to cease to qualify for the Section 162(m) Exemption.

(f) Section 5.4 sets forth the maximum number of Shares or dollar value that may be granted in any one-year period to a Participant in designated forms of Qualified Performance-Based Awards.

(g) With respect to a Participant who is an officer of the Company, any payment of a Qualified Performance-Based Award granted with performance goals pursuant to subsection (c) above shall be conditioned on the officer having remained continuously employed by the Company or an Affiliate for the entire performance or measurement period, including, as well, through the date of determination and certification of the payment of any such Award pursuant to subsection (e) above (the "Certification Date"). For purposes of the Plan, with respect to any given performance or measurement period, an officer of the Company who (i) terminates employment (regardless of cause) or who otherwise ceases to be an officer, prior to the Certification Date and (ii) who, pursuant to a separate contractual arrangement with the Company is entitled to receive payments from the Company thereunder extending to or beyond such Certification Date as a result of such termination or cessation in officer status, shall be deemed to have been employed by the Company as an officer through the Certification Date for purposes of payment eligibility.

14.12. TERMINATION OF EMPLOYMENT. Whether military, government or other service or other leave of absence shall constitute a termination of employment shall be determined in each case by the Committee at its discretion, and any determination by the Committee shall be final and conclusive. A Participant's Continuous Status as a Participant shall not be deemed to terminate (i) in a circumstance in which a Participant transfers from the Company to an Affiliate, transfers from an Affiliate to the Company, or transfers from one Affiliate to another Affiliate, or (ii) in the discretion of the Committee as specified at or prior to such occurrence, in the case of a spin-off, sale or disposition of the Participant's employer from the Company or any Affiliate. To the extent that this provision causes Incentive Stock Options to extend beyond three months from the date a Participant is deemed to be an employee of the Company, a Parent or Subsidiary for purposes of Sections 424(e) and 424(f) of the Code, the Options held by such Participant shall be deemed to be Nonstatutory Stock Options.

14.13. DEFERRAL. Subject to applicable law, the Committee may permit or require a Participant to defer such Participant's receipt of the payment of cash or the delivery of Shares that would otherwise be due to such Participant by virtue of the exercise of an Option or SAR, the lapse or waiver of restrictions with respect to Restricted Stock or Restricted Stock Units, or the satisfaction of any requirements or goals with respect to Performance Shares, and Other Stock-Based Awards. If any such deferral election is required or permitted, the Board shall, in its sole discretion, establish rules and procedures for such payment deferrals in compliance with Section 409A of the Code and other applicable law.

14.14. FORFEITURE EVENTS. The Committee may specify in an Award Certificate that the Participant's rights, payments and benefits with respect to an Award shall be subject to reduction, cancellation, forfeiture or recoupment upon the occurrence of certain specified events, in addition to any otherwise applicable vesting or performance conditions of an Award. Such events shall include, but shall not be limited to, termination of employment for cause, violation of material Company or Affiliate policies, breach of noncompetition, confidentiality or other restrictive covenants that may apply to the Participant, or other conduct by the Participant that is detrimental to the business or reputation of the Company or any Affiliate.

14.15. SUBSTITUTE AWARDS. The Committee may grant Awards under the Plan in substitution for stock and stock-based awards held by employees of another entity who become employees of the Company or an Affiliate as a result of a merger or consolidation of the former employing entity with the Company or an Affiliate or the acquisition by the Company or an Affiliate of property or stock of the former employing corporation. The Committee may direct that the substitute awards be granted on such terms and conditions as the Committee considers appropriate in the circumstances.

ARTICLE 15
CHANGES IN CAPITAL STRUCTURE

15.1. MANDATORY ADJUSTMENTS. Subject to any required action by the shareholders of the Company, the number of shares of Common Stock covered by each outstanding Award, and the number of issued shares of Common Stock which have been authorized for issuance under the Plan but as to which no Awards have yet been granted or which have been returned to the Plan upon cancellation or expiration of an Award, as well as the price per share of Common Stock covered by each such outstanding Award, shall be proportionately adjusted for any increase or decrease in the number of issued shares of Common Stock resulting from a stock split, reverse stock split, stock dividend, combination or reclassification of the Common Stock or any other increase or decrease in the number of shares of Common Stock effected without receipt of consideration by the Company; provided, however, that conversion of any convertible securities of the Company shall not be deemed to have been "effected without receipt of consideration." Such adjustment shall be made by the Board, whose determination in that respect shall be final, binding, and conclusive. Without limiting the foregoing, in the event of a subdivision of the outstanding Stock (stock-split), a declaration of a dividend payable in Shares, or a combination or consolidation of the outstanding Stock into a lesser number of Shares, the authorization limits under Section 5.1 and 5.4 shall automatically be adjusted proportionately, and the Shares then subject to each Award shall automatically be adjusted proportionately without any change in the aggregate purchase price therefor. To the extent that any adjustments made pursuant to this Article 15 cause Incentive Stock Options to cease to qualify as Incentive Stock Options, such Options shall be deemed to be Nonstatutory Stock Options.

15.2 DISCRETIONARY ADJUSTMENTS. Upon the occurrence or in anticipation of any corporate event or transaction involving the Company (including, without limitation, any merger, reorganization, recapitalization or combination or exchange of shares or any transaction described in Section 15.1), the Committee may, in its sole discretion, provide (i) that Awards will be settled in cash rather than Stock, (ii) that Awards will become immediately vested and exercisable and will expire after a designated period of time to the extent not then exercised, (iii) that Awards will be assumed by another party to a transaction or otherwise be equitably converted or substituted in connection with such transaction, (iv) that outstanding Awards may be settled by payment in cash or cash equivalents equal to the excess of the Fair Market Value of the underlying Stock, as of a specified date associated with the transaction, over the exercise price of the Award, (v) that applicable performance targets and performance periods for Awards will be modified, consistent with Code Section 162(m) where applicable, or (vi)

any combination of the foregoing. The Committee's determination need not be uniform and may be different for different Participants whether or not such Participants are similarly situated.

15.3 GENERAL. Any discretionary adjustments made pursuant to this Article 15 shall be subject to the provisions of Article 16. To the extent that any adjustments made pursuant to this Article 15 cause Incentive Stock Options to cease to qualify as Incentive Stock Options, such Options shall be deemed to be Nonstatutory Stock Options.

ARTICLE 16
AMENDMENT, MODIFICATION AND TERMINATION

16.1. AMENDMENT, MODIFICATION AND TERMINATION. The Board or the Committee may, at any time and from time to time, amend, modify or terminate the Plan without stockholder approval; provided, however, that if an amendment to the Plan would, in the reasonable opinion of the Board or the Committee, either (i) materially increase the number of Shares available under the Plan, (ii) expand the types of awards under the Plan, (iii) materially expand the class of participants eligible to participate in the Plan, (iv) materially extend the term of the Plan, or (v) otherwise constitute a material change requiring stockholder approval under applicable laws, policies or regulations or the applicable listing or other requirements of an Exchange, then such amendment shall be subject to stockholder approval; and provided, further, that the Board or Committee may condition any other amendment or modification on the approval of stockholders of the Company for any reason, including by reason of such approval being necessary or deemed advisable to (i) permit Awards made hereunder to be exempt from liability under Section 16(b) of the 1934 Act, (ii) to comply with the listing or other requirements of an Exchange, or (iii) to satisfy any other tax, securities or other applicable laws, policies or regulations.

16.2. AWARDS PREVIOUSLY GRANTED. At any time and from time to time, the Committee may amend, modify or terminate any outstanding Award without approval of the Participant; provided, however:

(a) Subject to the terms of the applicable Award Certificate, such amendment, modification or termination shall not, without the Participant's consent, reduce or diminish the value of such Award determined as if the Award had been exercised, vested, cashed in or otherwise settled on the date of such amendment or termination (with the per-share value of an Option or Stock Appreciation Right for this purpose being calculated as the excess, if any, of the Fair Market Value as of the date of such amendment or termination over the exercise or base price of such Award);

(b) The original term of an Option may not be extended without the prior approval of the stockholders of the Company;

(c) Except as otherwise provided in Article 15, the exercise price of an Option may not be reduced, directly or indirectly, without the prior approval of the stockholders of the Company; and

(d) No termination, amendment, or modification of the Plan shall adversely affect any Award previously granted under the Plan, without the written consent of the Participant affected thereby. An outstanding Award shall not be deemed to be "adversely affected" by a Plan amendment if such amendment would not reduce or diminish the value of such Award determined as if the Award had been exercised, vested, cashed in or otherwise settled on the date of such amendment (with the per-share value of an Option or Stock Appreciation Right for this purpose being calculated as the excess, if any, of the Fair Market Value as of the date of such amendment over the exercise or base price of such Award).

16.3. COMPLIANCE AMENDMENTS. Notwithstanding anything in the Plan or in any Award Certificate to the contrary, the Committee may amend the Plan or an Award Certificate, to take effect retroactively or otherwise, as deemed necessary or advisable for the purpose of conforming the Plan or Award Certificate to any present or future law relating to plans of this or similar nature (including, but not limited to, Section 409A of the Code), and to the administrative regulations and rulings promulgated thereunder. By accepting an Award under this

Plan, a Participant agrees to any amendment made pursuant to this Section 16.3 to any Award granted under the Plan without further consideration or action.

ARTICLE 17
GENERAL PROVISIONS

17.1. NO RIGHTS TO AWARDS; NON-UNIFORM DETERMINATIONS. No Participant or any Eligible Participant shall have any claim to be granted any Award under the Plan. Neither the Company, its Affiliates nor the Committee is obligated to treat Participants or Eligible Participants uniformly, and determinations made under the Plan may be made by the Committee selectively among Eligible Participants who receive, or are eligible to receive, Awards (whether or not such Eligible Participants are similarly situated).

17.2. NO STOCKHOLDER RIGHTS. No Award gives a Participant any of the rights of a stockholder of the Company unless and until Shares are in fact issued to such person in connection with such Award.

17.3. SPECIAL PROVISIONS RELATED TO SECTION 409A OF THE CODE.

(a) Notwithstanding anything in the Plan or in any Award Certificate to the contrary, to the extent that any amount or benefit that would constitute non-exempt "deferred compensation" for purposes of Section 409A of the Code would otherwise be payable or distributable under the Plan or any Award Certificate by reason of the occurrence of a Change in Control, or the Participant's Disability or separation from service, such amount or benefit will not be payable or distributable to the Participant by reason of such circumstance unless (i) the circumstances giving rise to such Change in Control, Disability or separation from service meet any description or definition of "change in control event", "disability" or "separation from service", as the case may be, in Section 409A of the Code and applicable regulations (without giving effect to any elective provisions that may be available under such definition), or (ii) the payment or distribution of such amount or benefit would be exempt from the application of Section 409A of the Code by reason of the short-term deferral exemption or otherwise. This provision does not prohibit the vesting of any Award upon a Change in Control, Disability or separation from service, however defined. If this provision prevents the payment or distribution of any amount or benefit, such payment or distribution shall be made on the next earliest payment or distribution date or event specified in the Award Certificate that is permissible under Section 409A.

(b) If any one or more Awards granted under the Plan to a Participant could qualify for any separation pay exemption described in Treas. Reg. Section 1.409A-1(b)(9), but such Awards in the aggregate exceed the dollar limit permitted for the separation pay exemptions, the Company (acting through the Committee or the Head of Human Resources) shall determine which Awards or portions thereof will be subject to such exemptions.

(c) Notwithstanding anything in the Plan or in any Award Certificate to the contrary, if any amount or benefit that would constitute non-exempt "deferred compensation" for purposes of Section 409A of the Code would otherwise be payable or distributable under this Plan or any Award Certificate by reason of a Participant's separation from service during a period in which the Participant is a Specified Employee (as defined below), then, subject to any permissible acceleration of payment by the Committee under Treas. Reg. Section 1.409A-3(j)(4)(ii) (domestic relations order), (j)(4)(iii) (conflicts of interest), or (j)(4)(vi) (payment of employment taxes):

(i) if the payment or distribution is payable in a lump sum, the Participant's right to receive payment or distribution of such non-exempt deferred compensation will be delayed until the earlier of the Participant's death or the first day of the seventh month following the Participant's separation from service; and

(ii) if the payment or distribution is payable over time, the amount of such non-exempt deferred compensation that would otherwise be payable during the six-month period immediately following the Participant's separation from service will be accumulated and the Participant's right to receive payment or distribution of such accumulated amount will be delayed until the earlier of the Participant's death or the first day of the seventh month following the Participant's separation from service, whereupon the accumulated amount will be paid or distributed to the Participant and the normal payment or distribution schedule for any remaining payments or distributions will resume.

