

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

**FORM 10-Q**

(Mark One)



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

For the quarterly period ended June 2, 2022

OR



**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)

**8000 S. Federal Way, Boise, Idaho**

(Address of principal executive offices)

(Registrant's telephone number, including area code)

**75-1618004**

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

**83716-9632**

(Zip Code)

**(208) 368-4000**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, par value \$0.10 per share	MU	Nasdaq Global Select Market

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 ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	Accelerated Filer	Non-Accelerated Filer	Smaller Reporting Company	Emerging Growth Company
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

The number of outstanding shares of the registrant's common stock as of June 24, 2022 was 1,103,145,108.

# Micron Corporate Profile

Founded on October 5, 1978

Headquartered in  
Boise, Idaho, USA

## 4th

Largest semiconductor company  
in the world, excluding IP/software  
revenue\*

## 127

On the 2022 Fortune 500

## 50,000+

Patents granted and growing\*\*

## 17

Countries\*\*

## 11

Manufacturing sites\*\* and  
18 customer labs\*\*

## ~45,000

Team members\*\*

\*Gartner Market Share: Semiconductors by  
End Market, Worldwide, 2021 (April 2022)

\*\*Micron data as of June 2, 2022

### Media Inquiries

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### Government Inquiries

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### Investor Inquiries

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## It's All About Data

Data is today's new business currency, and memory and storage are a critical foundation for the data economy. Memory and storage innovations will help transform society and enable significant value *for all*.

### Who We Are

Micron designs, develops and manufactures industry-leading memory and storage products. By providing foundational capability for AI and 5G across data center, the intelligent edge, and consumer devices, we unlock innovation across industries including healthcare, automotive and communications. Our technology and expertise are central to maximizing value from cutting-edge computing applications and new business models which disrupt and advance the industry.

### Our Vision

As a global leader in memory and storage solutions, we are transforming how the world uses information to enrich life *for all*. By advancing technologies to collect, store and manage data with unprecedented speed and efficiency, we lead the transformation of data to intelligence. In a world of change, we remain nimble, delivering products that help inspire the world to learn, communicate and advance faster than ever.

### Our Commitment

Our customers depend on our innovative solutions every day. We dedicate ourselves to demonstrating our environmental conscience, an inclusive team culture where all voices are heard and respected, and engaging in our communities to enrich life *for all*.

### Global Product Portfolio

DRAM | NAND | NOR | Solid-State Drives | Graphics and High Bandwidth Memory (HBM) | Managed NAND and Multichip Packages

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# Definitions of Commonly Used Terms

As used herein, “we,” “our,” “us,” and similar terms include Micron Technology, Inc. and its consolidated subsidiaries, unless the context indicates otherwise. Abbreviations, terms, or acronyms are commonly used or found in multiple locations throughout this report and include the following:

Term	Definition	Term	Definition
2023 Notes	2.497% Senior Notes due April 2023	IMFT	IM Flash Technologies, LLC
2024 Notes	4.640% Senior Notes due February 2024	Inotera	Inotera Memories, Inc.
2024 Term Loan A	Senior Term Loan A due October 2024	Intel	Intel Corporation
2026 Notes	4.975% Senior Notes due February 2026	LIBOR	London Interbank Offered Rate
2027 Notes	4.185% Senior Notes due February 2027	LPDRAM	Low-power DRAM
2029 Notes	5.327% Senior Notes due February 2029	MCP	Multichip packaged solutions with managed NAND and LPDRAM
2030 Notes	4.663% Senior Notes due February 2030	Micron	Micron Technology, Inc. (Parent Company)
2032 Green Bonds	2.703% Senior Notes due April 2032	NVMe	Hardware interface for SSDs that connect via a PCIe bus
2041 Notes	3.366% Senior Notes due November 2041	Qimonda	Qimonda AG
2051 Notes	3.477% Senior Notes due November 2051	Revolving Credit Facility	\$2.5 billion revolving credit facility due May 2026
DDR	Double Data Rate DRAM	SOFR	Secured Overnight Financing Rate
ESG	Environmental, Social, and Governance	SSD	Solid State Drive
EUV	Extreme ultraviolet lithography	TI	Texas Instruments Incorporated
Extinguished 2024 Term Loan A	Senior Term Loan A due 2024 repaid on May 14, 2021		

We are an industry leader in innovative memory and storage solutions transforming how the world uses information to enrich life *for all*. With a relentless focus on our customers, technology leadership, and manufacturing and operational excellence, Micron delivers a rich portfolio of high-performance DRAM, NAND, and NOR memory and storage products through our Micron® and Crucial® brands. Every day, the innovations that our people create fuel the data economy, enabling advances in artificial intelligence and 5G applications that unleash opportunities — from the data center to the intelligent edge and across the client and mobile user experience.