For purposes of this Plan, the term "Specified Employee" has the meaning given such term in Code Section 409A and the final regulations thereunder, provided, however, that, as permitted in such final regulations, the Company's Specified Employees and its application of the six-month delay rule of Code Section 409A(a)(2)(B)(i) shall be determined in accordance with rules adopted by the Board or any committee of the Board, which shall be applied consistently with respect to all nonqualified deferred compensation arrangements of the Company, including this Plan.

17.4. WITHHOLDING. The Company or any Affiliate shall have the authority and the right to deduct or withhold, or require a Participant to remit to the Company, an amount sufficient to satisfy federal, state, and local taxes (including the Participant's FICA obligation) required by law to be withheld with respect to any exercise, lapse of restriction or other taxable event arising as a result of the Plan. If Shares are surrendered to the Company to satisfy withholding obligations in excess of the minimum withholding obligation, such Shares must have been held by the Participant as fully vested shares for such period of time, if any, as necessary to avoid the recognition of an expense under generally accepted accounting principles. The Company shall have the authority to require a Participant to remit cash to the Company in lieu of the surrender of Shares for tax withholding obligations if the surrender of Shares in satisfaction of such withholding obligations would result in the Company's recognition of expense under generally accepted accounting principles. With respect to withholding required upon any taxable event under the Plan, the Committee may, at the time the Award is granted or thereafter, require or permit that any such withholding requirement be satisfied, in whole or in part, by withholding from the Award Shares having a Fair Market Value on the date of withholding equal to the minimum amount (and not any greater amount) required to be withheld for tax purposes, all in accordance with such procedures as the Committee establishes.

17.5. NO RIGHT TO CONTINUED SERVICE. Nothing in the Plan, any Award Certificate or any other document or statement made with respect to the Plan, shall interfere with or limit in any way the right of the Company or any Affiliate to terminate any Participant's employment or status as an officer, director or consultant at any time, nor confer upon any Participant any right to continue as an employee, officer, director or consultant of the Company or any Affiliate, whether for the duration of a Participant's Award or otherwise.

17.6. UNFUNDED STATUS OF AWARDS. The Plan is intended to be an "unfunded" plan for incentive and deferred compensation. With respect to any payments not yet made to a Participant pursuant to an Award, nothing contained in the Plan or any Award Certificate shall give the Participant any rights that are greater than those of a general creditor of the Company or any Affiliate. This Plan is not intended to be subject to ERISA.

17.7. RELATIONSHIP TO OTHER BENEFITS. No payment under the Plan shall be taken into account in determining any benefits under any pension, retirement, savings, profit sharing, group insurance, welfare or benefit plan of the Company or any Affiliate unless provided otherwise in such other plan.

17.8. EXPENSES. The expenses of administering the Plan shall be borne by the Company and its Affiliates.

17.9. TITLES AND HEADINGS. The titles and headings of the Sections in the Plan are for convenience of reference only, and in the event of any conflict, the text of the Plan, rather than such titles or headings, shall control.

17.10. GENDER AND NUMBER. Except where otherwise indicated by the context, any masculine term used herein also shall include the feminine; the plural shall include the singular and the singular shall include the plural.

17.11. FRACTIONAL SHARES. No fractional Shares shall be issued and the Committee shall determine, in its discretion, whether cash shall be given in lieu of fractional Shares or whether such fractional Shares shall be eliminated by rounding up or down.

17.12. GOVERNMENT AND OTHER REGULATIONS.

(a) Notwithstanding any other provision of the Plan, no Participant who acquires Shares pursuant to the Plan may, during any period of time that such Participant is an affiliate of the Company (within the meaning of the rules and regulations of the Securities and Exchange Commission under the 1933 Act), sell such Shares, unless such offer and sale is made (i) pursuant to an effective registration statement under the 1933 Act, which is current and includes the Shares to be sold, or (ii) pursuant to an appropriate exemption from the registration requirement of the 1933 Act, such as that set forth in Rule 144 promulgated under the 1933 Act.

(b) Notwithstanding any other provision of the Plan, if at any time the Committee shall determine that the registration, listing or qualification of the Shares covered by an Award upon any Exchange or under any foreign, federal, state or local law or practice, or the consent or approval of any governmental regulatory body, is necessary or desirable as a condition of, or in connection with, the granting of such Award or the purchase or receipt of Shares thereunder, no Shares may be purchased, delivered or received pursuant to such Award unless and until such registration, listing, qualification, consent or approval shall have been effected or obtained free of any condition not acceptable to the Committee. Any Participant receiving or purchasing Shares pursuant to an Award shall make such representations and agreements and furnish such information as the Committee may request to assure compliance with the foregoing or any other applicable legal requirements. The Company shall not be required to issue or deliver any certificate or certificates for Shares under the Plan prior to the Committee's determination that all related requirements have been fulfilled. The Company shall in no event be obligated to register any securities pursuant to the 1933 Act or applicable state or foreign law or to take any other action in order to cause the issuance and delivery of such certificates to comply with any such law, regulation or requirement.

17.13. GOVERNING LAW. To the extent not governed by federal law, the Plan and all Award Certificates shall be construed in accordance with and governed by the laws of the State of Delaware.

17.14. ADDITIONAL PROVISIONS. Each Award Certificate may contain such other terms and conditions as the Committee may determine; provided that such other terms and conditions are not inconsistent with the provisions of the Plan.

17.15. NO LIMITATIONS ON RIGHTS OF COMPANY. The grant of any Award shall not in any way affect the right or power of the Company to make adjustments, reclassification or changes in its capital or business structure or to merge, consolidate, dissolve, liquidate, sell or transfer all or any part of its business or assets. The Plan shall not restrict the authority of the Company, for proper corporate purposes, to draft or assume awards, other than under the Plan, to or with respect to any person. If the Committee so directs, the Company may issue or transfer Shares to an Affiliate, for such lawful consideration as the Committee may specify, upon the condition or understanding that the Affiliate will transfer such Shares to a Participant in accordance with the terms of an Award granted to such Participant and specified by the Committee pursuant to the provisions of the Plan.

17.16. INDEMNIFICATION. Each person who is or shall have been a member of the Committee, or of the Board, or an officer of the Company to whom authority was delegated in accordance with Article 4 shall be indemnified and held harmless by the Company against and from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by him or her in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action taken or failure to act under the Plan and against and from any and all amounts paid by him or her in settlement thereof, with the Company's approval, or paid by him or her in satisfaction of any judgment in any such action, suit, or proceeding against him or her, provided he or she shall give the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf, unless such loss, cost, liability, or expense is a result of his or her own willful misconduct or except as expressly provided by statute. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled under the Company's Certificate of Incorporation or Bylaws, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

THIS LOAN AGREEMENT (the "**Agreement**") is made as of February 23, 2009 by and between:

Micron Technology, Inc., a company incorporated in Delaware and having its office at 8000 S. Federal Way, Boise, Idaho, 83716 (the "**Company**"); and

Economic Development Board, a statutory body established in the Republic of Singapore under the Economic Development Board Act (Cap. 85) having its office at 250, North Bridge Road, #28-00 Raffles City Tower Singapore 179101 (the "**Board**").

WHEREAS:

(1) The Company has a majority-owned subsidiary in Singapore, TECH Semiconductor Singapore Pte. Ltd. (Company Registration Number: 199102059C) (the "**Subsidiary**");

(2) The Company has applied to the Board for a term loan:
(a) with a principal amount of Three Hundred Million Singapore Dollars S$300,000,000; or
(b) an amount equivalent to Thirty percent (30%) of the value of the "**Fixed Productive Assets**" (as defined in Clause 1.1(o)) by the Subsidiary in Singapore; or
(c) an amount equivalent to One Hundred percent (100%) of the "**Equity Contributions**" (as defined in Clause 1.1(i)),
whichever is the lowest (the "**Term Loan**") that is subject to the terms of this Agreement.

(3) The Company will use the Term Loan for making Equity Contributions to enable the Subsidiary to purchase Fixed Productive Assets subject to the terms of this Agreement.

(4) The Board is willing to grant the Term Loan to the Company, upon the terms and subject to the conditions hereinafter set forth.

NOW THIS AGREEMENT WITNESSETH AS FOLLOWS:

1. DEFINITIONS

1.1 In this Agreement, unless the context otherwise requires, the following words or expressions shall have the following meanings respectively:

(a) "**Authorised Officer**" is defined in Clause 3(c)(i).

(b) "**Board**" means the Economic Development Board.

(c) "**Business Day**" means a day on which banks in Singapore are open for business excluding Saturday and Sunday or Public Holiday.

(b) "**CAS**" is defined in the paragraph 2 of the recital to this Agreement.

(c) "**Company**" means Micron Technology, Inc.

(d) "**Day**" means a calendar day.

(e) "**Dollars**" and the sign "**S$**" respectively mean the lawful currency of the Republic of Singapore.

(f) "**Default Interest**" is defined in Clause 7.4.

(g) "**Drawing**" means any, each or all (as the context may require) of the drawings made by the Company under the Term Loan and includes the First Drawing as defined hereinafter.

(h) "**Enforcement Proceeds**" is defined in Clause 4.4(c).

(i) "**Equity Contributions**" means any and all purchases of Subsidiary's stock by the Company in exchange for a cash contribution to the Subsidiary, from the date of this Agreement.

(j) "**Event of Default**" and "**Events of Default**" mean any, each or all (as the context may require) of the Events of Default described in Clause 15.

(k) "**Excess Amount**" is defined in Clause 5.2(c)(ii).

(l) "**Facility Agreement**" is defined in Clause 14.1(b).

(m) "**First Drawing**" means the first drawing made by the Company under the Term Loan.

(n) "**First Drawing Date**" means the date on which the First Drawing is made.

(o) "**Fixed Productive Assets**" means:

(i) any building, infrastructure, systems, plant and equipment (including any cleanroom facilities and new productive equipment) to be set up and operated by the Subsidiary in Singapore, for the production of various semiconductor memory products produced on 50nm or smaller technology;

(ii) any direct costs (excluding costs that are not recorded as capital items on the Subsidiary's balance sheet) to bring the items referred to in Clause 1.1(o)(i) to achieve productive capability; and

(iii) any other items or costs as the Board may agree to include as Fixed Productive Assets from time to time.

(p) "**Form 10K**" is defined in Clause 12.1(f).

(q) "**Form 10Q**" is defined in Clause 12.1(f).

(r) "**Full Repayment**" means the full repayment of all monies due under this Agreement to the Board, including the principal and all interest due from the Company to the Board under the Term Loan;

(s) "**Full Repayment Date**" means the date on which Full Repayment is made by the Company to the Board.

(t) "**Government**" is defined in Clause 21.4.

(u) "**Interest Rate**" is defined in Clause 7.1(b).

(v) "**Month**" means a calendar month.

(w) "**Notice**" is defined in Clause 5.2(a).

(x) "**Outstanding Loan**" at any time means all the principal sums drawn down under the Term Loan and remaining unpaid as at that time.

(y) **"Payment Date**" means any Day falling on the first Business Day of March, June, September or December, and "**First Payment Date**" means the second Payment Date after the First Drawing Date;

(z) "**Person**" shall include any company, partnership, limited liability partnership, body of persons, association, body corporate and unincorporated body.

(aa) **"Repayment Date"** is defined in Clause 8.

(bb) "**Requisite Investment**" is defined in Clause 4.3.

(cc) "**Security**" is defined in Clause 3(c)(iv).

(dd) "**Share Equity Mortgage Agreement**" is defined in Clause 3(c)(iv).

(ee) "**Subsidiary**" is defined in paragraph 1 of the recital to this Agreement.

(ff) "**Taxes**" is defined in Clause 21.5.

(gg) "**Term Loan**" is defined in paragraph 2 of the recital to this Agreement.

(hh) "**Year**" means a calendar year.

1.2 Unless the context otherwise requires, words importing the singular number include the plural number and vice versa.

1.3 The words "hereof", "herein", "hereunder", "hereon" and "hereinafter" and words of similar import, when used in this Agreement, refer to this Agreement as a whole and not to any particular provision of this Agreement.

1.4 The headings to the Clauses hereof shall not be deemed as part thereof or be taken in consideration in the interpretation or construction thereof or of this Agreement.

1.5 References herein to "Clause" or "Clauses" are references to a Clause or Clauses of this Agreement.

2. TERM LOAN

2.1 Subject to the provisions of this Agreement and in particular those of Clauses 3, 4, 7, 8, 9, 11, 12, 13 and 14 being complied with, the Board shall make available to the Company the Term Loan at the times and in the manner as hereinafter provided.

2.2 Subject to Clauses 4.4, 10.2 and 15.3, this Agreement, and the terms and conditions herein, shall be binding on the Company until the Full Repayment Date.

3. CONDITIONS PRECEDENT AND AVAILABILITY

The Company shall only be allowed to make any Drawing under the Term Loan, and the obligations of the Board to make available the same shall be subject to all the conditions precedent below to be fulfilled by the Company:

(a) There shall not exist at the date of the Drawing to be made, any Event of Default or any condition, event or act which, with the giving of notice or lapse of time, or both, would constitute such an Event of Default, which, in each case, remains continuing and has not been waived by the Board.

(b) All representations, warranties and statements contained herein, or otherwise made in writing in connection herewith or in any certificate or statement furnished pursuant to any provision of this Agreement or in any document referred to herein made by the Company shall be true and correct in all material respects as of the date on which such were made, save to the extent waived by the Board.

(c) For the First Drawing, the Company shall effect, execute or provide, in a form, manner or substance that is to the Board's reasonable satisfaction, the following documents:

(i) A copy of the Certificate of Incorporation and Articles of Association of the Company together with an English version of the same, duly certified by a Director, the Chief Executive Officer, Chief Financial Officer, Treasurer or other authorised officer of the Company (each, an "**Authorised Officer**") to be a true copy thereof;

(ii) A copy of the resolution of the board of Directors of the Company together with an English version of the same duly certified by an Authorised Officer to be a true copy thereof, in full force and effect and approving the terms and conditions contained in this Agreement and authorising a person or persons to sign this Agreement and any other document to be given to the Board from time to time by the Company;

(iii) Specimen signatures of the persons authorised to sign this Agreement on behalf of the Company, and to sign the notices of Drawing and any document required under this Agreement on behalf of the Company or the Subsidiary, such specimens to be certified by an Authorised Officer of the Company to be the true signatures of such persons respectively;-

(iv) A duly executed security document creating an equitable mortgage on Sixty-Six percent (66%) of the shares of the Subsidiary (which shares are or shall be issued to the Company), in favour of the Board and the certificates of such shares in the name of the Company, including shares issued pursuant to the Equity Contributions, with no prior encumbrance thereon (the "**Security**") with duly executed blank share transfer forms for such shares to be delivered to the Board as security for the Term Loan. Such Security shall be in the form attached as Appendix III (the "Share Equity Mortgage Agreement"). If the Subsidiary should increase its share capital at any time, the Company shall subscribe for such number of shares in the capital of the Subsidiary to ensure that it holds directly at least Seventy percent (70%) of the total and issued

paid-up shares in the capital of the Subsidiary. The Company shall similarly mortgage such additional shares such that the aggregate shares mortgaged by the Company hereunder shall constitute Sixty-Six percent (66%) of the total issued and paid-up capital of the Subsidiary and shall execute any additional mortgage and charge agreement and any other necessary documents in relation to such additional mortgaged shares in the Subsidiary. If the Company shall acquire such additional shares as aforesaid, it shall forthwith deliver or procure that there be delivered to the Board the certificates in respect thereof together with instruments of transfer in respect thereof duly executed in blank;

(v) A legal opinion to the Board's reasonable satisfaction, dated on or about the date of this Agreement, provided by an attorney at law who is qualified to opine, that under applicable law(s):

(I) the Company has legal capacity to enter into the obligations herein contained and to furnish the Board with the Security;
(II) such obligations are enforceable against the Company; and

(vi) A letter of waiver from each shareholder of the Subsidiary (other than the Company) to the Board's reasonable satisfaction dated on or about the First Drawing Date and confirming each shareholder's unconditional and irrevocable:

(I) consent to the creation of security over the Company's shares in the Subsidiary as agreed in the Share Equity Mortgage Agreement notwithstanding Article 34 of the Subsidiary's Articles of Association; and
(II) waiver of its preemption rights under Article 21 of the Subsidiary's Articles of Association.

(d) All acts, conditions and things required to be done, performed and to have occurred:
(i) precedent to the execution and delivery of this Agreement; and
(ii) to constitute this Agreement legal, valid and binding obligations enforceable in accordance with its terms;
shall have been done, performed and have occurred in compliance with all applicable laws.

(e) There is no breach by the Company in any material respect of any of the terms, conditions and undertakings herein contained which remains continuing and has not been waived by the Board.

4. PURPOSE OF THE TERM LOAN

4.1 Subject to the terms and conditions herein contained and in particular to those of Clauses 3, 4, 7, 8, 9, 11, 12, 13, and 14 being complied with, the Term Loan shall be made available by the Board to the Company for the sole purpose of providing funds to the Subsidiary (by way of Equity Contributions to be made by the Company) to purchase Fixed Productive Assets.

4.2 Upon receiving a Drawing under Clause 5, the Company shall apply all the proceeds thereof for the purposes described in Clause 4.1.

4.3 It is further agreed that this Term Loan shall be made available to the Company on the conditions that the Company shall cause:

(a) at least Three Hundred Million Singapore Dollars (S$300,000,000/-) or its equivalent in United States Dollars (converted at a fixed USD/S$ exchange rate of 1.52), or such lower amount as may be approved by the Board, to be used for Equity Contributions; and

(b) at least One Billion Singapore Dollars (S$1,000,000,000/-) inclusive of the amount under Clause 4.3(a), or its equivalent in United States Dollars (converted at a fixed USD/S$ exchange rate of 1.52), or such lower amount as may be approved by the Board, to be incurred by the Subsidiary for the financing, purchasing, building of or expenditure towards Fixed Productive Assets by February 29, 2012 (the "**Requisite Investment**"). If the shortfall (if any) in the Requisite Investment ascertained as at February 29, 2012, the Company shall, on the Board's demand, pay a sum in Singapore Dollars computed as follows (utilizing 365 days per year for partial-year calculations):

(i) For a shortfall in the Requisite Investment of Three Hundred Million Singapore Dollars (S$300,000,000/-) or less, the sum shall be Thirty percent (30%) of such shortfall multiplied by Three percent (3%) per year from the First Drawing Date to the Full Repayment Date;

(ii) For a shortfall in the Requisite Investment of more than Three Hundred Million Singapore Dollars (S$300,000,000/-), the sum shall be (a) the amount calculated in (i) immediately above, plus (b) the amount of such shortfall that exceeds Three Hundred Million Singapore Dollars (S$300,000,000/-) multiplied by Three percent (3%) per year from the First Drawing Date to the Full Repayment Date; provided that in no event shall such sum exceed Nine Million Singapore Dollars (S$9,000,000/-) per year, the absolute maximum amount payable for each year pursuant to this Section 4.3(b).

4.4 If the Company fails to make the Requisite Investment, the Board shall also be at liberty to do the following in the following order of priority:

(a) terminate this Agreement whereby the Board's obligations herein contained shall automatically and forthwith cease;

(b) seek immediate repayment of any unpaid amounts described in Clauses 4.4(c)(i) and (ii) from the Company; and

(c) only after (a) and (b) immediately above have been exhausted, enforce its rights in the Security, the proceeds of which (the "**Enforcement Proceeds**") shall be applied towards the payment of part or whole of:
(i) the Outstanding Loan;
(ii) any unpaid fees, charges, interest or Default Interest (where applicable) that have accrued and/or are imposed on the Company in accordance with the terms and conditions herein contained; and
(iii) reasonable legal fees, costs and expenses incurred to liquidate the Security and/or recover monies outstanding under this Agreement,

it being understood that any surplus Enforcement Proceeds remaining after the application set forth in Clauses 4.4(c) shall be paid to the Company.

5. DRAWINGS OF THE TERM LOAN

5.1 Subject to the terms and conditions of this Agreement and in particular to all the conditions of Clauses 3, 4, 7, 8, 9, 11, 12, 13, and 14 being complied with, the Board shall make available, any sums under the Term Loan, for Drawing by the Company, in each case in accordance with the terms and stipulations herein.

5.2 When the Company intends to make a Drawing, the Company shall be required to:

(a) inform the Board of its intention to make a Drawing by serving written notice (the "**Notice**") of the intended Drawing on the Board at least Fourteen (14) Business Days prior to the intended date of Drawing; provided that this Fourteen-day requirement shall be waived by the Board for the First Drawing. Each Notice of Drawing shall be substantially in the form set out in the Appendix I hereto and shall:

(i) state the date (which must be a Business Day) and the amount of the proposed Drawing;
(ii) be irrevocable and commit the Company to borrow the amount on the date stated;
(iii) constitute a representation and warranty by the Company that as at the date of the Notice, the warranties and representations set out in Clause 12 are true and correct in all material respects (save to such extent waived by the Board), that no Event of Default, and no event or act which with the giving of notice or lapse of time or both would constitute such an Event of Default, has occurred which remains continuing and unwaived by the Board;
(iv) describe the Subsidiary's purchase and/or projected purchase of Fixed Productive Assets corresponding to the Equity Contributions for which the Drawing is made; and
(v) enclose documents showing that the Company has applied for Shares of a value at least equivalent to the Drawing.

(b) in respect of the First Drawing, furnish the Security and Forms to the Board;

(c) in respect of the each Drawing:

(i) the Company shall without demand provide the Board:

(I) within Forty-Five (45) days from the date of a Drawing, a statement of purchase in such format as set out in Appendix II, signed by the Subsidiary's authorized signatory, and providing copies of purchase orders that show Fixed Productive Assets of a minimum aggregate value equivalent to (1) such Drawing and (2) all Drawings to date, to be purchased by the Subsidiary. With respect to each Drawing, such purchase orders must be issued on or after 1 November 2008, and no later than the date occurring Thirty (30) days after such Drawing Date;

(II) within Eighteen (18) months from the date of a Drawing, or such extended period as may be permitted by the Board from time to time, a

statement of expenditure on capital assets (i.e., asset recorded as a capital asset on the Subsidiary's balance sheet), in such format as set out in Appendix II, signed by the Subsidiary's authorized signatory, giving a breakdown of payments and/or statements of accounts showing that Fixed Productive Assets of an aggregate value equivalent in United States Dollars (converted at a fixed USD/S$ exchange rate of 1.52) to Fifty percent (50%) of such Drawing were paid for by the Subsidiary; and

(III) on or before February 29, 2012, a statement of expenditure in such format as set out in Appendix II, signed by the Subsidiary's authorized signatory and certified by an external auditor, certifying that Fixed Productive Assets of an aggregate value equivalent in United States Dollars to One Billion Singapore Dollars (S$1,000,000,000/-) (converted at a fixed USD/S$ exchange rate of 1.52) had been purchased, and for which Three Hundred Million Singapore Dollars (S$300,000,000/-) (converted at a fixed USD/S$ exchange rate of 1.52) had been paid by the Subsidiary.

(ii) if the Board is not reasonably satisfied that any documentary proof submitted under Clause 5.2(c)(i) shows that Fixed Productive Assets of an aggregate value equivalent to such Drawing have been purchased or paid for, as required above, interest shall be levied and imposed on the difference between such Drawing and the amount reasonably ascertained by the Board as the aggregate value of Fixed Productive Assets to which such documentary proof relates (such difference being the "**Excess Amount**"), and shall be computed as follows, instead of as set out in Clause 7:

(I) at the rate of three per cent (3%) per annum above the average prevailing prime lending rate as reported by the Monetary Authority of Singapore;

(II) in respect of documents submitted under:

(AA) Clause 5.2(c)(i)(I), from the 46th day after the date of the Drawing to the earlier of:

(aa) the date that the Excess Amount is returned to the Board;

(bb) the date on which the Board receives from the Company proof reasonably satisfactory to the Board that purchase orders for Fixed Productive Assets of an aggregate value equivalent to the Drawing in question were issued by the Subsidiary;

(BB) Clause 5.2(c)(i)(II), from and including the date that is Eighteen (18) months (or such extended period as may be permitted by the Board) from the date of a Drawing, to the earlier of:

(aa) the date that the Excess Amount is returned to the Board;

(bb) the date on which the Board receives from the Company proof of payment reasonably satisfactory to the Board that Fixed Productive Assets of an aggregate value equivalent in United States Dollars (converted at a fixed USD/S$ exchange rate of 1.52) to Fifty percent (50%) of such Drawing were paid for by the Subsidiary;

(CC) Clause 5.2(c)(i)(III), from and including February 29, 2012 up to the earlier of:

(aa) the date that the Excess Amount is returned to the Board;

(bb) the date on which the Board receives from the Company proof of payment reasonably satisfactory to the Board for the purpose of computing whether Fixed Productive Assets of an aggregate value

equivalent in United States Dollars (converted at a fixed USD/S$ exchange rate of 1.52) to One Billion Singapore Dollars (S$1,000,000,000/-) have been purchased, and for which Three Hundred Million Singapore Dollars (S$300,000,000/-) (converted at a fixed USD/S$ exchange rate of 1.52) has been paid by the Subsidiary.

PROVIDED THAT interest levied under this Clause shall not apply to the Excess Amount during each calendar day of the Five-Business-Day notice period mentioned under Clause 5.2(c)(iv).

(iii) For the avoidance of doubt, any return of Excess Amount with any interest payable under Clause 5.2(c)(ii) to the Board shall not be deemed a prepayment under this Agreement and the amount of Term Loan available at any time for drawing by the Company shall exclude any Excess Amount(s) returned to the Board.

(iv) The Company shall give the Board Five (5) Business Days' prior written notice before returning the Excess Amount and any interest payable under Clause 5.2(c)(ii).

5.3 The First Drawing shall be made not later than March 1, 2009, or such later date as may be approved by Chairman of the Board or his lawful representative, failing which the obligations of the Board hereunder to provide the Term Loan shall immediately cease.

6. AVAILABILITY OF TERM LOAN

The Term Loan shall be available for Drawing for a period of One (1) Year from the First Drawing Date, after which any undrawn portion of the Term Loan shall be cancelled.

7. PRINCIPAL AND INTEREST PAYMENTS BY THE COMPANY

7.1 The Company's obligations for principal repayments, interest payments and Default Interest in relation to monies that have been drawn down by the Company, shall be computed from each relevant Drawing date and in accordance with the following stipulations. Pursuant to and read conjunctively with Clauses 2, 8, 9 and 15:

(a) for the period of three (3) Years from the First Drawing Date, the Company shall only be required to pay the interest applicable on the amounts of the Term Loan drawn down and shall not be required to make any principal repayments;

(b) interest at [5.38%] per annum (the "**Interest Rate**") shall be levied on any amount of the Term Loan drawn down and remaining unpaid from the date it is drawn down up to and including the day preceding the day on which the amount, together with interest payable thereon under this Agreement, is fully repaid;

(c) the due date of the Company's liability and obligation to make interest payments to the Board (whenever applicable) shall commence from the First Payment Date;

(d) the applicable interest payable by the Company shall be:
  (i) payable on a quarterly basis. The first interest payment shall be payable on the First Payment Date;
  (ii) calculated from the date of the Drawing to which it relates;
  (iii) without prejudice to Clause 7.1(d)(ii), computed on all amounts that had been drawn (and remain unpaid) on a cumulative basis; and
  (iv) levied on the Company from the relevant date of Drawing up to and including the day preceding the day of full repayment of the principal for which interest is levied.

(e) if the Payment Date of the Company's liability and obligation to make interest payments to the Board (whenever applicable) falls on a day which is not a Business Day, then the aforesaid payment due date shall be extended to the next Business Day. In such an event, no Default Interest (as set out in Clause 7.4) shall be levied on the Company.

7.2 The Company shall pay to the Board on each Payment Date, interest on the amounts of the Outstanding Loan from the First Drawing Date (and computed in accordance with Clause 7.1(d)) until the full principal of the Term Loan and all interests payable under this Agreement are fully repaid in accordance with the terms of this Agreement.

7.3 The obligations for principal repayment, interest payments, overdue or delays in interest payments (in relation to monies that have been drawn down by the Company) under this Agreement shall be calculated at the applicable Interest Rate on the basis of a year of Three Hundred and Sixty-Five (365) Days for the actual number of Days elapsed.

7.4 The Board is entitled to charge and the Company agrees, confirms and accepts the obligation to pay interest on amounts in default (the "**Default Interest**") to be charged and that the rate of the Default Interest charged by the Board on the amounts in default shall be three per cent (3%) per annum above the average prevailing prime interest rate as reported by the Monetary Authority of Singapore compounded on a monthly basis in the event of a failure by the Company to fulfill its obligations to make any principal repayment or interest payment or if overdue or delays in interest payments that become due, are owed or payable to the Board. The Default Interest shall be charged on the outstanding principal repayments, interest payments on such outstanding principal or overdue or delayed interest payments, from the applicable Payment Dates until such time when the relevant payments are fully repaid to the Board. For avoidance of doubt, any Default Interest charged at the rate set out in this Clause 7.4 shall be in addition to and not in substitution of the Interest Rate.

8. REPAYMENT OF THE TERM LOAN

The Company shall repay all the principal monies drawn down under the Term Loan in One (1) lump sum on the first Business Day occurring after Thirty-Six (36) months from the First Drawing Date (the "**Repayment Date**").

9. PAYMENT PROVISIONS

9.1 All payments to be made by the Company under this Agreement shall be received by the Board not later than 11 a.m. (Singapore time) on the relevant Day at its address above or into the Board's bank account designated in writing and provided to the Company at least Ten (10) Business Days prior to the First Payment Date or at such other address or into such other bank account as the Board may from time to time designate by written notice to the Company not less than Ten (10) Business Days prior to the date of any such payment.

9.2 Any payment (whether of principal or interest) not received by the Board by 11 a.m. (Singapore time) on the Payment Date on which it is due shall be considered a late payment and shall be charged Default Interest as provided in Clause 7.4, from the relevant Payment Date, until such time when the relevant payments are fully repaid to the Board.

10. PREPAYMENT

10.1 Subject to Clause 8, the Company may elect to prepay any part or the whole of the Term Loan without penalty or premium, at any time before the Full Repayment Date by giving the Board at least fourteen (14) Days' prior written notice of its intention to make any such prepayment(s) for any amount of the outstanding Term Loan that had been drawn down by the Company.

10.2 The Company shall be released from all of its obligations hereunder, and this Agreement shall terminate, when:

(a) the Company has repaid all the principal monies that it has drawn down under the Term Loan, and

(b) the Company has made the relevant payments for all fees, charges and/or interest and/or Default Interest (where applicable) that shall be imposed on the Company in accordance with the terms and conditions set out herein.

11. SECURITY

The Company shall:

(a) sign the Share Equity Mortgage Agreement before the First Drawing Date;
(b) procure the requisite company resolutions for the creation of the Security and the execution of the Share Equity Mortgage Agreement;
(c) deliver the Forms to the Board before or on the date of First Drawing; and
(d) comply with any registration requirements applicable under the laws of Singapore and of Delaware relating to or arising from the Security. Any registration costs and expenses and stamp duty payable in respect of the creation and/or perfection of the Security shall be borne by the Company.

12. WARRANTIES AND REPRESENTATIONS

12.1 The Company hereby warrants and represents to the Board as follows:

(a) that it is lawfully incorporated, validly existing and in good standing under the laws of Delaware;

(b) that the Subsidiary is lawfully incorporated, validly existing and in good standing under the laws of the Republic of Singapore;

(c) that the Company and its Subsidiary each has the corporate power and authority to carry on the business as now being conducted under the laws of Delaware and of the Republic of Singapore respectively;

(d) that it has the corporate power to execute and perform this Agreement and to borrow hereunder;

(e) that the execution, delivery and performance of this Agreement and the borrowings hereunder have been duly authorised by all requisite corporate action and will not violate any provision of any agreement or other instrument to which the Company is a party;

(f) that to the Company's best knowledge and belief the latest balance sheets and financial statements of the Company and its subsidiaries on a consolidated basis as reported on either Form 10Q or Form 10K of the United States Securities and Exchange Commission ("**Form 10Q**" or "**Form 10K**"), are correct and complete and accurately represent the financial conditions of the Company and its subsidiaries on a consolidated basis on the dates thereof and the results of their operations for the period then ended, and each such balance sheet shows all known present and future liabilities, direct or contingent, of the Company and its subsidiaries on a consolidated basis as of the date thereof, and each financial statement referred to therein was prepared in accordance with generally accepted accounting principles on a proper and consistent basis and in accordance with all applicable legal requirements;

(g) that to the best knowledge of the Company, there has been no material adverse change in the financial condition of the Company and its subsidiaries on a consolidated basis since the date of its latest financial statements referred to in Clause 12.1(f);

(h) save as set forth in the Company's latest Form 10Q or Form 10K or otherwise disclosed to the Board, there are, to the best knowledge of the Company, no actions, suits or proceedings pending against the Company or the Subsidiary at law or in equity before any court or competent body adjudicating such matters, which are likely to be adversely determined and if adversely determined would likely result in:

(i) a material adverse change in the business, operations or financial condition of the Subsidiary or
(ii) a material adverse change in the financial condition of the Company

and be likely to materially and adversely affect the Company's ability to make repayment of the Term Loan;

(i) that to the best knowledge of the Company and the Subsidiary, no steps have been taken or are being taken to appoint a receiver, manager, judicial manager, liquidator or any other equivalent person over it or any of the Company's or the Subsidiary's assets or in any winding up action against the Company or the Subsidiary and no steps have been taken or are being taken by the Company or the Subsidiary to enter into a composition, compromise or arrangement with its creditors.

12.2 Each of the warranties and representations contained in Clause 12 are deemed to be made by the Company by reference to the facts and circumstances then existing on (a) the date of the Notice of each Drawing, and (b) on the date of each Drawing. The Company shall promptly notify the Board upon the Company's filing of any Form 8-K with the United States Securities and Exchange Commission.

13. AFFIRMATIVE UNDERTAKINGS

The Company hereby undertakes and agrees with the Board as follows:

(a) that the Term Loan granted by the Board under the provisions of this Agreement shall be used solely as herein stipulated save with the prior written consent of the Board;

(b) that it will and will procure that the business and affairs of the Company and its Subsidiary are carried on and conducted with due diligence and efficiency in accordance with sound technical, financial, industrial and managerial standards and practices, as may be applicable to their respective industries, including the maintenance of adequate records with qualified personnel and in accordance with its or their respective Memorandum and Articles of Association;

(c) that it will furnish and provide the Board with and permit the Board to obtain all such statements, information, explanations and data as the Board may reasonably require, by prior written notice, regarding the affairs and financial condition of the Company and its Subsidiary, except to the extent that such disclosure would breach any law, regulation, stock exchange requirement or duty of confidentiality;

(d) that it will furnish to the Board a copy of the sale and purchase, assignment or conveyance, as the case may be, of any kind of immovable (real) property hereafter acquired by or for use by the Subsidiary;

(e) that the Board shall, if an Event of Default has occurred and is continuing, have the right, by prior written notice and during the normal business hours of the Subsidiary, to reasonably inspect any land or premises where the Subsidiary carries on business and to reasonably inspect all property and assets whatsoever therein or thereon, and all accounts, records and statements wherever the same may be situated and to make inventories and record thereof; provided that all such Board representatives shall be covered by the Subsidiary's confidentiality agreement with the Board and comply with all of the Subsidiary's safety and security policies and procedures, and the Board shall indemnify and hold harmless the Subsidiary from any and all damages, losses, costs, expenses that are caused by the Board's or its representatives' negligent or intentional acts or omissions while conducting such inspections;

(f) that it will supply to the Board certified copies of any resolution passed at any general meeting of shareholders of the Subsidiary which may materially and adversely affect the financial state and condition of the Subsidiary within Fourteen (14) Business Days from the date of such resolution being passed;

(g) that it will provide annually to the Board:

(i) a copy of the Company's consolidated balance sheet and profit and loss statement, audited by a internationally reputed firm of auditors and their report, as set forth on the Company's Form 10K; and

(ii) a copy of the Subsidiary's annual returns filed with Singapore's Accounting and Corporate Regulatory Authority,

within Thirty (30) Business Days after the issuance or filing thereof;

(h) that it shall ensure, to the extent reasonably practicable, the Subsidiary punctually pays all rents, rates, assessments, taxes and all outgoings (except where such are contested in good faith) payable in Singapore in respect of any land or premises belonging to the Subsidiary at which it carries on business, and the Subsidiary obtains all necessary licenses and complies with all regulations, rules and orders relating to the carrying on of its businesses on such premises, in each case where the failure to make such payments or to so comply will have a material and adverse effect on the Company or the Subsidiary;

(i) that it will, to the extent reasonably practicable, ensure that the Subsidiary keeps all its plants, machinery, equipment, buildings, constructions, fixtures, fittings, implements and other effects in good and substantial repair (ordinary wear and tear excepted) and proper working condition in accordance with good commercial practice;

(j) that it shall, to the extent reasonably practicable, ensure that the Subsidiary does not dismantle, pull down or remove any part of its Fixed Productive Assets, except in cases where such dismantling, pulling down or removal shall in the opinion of the Company be rendered necessary by reason of the same being excess, obsolete, worn out or damaged, in which case, the Company shall ensure that such property, except excess property, is (when required by the business of the Subsidiary) replaced by appropriate property in accordance with good commercial practice;

(k) that it shall ensure the Board is given such written authorities or other directions and provide such facilities and access as the Board may reasonably require for the aforesaid inspection under Clause 13(e), but subject to the provisions of such Clause, and the Company shall pay all reasonable costs, fees, traveling and other out-of-pocket expenses whether legal or otherwise of such inspection;

(l) that during the term of this Agreement, the Company shall (unless the Board allows otherwise) maintain its shareholding in the Subsidiary at a minimum of Seventy percent (70%), whether directly or indirectly, and the main purpose of the Subsidiary shall be to manufacture semiconductor products;

(m) that the Company shall ensure that the relevant percentage (as stated in the Share Equity Mortgage Agreement) of any new shares issued by the Subsidiary pursuant to Company's Equity Contributions at any time before the Full Repayment Date shall be mortgaged to the Board in accordance with the Share Equity Mortgage Agreement;

(n) that its payment obligations under this Agreement rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law applying to companies generally;

(o) that it shall ensure that the Subsidiary's total borrowings (including bank borrowings and finance lease liabilities) shall not exceed an aggregate of Seven Hundred Seventy Million United States Dollars (USD770,000,000/-) at all times before all outstanding principal and interests under this Agreement are repaid to the Board, and that it shall obtain the Board's prior written consent for any borrowings by the Subsidiary in excess of the said aggregate total borrowings; and

(p) that it shall refrain from exercising any rights under the fixed and floating charge dated on or about 7 April 2008 made between the Subsidiary as chargor and the Company as chargee in a manner that would reasonably be expected to materially prejudice the value of the Board's Security as set forth in the Share Equity Mortgage Agreement for so long as an Event of Default has occurred and is continuing.

14. NEGATIVE UNDERTAKINGS

14.1 The Company hereby undertakes and agrees with the Board that the Company and the Subsidiary shall not, without the Board's written consent, which shall not be unreasonably withheld:

(a) effect any form of reconstruction including amalgamation with another company which will result in a change in the control of the Company or result in the Company ceasing to own at least Seventy percent (70%) of the Shares, whether directly or indirectly; or

(b) create or permit to arise or subsist, any mortgage, charge (whether fixed or floating), mortgage, lien or other encumbrances whatsoever on any of the Subsidiary's properties or assets, both present and future whatsoever, situated in Singapore other than those encumbrances created or permitted under the Subsidiary's US$600,000,000 "**Facility Agreement**", dated March 31, 2008, and related Company guarantee or any amendment, renewal or replacement thereof;

and that the Subsidiary shall not, without the Board's written consent, which shall not be unreasonably withheld, make, issue or give any loans, debentures, bonds or credits to any persons other than the Company, or any other related corporations of the Company or the Subsidiary, other than as permitted by the Facility Agreement or any amendment renewal or replacement thereof.

14.2 The Company hereby undertakes and agrees with the Board that its Subsidiary shall not, without the Board's written consent, which shall not be unreasonably withheld, embark on any new project, substantial expansion or diversification of their present businesses and operations, which is not related to its purposes as described in Clause 13(l).

15. EVENTS OF DEFAULT

15.1 If any one or more of the following Events of Default shall occur:

(a) if the Company shall fail, neglect, delay, omit or refuse to make the requisite payments for any sums of monies, whether fees, charges, interest (including Default Interest if applicable), principal or otherwise which becomes due on any Payment Date or which are payable under this Agreement; provided that if such non-payment is caused by technical errors (or force majeure, such as power failures or system breakdowns in the banking system) and such failure is rectified within Five (5) Business Days, the Company is not to be treated for the purpose of this Clause as having failed, neglected, delayed, omitted or refused to make such payment; provided, however, that Default Interest shall nonetheless apply until such failure is rectified.

(b) if any event of default is declared by any banker of the Company in an outstanding amount greater than Twenty Million United States Dollars (US$20,000,000.00) and such indebtedness is accelerated by the banker with respect thereto;

(c) if any representation or warranty made in or in pursuance of this Agreement or in any certificate, statement or other document delivered in connection with the execution and delivery hereof or in pursuance of this Agreement shall be inaccurate, false, misleading or incorrect in any material respect when given and such default (if capable of being rectified) is not rectified for a period of Thirty (30) Days after the Company becomes aware of the occurrence of such default; provided that Company's lack of awareness shall not be willful or grossly negligent;

(d) if the Company defaults in the due performance of any undertaking, condition or obligation on its part to be performed and observed herein contained (including the payment of any monies due under this Agreement) and such default (if capable of being rectified) is not rectified for a period of Thirty (30) Days after the date of receipt by the Company of written notice of such default from the Board;

(e) if a petition, except for frivolous or vexatious petitions, is presented in any court of competent jurisdiction or a resolution is passed by the Company, its holding company or the Subsidiary for the winding-up of the Company, its holding company or the Subsidiary (as the case may be) or for the filing or any application for placing the Company, its holding company or the Subsidiary under judicial management, or any similar or analogous proceedings are taken against any of them and are not discontinued, withdrawn, discharged or revoked within two (2) months after being presented or passed, as the case may be;

(f) if any encumbrancer or lessor shall take possession ("attachment") or a receiver, manager, judicial manager, liquidator or other similar officer is appointed for the whole of the undertaking, property or assets, or any substantial part thereof, of the Company, its holding company or the Subsidiary and the affected property is not released from such attachment or appointment within Thirty (30) Days of such attachment or appointment; provided that no part of the undertaking, property or assets of the Company, its holding company or the Subsidiary, as the case may be, so affected shall be deemed substantial if it does not have a value exceeding Twenty Million United States Dollars (US$20,000,000.00);

(g) if a distress or execution is levied or enforced against any substantial part of the property or assets of the Company, its holding company or the Subsidiary and is not discharged within Thirty (30) Days of being levied and the Board is of the reasonable opinion that such an event will materially prejudice the Board's interests; provided that no part of the undertaking, property or assets of the Company, its holding

company or the Subsidiary, as the case may be, so affected shall be deemed substantial if it does not have a value exceeding Twenty Million United States Dollars (US$20,000,000.00);

(h) if a final, non-appealable judgment or order is made against the Company and such is not discharged within Sixty (60) Days or such longer period permitted by law;

(i) if the Company, its holding company or the Subsidiary becomes insolvent or is unable or deemed by statute in its jurisdiction of incorporation to be unable to pay its debts or admits in writing its inability to pay its debts as they fall due, or enters into any composition, compromise or arrangement with its creditors generally or makes any assignment for the benefit of its creditors generally and the Board is of the reasonable opinion that any such event will materially prejudice the Board's interests;

(j) if the Company or the Subsidiary ceases or threatens to cease to carry on its business and the Board is of the reasonable opinion that such cessation of business will materially and adversely affect the performance and observation of the Company's obligations under this Agreement;

(k) if any material license, consent or approval of any authority, whether granted to the Company or the Subsidiary, at any time necessary to enable the Company to comply with and perform its obligations under this Agreement to a material extent shall be revoked, withheld or materially modified or shall otherwise not be granted or fail to remain in full force and effect, and such situation is not remedied within Thirty (30) Days;

(l) if any of the consents, authorities, approvals, waivers or resolutions referred to in Clause 3 shall be modified in a manner that materially prejudices the interests of the Board or shall be wholly or partly revoked, withdrawn, suspended or terminated or shall expire and not be renewed or shall otherwise fail to remain in full force and effect and such circumstances are reasonably considered by the Board to be material and prejudicial to its interests;

(m) if without the Board's prior written consent, there is any change in the shareholding of the Subsidiary which results in the Company holding less than Seventy percent (70%) of the Shares (directly or indirectly); or

(n) an event or circumstance occurs that has, or would very likely have, a material adverse effect on the ability of the Company to perform and comply with its obligations under this Agreement;

then, and in any such event, the Board may, by written notice to the Company declare that an Event of Default has occurred.

15.2 Upon the declaration by the Board under Clause 15.1 that an Event of Default has occurred:

(a) the whole of the principal sum drawn down and owing under the Term Loan, interest thereon and all fees, charges, interest, Default Interest (where applicable) or any other sums agreed to be paid under this Agreement shall immediately become due and payable by the Company to the Board without any demand or notice of any kind from the Board; and

(b) it shall be lawful for the Board to exercise all or any rights, powers or remedies under this Agreement, including without limitation the right to exercise its rights in the Security.

15.3 In the event of an occurrence and the subsequent declaration of an Event of Default by and at the reasonable discretion of the Board, pursuant to Clause 15.2, before the Term Loan shall have been fully drawn or utilized under this Agreement, this Agreement shall be terminated and the Board's obligations herein contained shall automatically and forthwith cease.

15.4 After the declaration by the Board that an Event of Default has occurred, all monies received or recovered by the Board (whether such monies shall have been received or recovered as a result of or arising from its exercise of all or any rights, powers or remedies under this Agreement, upon exercising its rights over the Security or by way of a set-off or otherwise) shall be held by it and shall be applied as follows:

(a) Firstly, in or towards payment of all reasonable costs, charges and expenses, if any, incurred in enforcing this Agreement and/or the Security.

(b) Secondly, in or towards payment to the Board of all monies and liabilities due, owing or outstanding under this Agreement and where such monies and liabilities are of a contingent nature, in or towards making full and adequate provisions for payment of such monies and liabilities as and when they become due and payable; and

(c) Thirdly, thereafter, any surplus shall be paid to the Company.

16. NOTICES

All notices and other communications hereunder shall be in writing and shall be deemed duly given upon (a) transmitter's confirmation of a receipt of a facsimile transmission (if the time of transmission is after 5 pm Singapore Time (GMT + 8) on a Business Day, such transmission shall be deemed to be served on the next succeeding Business Day), (b) confirmed delivery by a standard overnight or recognized international carrier or when delivered by hand, or (c) delivery in person, addressed at the following addresses (or at such other address for a party as shall be specified by like notice):

if to Company, to:
Micron Technology, Inc.
8000 South Federal Way
Boise, Idaho 83716-9632
Fax: (208) 363-1309
Attention: General Counsel

With a copy to:
Micron Technology, Inc.
8000 South Federal Way
Boise, Idaho 83716-9632
Fax: (208) 368-4095
Attention: Treasurer

if to Board, to:

Economic Development Board
250 North Bridge Road
#28-00 Raffles City Tower
Singapore 179101

Fax: +65 6832-6553
Attention: Head, Electronics Division

17. WAIVER NOT TO PREJUDICE RIGHT OF BOARD

The Board may at any time waive as it deems fit any breach by the Company of any undertaking, stipulation, term or condition herein contained and any modification thereof but without prejudice to its powers, rights and remedies for enforcement thereof, provided always that:

(a) no neglect or forbearance of the Board to require and enforce payment of any monies under this Agreement or the performance and observance of any undertaking, stipulation, term or condition herein contained, nor any time which may be given to the Company shall in any way prejudice or affect any of the rights, powers or remedies of the Board at any time afterwards to act strictly in accordance with the provisions hereof;

(b) no such waiver of any such breach as aforesaid shall prejudice the rights of the Board in respect of any other or subsequent breach of any of the undertakings, stipulations, terms or conditions aforesaid.

18. INDULGENCE OF THE BOARD

The liability of the Company under this Agreement shall not be impaired or discharged by reason of passage or extension of time or other indulgence being granted by or with the consent of the Board to any third party who or which may be in any way liable to pay any monies owing under or in connection with this Agreement, whether secured by any security created by such third party in favour of the Board or otherwise, or by reason of any arrangement being entered into or composition accepted by the Board which has the effect of modifying the operation of law or otherwise the Board's rights and remedies relating to such liability or under the provisions of this Agreement or such security.

19. SEVERABILITY

If any provision in this Agreement shall be, or at any time shall become invalid, illegal or unenforceable in any respect under any law, such invalidity, illegality or unenforceability shall not in any way affect or impair the other provisions of this Agreement but this Agreement shall be construed as if such invalid or illegal or unenforceable provision did not form a part of this Agreement.

20. GOVERNING LAW & DISPUTE RESOLUTION

20.1 This Agreement shall be governed by and construed in all respects in accordance with the laws of the Republic of Singapore.

20.2 The Courts of Singapore shall have jurisdiction to resolve any dispute arising out of or in connection with this Agreement, including a dispute regarding the existence, validity or termination of this Agreement.

20.3 The Company agrees that service of process on the Company may be effected at the Singapore address of the Subsidiary and such service shall be deemed to be good and effectual service on the Company.

21. MISCELLANEOUS

21.1 All reasonable legal and other professional fees, out-of-pocket expenses, charges, costs and expenses incurred by the Board and charged to the Board by its solicitors in connection with this Agreement and any documentation concerning the creation and perfection of the Security, including without limitation the reasonable legal fees and expenses incurred by the Board to obtain the foreign legal opinion, shall be paid by the Company. The parties agree that the fees, out-of-pocket expenses, charges, costs and expenses to be paid by the Company under this Clause 21.1 shall not in aggregate exceed Two Hundred Fifty Thousand Singapore Dollars (S$250,000.00).

21.2 The Company shall further pay all reasonable legal fees as between solicitor and client and other costs and disbursements incurred in connection with demanding and enforcing payment of monies due under this Agreement, the Security and otherwise howsoever in enforcing the performance of any undertakings, stipulations, terms, conditions or provisions under this Agreement.

21.3 A certificate signed by a duly authorised officer for the time being of the Board as to the amount of monies and liabilities (including interest) for the time being due to or incurred by the Board under this Agreement shall be prima facie evidence of such amount and be binding on the Company, save for any error.

21.4 This Agreement shall be binding upon the successors of the Company and shall inure to the benefit of the Board and its successors and assigns. If the Board's Capital Assistance Scheme is to be transferred or is to be handed over to be administered by another agency, statutory body or legal entity under the control of the Government of the Republic of Singapore (the "**Government**"), the Company hereby agrees and undertakes to execute any documents necessary to effect any assignments or novations (where applicable and if required by the Board) in order to facilitate the transferring and handing over to such other above-mentioned agency, statutory body or legal entity. Save for the aforesaid agency, statutory body, legal entity and the Government, the Board shall not assign this Agreement, the Security nor any rights under this Agreement or the Security to any third party without the Company's prior written consent which consent shall not be unreasonably withheld. Save as expressly provided under this Clause, a person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act (Cap. 53B, Singapore Statutes) to enforce or enjoy the benefit of any term of this Agreement.

21.5 For the avoidance of doubt, all sums payable under this Agreement to the Board shall be without set-off or counterclaim and free of and without deduction for any present or future deductions or taxes of whatsoever nature, howsoever imposed, levied or assessed whether or

not with interest thereon or penalties with respect thereto ("**Taxes**"). Should any payment due to the Board from the Company hereunder be subject to any such Taxes, the Company shall pay to the Board such additional amounts as may be necessary to ensure that the Board receives a net amount equal to the full amount which the Board would have received had payment not been made subject to such Taxes. The Board shall use all reasonable efforts to assist the Company to obtain a waiver for any withholding taxes and cooperate with the Company to execute, deliver and file with the United States government all documents necessary to obtain such withholding tax waiver.

21.6 This Agreement may not be amended or modified without the written consent of each party hereto.

21.7 Nothing in this Agreement, whether express or implied, is intended or shall be construed to confer, directly or indirectly, upon or give to any Person, other than the parties hereto any legal or equitable right, remedy or claim under or in respect of this Agreement or any covenant, condition or other provision contained herein.

21.8 This Agreement may be executed in several counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Any party hereto may enter into this Agreement by signing any such counterpart and each counterpart may be signed and executed by the parties hereto and transmitted by facsimile transmission and shall be as valid and effectual as if executed as an original.

21.9 This Agreement, together with Appendices I to III hereto and the agreements and instruments referred to herein, constitute the entire agreement of the parties hereto with respect to the subject matter hereof and supersede all prior agreements and understandings, oral and written, among the parties hereto with respect to the subject matter hereof.

IN WITNESS WHEREOF this Agreement has been signed by or on behalf of the parties hereto the day and year first before written.

MICRON TECHNOLOGY INC.

By: */s/ Ronald C. Foster*

Name: Ronald C. Foster

Title: CFO and Vice President of Finance

STATE OF IDAHO)
) ss.
COUNTY OF ADA)

On this ___ day of February, 2009, before me, a Notary Public in and for said state, personally appeared _____, known to me to be the _____ of Micron Technology Inc. (the "Company"), who executed the foregoing instrument in behalf of the Company and acknowledged to me the Company executed the same.

IN WITNESS WHEREOF I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

Notary Public _____

Residing at:

Commission Expires:

ECONOMIC DEVELOPMENT BOARD

By: */s/ Dr. Beh Swan Gin*

Name: Dr. Beh Swan Gin

Title: Managing Director

in the presence of : Quek Hong How 58318207E
(Name and NRIC No. of Witness): */s/ Quek Hong How*

ECONOMIC DEVELOPMENT BOARD
250 North Bridge Road
#28-00 Raffles City tower
Singapore 179101
Attention: Finance Division

Dear Sirs,

NOTICE OF DRAWING
TERM LOAN OF S$ 300,000,000 (THE "EDB LOAN AGREEMENT")

Pursuant to Clause 5 of the EDB Loan Agreement dated 200[ ] and made between you and us in respect of the above Term Loan we hereby give you notice for a Drawing of Dollars [ ] ($) on 20

We confirm that, save to any extent waived by you —

(i) the conditions precedent under Clause 3 of the EDB Loan Agreement have been complied with in every respect;

(ii) each of the representations and warranties contained in Clause 12 of the EDB Loan Agreement are true and accurate in all material respects as though made on the date of this Notice with reference to facts and circumstances presently subsisting and will be true and accurate in all material respects on the date of the intended Drawing as though made on the date of the intended Drawing with reference to facts and circumstances then subsisting; and

(iii) as at the date hereof no Event of Default has occurred which remains continuing and unwaived by you and no event has occurred and remains continuing and unwaived by you which, with the giving of notice or the lapse of time or upon you making any necessary determination under Clause 15 of the EDB Loan Agreement, would constitute an Event of Default, and we undertake that, save to any extent waived by you, no Event of Default and none of the events aforesaid will remain continuing at the date of the intended Drawing.

The purchase and projected purchase of Fixed Productive Assets by TECH Semiconductor Singapore Pte. Ltd corresponding to the Equity Contributions for which the Drawing is made are as follows:

Purchases:			
Date of Purchase	Description of Item	PO number or equivalent	Purchase price in SGD

Projected Purchases:		
Estimated Date of Purchase	Description of Item	Purchase price in SGD
	TOTAL:	

Please credit the amount of S$ into our bank account as follows:
Account Name:
Account Number:
Bank Name/ Number:
Bank Branch Name/ Number:
SWIFT Code if applicable:

In addition to the above documents kindly let us know if you require copies of any opinion approval or other documents.

Dated this ____day of _____20_____

Yours faithfully
Director/Authorised Signatories

[*Insert TECH CAS Spreadsheet "Statement of Purchase / Expenditure for the Period"*]

APPENDIX III
Share Equity Mortgage Agreement

THIS MORTGAGE AND CHARGE AGREEMENT (the "**Agreement**") is made on February 23, 2009 by and among:

(1) **Economic Development Board**, a statutory board established in the Republic of Singapore under the Economic Development Board Act, Chapter 85 of Singapore, having its office at 250 North Bridge Road #28-00 Raffles City Tower Singapore 179101 (the "**Board**");

AND

(2) **Micron Technology, Inc.**, a company incorporated in Delaware and having its office at 8000 S. Federal Way, Boise, Idaho 83716 (Registration Number S91UF0404A) (the "**Company**");

AND

(3) **TECH Semiconductor Singapore Pte. Ltd.**, a company incorporated in Singapore with its registered office at 1 Woodlands Industrial Park D Street 1 Singapore 738799 (Company Registration Number 199102059C) (the "**Subsidiary**").

(each, a "**Party**" and together, the "**Parties**")

WHEREAS:

(A) As at the date of this Agreement, the Company is the legal and beneficial owner, free from all charges, liens and other encumbrances, of 449,882,240 issued and paid up shares in the capital of the Subsidiary.

(B) By the terms of that certain Loan Agreement, dated February 23, 2009, by between the Board and the Company (the "**Loan Agreement**"), the Company is required to execute this Agreement in favour of the Board.

(C) The Board, the Company and the Subsidiary have carefully considered the terms and conditions of this Agreement and in good faith agree to enter into this Agreement.

NOW THIS AGREEMENT WITNESSETH as follows:

1. DEFINITIONS

1.1 In this Agreement, unless the context otherwise requires, the following expressions shall have the following meanings:

"**Entitlement**" means all allotments, accretions, offers, rights, benefits and advantages whatsoever at any time accruing, offered or arising in respect of the Mortgaged Securities whether by way of conversion, redemption, bonus, preference, option, dividend, interest

or otherwise which the Board may be entitled on the Mortgaged Securities.

"**Event of Default**" and "**Events of Default**" means any, each or all (as the context may require) of the Events of Default described in Clause 15 of the Loan Agreement.

"**Indebtedness**" means all present and future principal and interest due, owing or incurred by the Company to the Board under or in connection with the Loan Agreement. Indebtedness shall also include all monetary penalties incurred under the Loan Agreement until the time that all Indebtedness (as of the time of repayment) shall be paid in full. In other words, when the Indebtedness is paid in full, the mortgage and security created under this agreement shall be discharged even though the possibility of future penalties under the Loan Agreement may still exist.

"**Mortgaged Securities**" means 408,719,520 issued and paid-up shares in the Subsidiary, representing 66 per cent. of the issued and paid-up shares in the capital of the Subsidiary and registered in the name of the Company.

1.2 Any reference in this Agreement to:

1.2.1 any statute, legislation, subsidiary legislation or rules shall be read as referring to such statute, legislation, subsidiary legislation or rules as amended or re enacted from time to time;

1.2.2 Recitals and Clauses are to recitals to, and clauses of, this Agreement;

1.2.3 an "encumbrance" includes any mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, assignment, security interest or any other type of preferential agreement or arrangement having substantially the same economic effect (including sale and repurchase agreements, title retention or flawed-asset arrangements);

1.2.4 a "person" shall be construed as a reference to any person, firm, company, corporation, government, state or agency of a state or any association or partnership (whether or not having separate legal personality) or two or more of the foregoing;

1.2.5 "tax" shall be construed to include any present or future tax, levy, impost, duty or other charge, deduction or withholding of a similar nature (including, without limitation, any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same imposed) levied, withheld or assessed by any agency of any state;

1.2.6 the "winding up", "dissolution" or "judicial management" of a company, the appointment of a receiver and/or manager, liquidator, administrator, judicial manager or trustee shall be construed so as to include any equivalent or analogous proceedings or appointment under the law of any jurisdiction in which such company carries on business; and

1.2.7 the Parties shall, unless repugnant to the context and meaning thereof, be deemed to include their permitted respective successors and assigns.

1.3 The headings used in this Agreement are for ease of reference only and shall not be taken into account in the construction or interpretation of any provision to which they refer.

1.4 Expressions in the singular shall include the plural and vice versa and expressions in the masculine shall include, where applicable, the feminine and neuter genders and vice versa.

1.5 All terms and references used in this Agreement and which are defined or construed in the Loan Agreement but are not defined or construed in this Agreement shall have the same meaning and construction in this Agreement. All references in this Agreement to the Loan Agreement are references to the Loan Agreement as from time to time amended, modified or supplemented.

2. [RESERVED]

3 MORTGAGE AND CHARGING CLAUSE

3.1 In consideration of the loan provided to the Company by the Board, the Company as legal and beneficial owner hereby charges and mortgages and agrees to charge and mortgage to the Board as a continuing security for the payment of all Indebtedness by way of FIRST EQUITABLE MORTGAGE and CHARGE ALL its rights, title and interest in and to the Mortgaged Securities together with all dividends, interests or other distributions hereafter paid or payable or made in respect of the same and all allotments, accretions, offers, rights, benefits and advantages whatsoever at any time accruing, offered or arising in respect of or incidental to the same and all stocks, shares, rights, money or property accruing thereto or offered at any time by way of conversion, redemption, bonds, preference, option, conversion, dividend, warrant or otherwise in respect and all proceeds of sale or other realisation of the Mortgaged Securities or any part thereof.

3.2 If at any time the whole of the Indebtedness has been paid or discharged in full and no sum remains payable to the Board under or in connection with the Loan Agreement, the Board shall at the cost of the Company discharge the security created herein on the Mortgaged Securities.

4. NON-EXHAUSTION OF REMEDIES

The Board shall not be bound to exhaust its remedies against the Company or the Subsidiary or exhaust its rights under any other securities prior to enforcing its rights against the Company under this Agreement.

5. CONTINUING SECURITY

5.1 This security shall be a continuing security and shall extend to cover all or any Indebtedness which shall for the time being be due or owing from the Company to the Board upon any account or otherwise as hereinbefore mentioned and shall not be considered as satisfied by any intermediate payment or satisfaction of less than the whole of the Indebtedness.

5.2 The Company hereby agrees and acknowledges that its obligations and liabilities hereunder shall be absolute and unconditional and, in addition to the other provisions hereof, shall not be abrogated, prejudiced, affected or discharged:

5.2.1 by the Subsidiary's winding up, dissolution or judicial management; or

5.2.2 by any change in status, control or ownership or any change by amalgamation, re-organisation, merger, consolidation, sale or transfer by or involving the Company and/or the Subsidiary, or the assets of the Company or the Subsidiary, or otherwise which may be made in the constitution of the company by which the Company's business or Subsidiary's business may from time to time be carried on; or

5.2.3 by the Board granting explicitly or by conduct or otherwise, whether directly or indirectly, to the Company or any other person of any time, forbearance, concession, credit compounding, compromise, waiver, variation, renewal, release, discharge or other advantage or indulgence; or

5.2.4 by the Board failing or neglecting to or deciding not to recover the monies hereby owed or any part thereof by the realisation of any collateral or other security or in any manner otherwise or, in the event of the enforcement by the Board of any collateral or other security or any remedy otherwise, by any act, omission, negligence or other conduct or failure on the part of the Board or any other person in connection therewith; or

5.2.5 by any laches, acquiescence, delay, acts, omissions, mistakes on the part of the Board or any other person; or

5.2.6 by reason of any agreement, deed, mortgage, charge, debenture, guarantee, indemnity or security held or taken at any time by the Board or by reason of the same being void, voidable or unenforceable; or

5.2.7 by any moratorium or other period staying or suspending by statute or the order of any court or other authority all or any of the Board's rights, remedies or recourse against the Company or any other person; or

5.2.8 by reason of any other dealing, matter or thing which, but for the provisions of this Clause 5, could or might operate to affect or discharge all or any part of the obligations and liabilities of the Company hereunder; or

5.2.9 by any failure or defect herein, or in the Loan Agreement or this Agreement or in any other agreement entered into by or on behalf of the Company in connection with the Loan Agreement or this Agreement nor by any legal limitation, or lack of any borrowing or other powers of the Company or lack of authority of any person appearing to be acting for the Company in any matter in relating to the Loan Agreement or this Agreement by any other fact or circumstance (whether known or not to the Company) as a result of which all or any part of the obligations thereunder may be rendered illegal, void or unenforceable by the Board.

5.3 This security shall be in addition to, and without prejudice to, any other security which the Board may subsequently hold in respect of all such sums and liabilities hereby secured. The Board may at any time and without reference to the Company give up, deal with, vary, exchange or abstain from perfecting or enforcing any other such security at any time and discharge any party to it, and realise such security as the Board thinks fit, without in any way prejudicing the obligations and liabilities of the Company under this Agreement.

6. COVENANTS BY THE COMPANY

The Company hereby covenants with the Board that during the continuance of this security it will:

6.1 obtain all necessary and relevant approvals required to charge and mortgage the Mortgaged Securities in favour of the Board, including obtaining the waiver from the other shareholders of the Subsidiary with respect to their rights on pre-emption and the creation of the encumbrance over the Mortgaged Securities pursuant to their shareholders' agreement;

6.2 at all times deposit with the Board and permit the Board during the continuance of this security to hold and retain:

(a) all stock and share certificates to or representing the Mortgaged Securities in the name of the Company; and

(b) transfers of the Mortgaged Securities executed in blank,

such deposit being to create an equitable mortgage in favour of the Board. For the avoidance of doubt, nothing in this Clause 6.2 shall require the Company to transfer or register the Mortgaged Securities in the name of the Board or its nominees or to convert the security constituted by this Agreement into a legal mortgage prior to the occurrence of an Event of Default which is continuing.

6.3 duly and promptly pay all calls, installments, subscription monies or other payments which may be made or become due in respect of any of the Mortgaged Securities as and when the same shall from time to time become due;

6.4 not do or cause or permit to be done anything which may in any way depreciate, jeopardise or otherwise prejudice the value of the Mortgaged Securities;

6.5 not create or permit to arise or subsist any encumbrance (other than in favour of the Board) on or over the Mortgaged Securities or any part thereof;

6.6 not sell, transfer or dispose of the Mortgaged Securities or any part thereof or interest therein or attempt or agree so to do (other than pursuant to or in accordance with the provisions of this Agreement);

6.7 upon the occurrence of an Event of Default and which is continuing, promptly notify the Board in writing of all Entitlements and shall (if directed by the Board) promptly pay over to the Board all Entitlements received by it and the Board shall be entitled to apply the same in accordance with Clause 9 (Power of Sale and application of proceeds).

7. REPRESENTATIONS AND WARRANTIES

7.1 The Company hereby represents and warrants to and for the benefit of the Board as follows:

7.1.1 that the Company is the sole, absolute and beneficial owner of the Mortgaged Securities and that the Mortgaged Securities are free from any encumbrance (other than the security created herein);

7.1.2 the Mortgaged Securities are fully paid and that there are no monies or liabilities outstanding or payable in respect of the Mortgaged Securities or any of them;

7.1.3 that the Mortgaged Securities are validly issued and are free from any restriction on transfer or rights of pre emption;

7.1.4 that the Company has full power, authority, capacity and the legal right to enter into this Agreement and execute all other documents called for under this Agreement, to create the security herein and to engage in the transactions contemplated by this Agreement;

7.1.5 that this Agreement constitutes legal, valid, binding and enforceable obligations on the part of the Company and the security created herein over all and every part of the Mortgaged Securities is effective as a first priority charge in accordance with its terms;

7.1.6 that this Agreement does not and will not conflict with or result in any material breach or constitute a default under any agreement, instrument or obligations to which the Company is party or by which the Company is bound; and

7.1.7 that the Company has obtained all the approvals or waivers (as the case may be) for the charge of the Mortgaged Securities to the Board and, upon the occurrence of an Event of Default that is continuing, for the Board to register the Mortgaged Securities in the name of the Board without any restrictions.

Each of the representations and warranties contained above shall survive and continue to have full force and effect after the execution of this Agreement and the Company hereby warrants to the Board that the above representations and warranties will be true and correct and fully observed at all times until the Indebtedness is fully repaid.

7.2 The Subsidiary hereby represents and warrants to and for the benefit of the Board as follows:

7.2,1 that the Subsidiary is lawfully incorporated, validly existing and in good standing under the laws of Singapore;

7.2.2 that the Subsidiary has the corporate power and authority to carry on the business as now being conducted under the laws of Singapore;

7.2.3 that the Subsidiary has full power, authority, capacity and the legal right to enter into this Agreement and to execute all other documents called for under this Agreement and to engage in the transactions contemplated by this Agreement;

7.2.4 that this Agreement does not and will not conflict with or result in any material breach or constitute a default under any agreement, instrument or obligations to which the Subsidiary is party to or by which the Subsidiary is bound;

7.2.5 that the Subsidiary is fully aware of the terms and conditions as well as obligations set out in the Loan Agreement. It is also fully aware of the purpose of the Term Loan made available by the Board to the Company, namely to provide funds to the Subsidiary (by way of Equity Contributions to be made by the Company to purchase Fixed Productive Assets;

7.2.6 that the Subsidiary has received full payment for the Mortgaged Securities and no monies or liabilities are outstanding or payable to the Subsidiary in respect of the Mortgaged Securities or any of them;

7.2.7 that the Mortgaged Securities are validly issued; and

7.2.8 that the Subsidiary acknowledges and confirms that it is fully aware that the Mortgaged Securities have been or will be mortgaged to the Board. Blank transfer forms relating to the Mortgaged Securities have been or will be executed by the Company and delivered to the Board with the intention that the Board may, upon the occurrence of an Event of Default that is continuing, perfect the Mortgaged Securities and/or exercise its right of sale by transferring or procuring the transfer of all or any of the Mortgaged Securities to third-party purchasers.

Each of the representations and warranties contained above shall survive and continue to have full force and effect after the execution of this Agreement and the Subsidiary hereby warrants to the Board that the above representations and warranties will be true and correct and fully observed at all times until the Indebtedness is fully repaid.

8. FURTHER RIGHTS OF THE BOARD

8.1 Subject to Clause 8.2 below, the Company shall be entitled to exercise all voting and all other rights attaching to the Mortgaged Securities.

8.2 At any time after an Event of Default has occurred and which is continuing, the Board shall be entitled to exercise or direct the exercise of the voting and other rights attached to the Mortgaged Securities as it sees fit.

8.3 Subject to Clause 8.4, the Company shall be entitled to retain any dividend derived from the Mortgaged Securities.

8.4 At any time after an Event of Default has occurred and which is continuing, the Company shall pay all dividends received by it immediately to the Board or as it may direct. The Board shall be entitled to apply the same in accordance with Clause 9 (Power of Sale and application of proceeds). Pending such payment to the Board, all such dividends shall be held by the Company in trust for the Board as security for the Indebtedness.

8.5 The powers conferred on the Board by this Agreement are solely to protect its interests in the Mortgaged Securities and shall not impose any duty on it to exercise any such powers. The Board shall not have any duty as to any Mortgaged Securities and shall incur no liability for:

8.3.1 ascertaining or taking action in respect of any calls, installments, conversions, exchanges, maturities, tenders or other matters in relation to any of the Mortgaged Securities or the nature or sufficiency of any payment whether or not the Board has or is deemed to have knowledge of such matters; or

8.3.2 taking any necessary steps to preserve rights against prior parties or any other rights pertaining to any Mortgaged Securities.

9. POWERS OF SALE AND APPLICATION OF PROCEEDS

9.1 Without prejudice to the Board's other rights, powers and remedies under the Loan Agreement, this Agreement or any other agreement securing the Indebtedness, the security consituted by this Agreement shall become immediately enforceable and the power of sale and other powers conferred by Section 24 of the Conveyancing and Law of Property Act Chapter 61 of Singapore as varied and extended by this Agreement shall be immediately exercisable upon the occurrence of an Event of Default which is continuing. Without prejudice to the generality of the foregoing, the Board may on the occurrence of an Event of Default which is continuing without notice sell the Mortgaged Securities or any of them in such reasonable manner and for such reasonable consideration (whether payable immediately or by installments) as the Board may in its reasonable discretion deem fit (such discretion to be exercised in good faith), and may (without prejudice to any right which it may have under any provision of this Agreement) treat such part of the Mortgaged Securities as consists of money as if it were the proceeds of such sale or of the disposal.

9.2 The Board shall apply the proceeds (without prejudice to the right of the Board to recover any shortfall from the Company) in paying the costs of sale or disposal and in or towards the discharge of the Indebtedness in such order as the Board in its reasonable discretion thinks fit and the surplus (if any) of such proceeds shall be paid to the person or persons entitled.

9.3 If a deficit shall, after the sale and/or appropriation of the Mortgaged Securities, remain owing to the Board, the Company shall pay to the Board without demand the amount of such deficit.

9.4 Upon any sale of the Mortgaged Securities or any of them by the Board, the Company shall indemnify the Board and keep the Board fully indemnified against any claim or liability which may be made against it and any liability, loss, cost or expense which the Board may suffer or incur by reason of any defect in the Company's title to such Mortgaged Securities except to the extent caused by the Board's own negligence or wilful default.

10. EXERCISE OF POWER OF SALE

Upon any sale of the Mortgaged Securities or any of them which the Board may make or purport to make under the provisions of this Agreement, a certificate made by any of the Board's officers that the power of sale has become exercisable shall be prima facie evidence of such power of sale having become esercisable and, save for any error, be conclusive evidence of the fact in favour of any purchaser or other person to whom any of the Mortgaged Securities may be transferred under such sale and the Company will indemnify the Board and keep the Board indemnified against any claim or demand made against the Board by such purchaser or person, and any liability, loss, cost or expense that the Board may suffer or incur, by reason of any defect in the Company's title to such Mortgaged Securities, except to the extent caused by the Board's own negligence or wilful default.

11. PROTECTION OF THIRD PARTIES

Upon the occurrence of an Event of Default which is continuing, the Board may give a good discharge for any monies received in the exercise of such power of sale or disposal and for any rights, monies or property received or receivable in respect of the Mortgaged Securities and no purchaser, mortgagee or other person dealing with the Board shall be concerned to enquire whether the Indebtedness has become payable or due or whether any power which it is purporting to exercise has become exercisable or whether any money is due under this Agreement or as to the application of any money paid, raised or borrowed or as to the propriety or regularity of any sale by or other dealing with the Board.

12. ENFORCEMENT OF RIGHTS

The Board shall be at liberty, but not bound, to resort for the Board's own benefit to any other means of obtaining payment or securing performance at any time and in any manner or order as the Board may think fit without affecting this security. The Board may exercise and enforce its rights under this Agreement before resorting to other means of obtaining payment or securing performance or after such means have been resorted to in respect of any Indebtness and in the latter case without entitling the Company to any benefit from such other means so long as any Indebtedness remains due, owing, payable or outstanding (whether actually or contingently) from or by the Company to the Board.

13. [RESERVED]

14. AVOIDANCE OF PAYMENT

No disposition, assurance, security or payment which may be or may become avoided under any provision of the Companies Act, Chapter 50 of Singapore or any statutory modification thereof and no release, settlement or discharge which may have been given or made on the faith of any such disposition, assurance, security or payment shall prejudice or affect the Board's right to recover from the Company monies to the full extent of this Agreement, the Loan Agreement and any other agreement in connection with the Indebtedness as if such disposition, assurance, security, payment, release, settlement or discharge (as the case may be) had never been made, given or granted.

15. POWER OF CONSOLIDATION AND SALE

Section 21 (restricting the Board's rights of consolidation) and Section 25 (restricting the Board's right of sale) of the Conveyancing and Law of Property Act Chapter 61 of Singapore and any other similar provision under any other applicable law shall not apply to the security under this Agreement.

16. EVIDENCE OF OUTSTANDING LIABILITIES

A certificate signed by a duly authorised officer for the time being of the Board as to the amount of Indebtedness for the time being due to the Board shall be prima facie evidence of such Indebtedness and be binding on the Company, save for any error.

17. FURTHER ASSURANCE

The Company irrevocably authorises the Board to do any and all acts and things which the Board considers necessary or advisable to, transfer, complete and vest the full legal title of any of the Mortgaged Securities to or in the Board or its nominees or any purchaser or other person thereof upon the occurrence of an Event of Default which is continuing. Without in any way limiting the Board's power and authority abovementioned, the Company shall at any time if and when reasonably required by the Board do such acts or things and execute such documents as the Board may reasonably consider necessary for giving full effect to the Agreement.

18. DISCHARGE OF MEMORANDUM

Notwithstanding anything herein contained to the contrary, it is understood that if the whole of the Indebtedness is paid to the Board or otherwise discharged, then the Board shall, as soon as reasonably practicable after such payment shall have been so made, and at the Company's cost, discharge this Agreement.

19. ASSIGNMENT

19.1 This Agreement shall be binding upon and inure to the benefit of the Company and the Board and their respective successors-in-title and assigns. All undertakings, agreements, representations and warranties given, made or entered into by the Company under this Agreement shall survive the making of any assignments hereunder.

19.2 Except with the Board's consent, the Company may not assign or transfer any of its rights hereunder and the Company shall remain fully liable for all of its undertakings, agreements, duties, liabilities and obligations hereunder, and for the due and punctual observance and performance thereof.

19.3 The Board may only assign or transfer all or any of its rights hereunder to a person to whom the Board has assigned or transferred its rights under the Loan Agreement.

20. NOTICES

All notices and other communications hereunder shall be in writing and shall be deemed duly given upon (a) transmitter's confirmation of a receipt of a facsimile transmission (if the time of transmission is after 5 pm Singapore Time (GMT + 8) on a Business Day, such transmission shall be deemed to be served on the next succeeding Business Day), (b) confirmed delivery by a standard overnight or recognized international carrier or when delivered by hand, or (c) delivery in person, addressed at the following addresses (or at such other address for a party as shall be specified by like notice):

if to Company, to:

Micron Technology, Inc.
8000 South Federal Way
Boise, Idaho 83716-9632
Fax: (208) 363-1309
Attention: General Counsel

With a copy to:

Micron Technology, Inc.
8000 South Federal Way
Boise, Idaho 83716-9632
Fax: (208) 368-4095
Attention: Treasurer

if to Board, to:

Economic Development Board
250 North Bridge Road
#28-00 Raffles City Tower
Singapore 179101

Fax: +65 6832-6553
Attention: Head, Electronics Division

21. WAIVERS

No failure on the part of the Board to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver thereof, nor will any single or partial exercise of any right under this Agreement preclude any other or further exercise thereof or of any other right. The rights and remedies in this Agreement provided are cumulative and not exclusive of any rights or remedies provided by law. Any waiver or consent given by the Board under this Agreement shall be in writing and may be given subject to such conditions as the Board may impose. Any waiver or consent shall be effective only in the instance and for the purpose for which it is given.

22. COST AND EXPENSES

22.1 Save as otherwise provided below, the Company shall bear all legal and other costs and expenses reasonably incurred by the Board in connection with the drafting, negotiation and execution of this Agreement and the performance of its obligations under this Agreement.

22.2 The Company shall:

(a) pay all stamp and other duties and taxes connected with or arising from the security created herein; and

(b) upon the occurrence of an Event of Default which is continuing pay all legal fees as between solicitor and client (on a full indemnity basis) or otherwise, stamp duty, registration fees and other professional costs and disbursements incurred by the Board in order to preserve and/or enforce any of the Board's rights under this Agreement.

23. POWERS ADDITIONAL

The powers conferred by this Agreement in relation to the Mortgaged Securities or any part thereof on the Board shall be in addition to and not in substitution for the powers conferred on mortgagees under law, which shall apply to the security created by this Agreement except insofar as they are expressly excluded. Where there is any ambiguity or conflict between the powers conferred by law and those conferred by this Agreement, then the terms of this Agreement shall prevail.

24. SEVERABILITY

If any provision in this Agreement shall be, or at any time shall become invalid, illegal or unenforceable in any respect under any law, such invalidity, illegality or unenforceability shall not in any way affect or impair the other provisions of this Agreement but this Agreement shall be construed as if such invalid or illegal or unenforceable provision did not form a part of this Agreement.

25. ENTIRE AGREEMENT

The terms and conditions contained in this Agreement constitute the entire agreement between the Parties with respect to the subject matter of this Agreement.

26. GOVERNING LAW

26.1 This Agreement shall be governed by and construed in all respects in accordance with the laws of the Republic of Singapore.

26.2 The Courts of Singapore shall have jurisdiction to resolve any dispute arising out of or in connection with this Agreement, including a dispute regarding the existence, validity or termination of this Agreement.

26.3 The Company agrees that service of process on the Company may be effected at the Singapore address of the Subsidiary and such service shall be deemed to be good and effectual service on the Company.

27. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT CHAPTER 53B OF SINGAPORE

Any person who is not a party to this Agreement shall not have any rights under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore to enforce or enjoy the benefit of any term of this Agreement. For the avoidance of doubt, the Parties may rescind, vary, waive and release all or any of their respective rights and obligations under this Agreement without the consent of any person who is not a Party.

28. [RESERVED]

29. COUNTERPARTS

This Agreement may be signed in any number of counterparts, all of which taken together shall constitute one and the same instrument. Any Party may enter into this Agreement by signing any such counterpart and each counterpart may be signed and executed by the Parties and transmitted by facsimile transmission and shall be as valid and effectual as if executed as an original

IN WITNESS WHEREOF this Agreement has been entered into the day and year first written above.

MICRON TECHNOLOGY INC.

By: /s/ Ronald C. Foster

Name: Ronald C. Foster

Title: CFO and Vice President of Finance

STATE OF IDAHO)
) ss.
COUNTY OF ADA)

On this ___ day of February, 2009, before me, a Notary Public in and for said state, personally appeared _____, known to me to be the _____ of Micron Technology Inc. (the "Company"), who executed the foregoing instrument in behalf of the Company and acknowledged to me the Company executed the same.

IN WITNESS WHEREOF I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

Notary Public _____
Residing at:
Commission Expires:

ECONOMIC DEVELOPMENT BOARD

By: */s/ Dr. Beh Swan Gin*

Name: Dr. Beh Swan Gin

Title: Managing Director

in the presence of : Quek Hong How 58318207E
(Name and NRIC No. of Witness): */s/ Quek Hong How*

TECH SEMICONDUCTOR SINGAPORE PTE. LTD.

By: */s/ Ong Peck Choo*

Name: Ong Peck Choo

Title: Vice President Finance & Company Secretary

In the presence of Yeo Seng Lan (S7329286G) */s/ Yeo Seng Lan*
(Name and NRIC No. of Witness)

EXHIBIT 31.1

RULE 13a-14(a) CERTIFICATION OF
CHIEF EXECUTIVE OFFICER

I, Steven R. Appleton, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Micron Technology, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 7, 2009

/s/ Steven R. Appleton
Steven R. Appleton
Chairman and Chief Executive Officer

EXHIBIT 31.2

RULE 13a-14(a) CERTIFICATION OF
CHIEF FINANCIAL OFFICER

I, Ronald C. Foster, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Micron Technology, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 7, 2009

/s/ Ronald C. Foster
Ronald C. Foster
Vice President of Finance and Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. 1350

I, Steven R. Appleton, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of Micron Technology, Inc. on Form 10-Q for the period ended March 5, 2009 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in the Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Micron Technology, Inc.

Date: April 7, 2009

/s/ Steven R. Appleton
Steven R. Appleton
Chairman and Chief Executive Officer

EXHIBIT 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. 1350

I, Ronald C. Foster, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of Micron Technology, Inc. on Form 10-Q for the period ended March 5, 2009, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in the Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Micron Technology, Inc.

Date: April 7, 2009

/s/ Ronald C. Foster
Ronald C. Foster
Vice President of Finance and Chief Financial Officer