Micron, Crucial, any associated logos, and all other Micron trademarks are the property of Micron. Intel and 3D XPoint are trademarks of Intel Corporation or its subsidiaries. Other product names or trademarks that are not owned by Micron are for identification purposes only and may be the trademarks of their respective owners.

## Available Information

Investors and others should note that we announce material financial information about our business and products through a variety of means, including our investor relations website ([investors.micron.com](https://investors.micron.com)), filings with the U.S. Securities and Exchange Commission (the “SEC”), press releases, public conference calls, blog posts ([micron.com/about/blog](https://micron.com/about/blog)), and webcasts. We use these channels to achieve broad, non-exclusionary distribution of information to the public and for complying with our disclosure obligations under Regulation FD. Therefore, we encourage investors, the media, and others interested in our company to review the information we post on such channels.

# Forward-Looking Statements

This Form 10-Q contains trend information and other forward-looking statements that involve a number of risks and uncertainties. Such forward-looking statements may be identified by words such as "anticipate," "expect," "intend," "pledge," "committed," "plan," "opportunities," "future," "believe," "target," "on track," "estimate," "continue," "likely," "may," "will," "would," "should," "could," and variations of such words and similar expressions. However, the absence of these words or similar expressions does not mean that a statement is not forward-looking. Specific forward-looking statements include, but are not limited to, statements such as those made regarding potential increases in our effective tax rate; the impact of coronavirus disease 2019, including variant strains ("COVID-19") to our business; the sufficiency of our cash and investments; the payment of future cash dividends; capital spending in 2022; and funding of sustainability-focused projects. Our actual results could differ materially from our 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."

# PART I. FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

# Micron Technology, Inc. Consolidated Statements of Operations

(In millions, except per share amounts)

(Unaudited)

	Quarter ended		Nine months ended	
	June 2, 2022	June 3, 2021	June 2, 2022	June 3, 2021
Revenue	\$ 8,642	\$ 7,422	\$ 24,115	\$ 19,431
Cost of goods sold	4,607	4,296	12,839	12,920
Gross margin	4,035	3,126	11,276	6,511
Research and development	773	670	2,277	1,958
Selling, general, and administrative	264	230	786	658
Restructure and asset impairments	—	453	43	466
Other operating (income) expense, net	(6)	(26)	(11)	101
Operating income	3,004	1,799	8,181	3,328
Interest income	20	8	42	28
Interest expense	(44)	(46)	(144)	(136)
Other non-operating income (expense), net	8	45	(61)	62
	2,988	1,806	8,018	3,282
Income tax (provision) benefit	(358)	(65)	(832)	(164)
Equity in net income (loss) of equity method investees	(4)	(6)	9	23
Net income	\$ 2,626	\$ 1,735	\$ 7,195	\$ 3,141
Earnings per share				
Basic	\$ 2.36	\$ 1.55	\$ 6.44	\$ 2.81
Diluted	2.34	1.52	6.38	2.75
Number of shares used in per share calculations				
Basic	1,112	1,121	1,117	1,119
Diluted	1,121	1,145	1,127	1,141

See accompanying notes to consolidated financial statements.

# Micron Technology, Inc.

## Consolidated Statements of Comprehensive Income

(In millions)

(Unaudited)

	Quarter ended		Nine months ended	
	June 2, 2022	June 3, 2021	June 2, 2022	June 3, 2021
Net income	\$ 2,626	\$ 1,735	\$ 7,195	\$ 3,141
Other comprehensive income (loss), net of tax				
Gains (losses) on derivative instruments	(210)	(32)	(330)	(20)
Gains (losses) on investments	(18)	(2)	(38)	(6)
Pension liability adjustments	2	—	1	1
Cumulative translation adjustments	—	—	1	1
Other comprehensive income (loss)	(226)	(34)	(366)	(24)
Total comprehensive income	<u>\$ 2,400</u>	<u>\$ 1,701</u>	<u>\$ 6,829</u>	<u>\$ 3,117</u>

See accompanying notes to consolidated financial statements.

# Micron Technology, Inc.

## Consolidated Balance Sheets

(In millions, except par value amounts)

(Unaudited)

As of	June 2, 2022	September 2, 2021
<b>Assets</b>		
Cash and equivalents	\$ 9,157	\$ 7,763
Short-term investments	1,070	870
Receivables	6,229	5,311
Inventories	5,629	4,487
Assets held for sale	15	974
Other current assets	608	502
Total current assets	22,708	19,907
Long-term marketable investments	1,646	1,765
Property, plant, and equipment	36,665	33,213
Operating lease right-of-use assets	690	551
Intangible assets	415	349
Deferred tax assets	682	782
Goodwill	1,228	1,228
Other noncurrent assets	1,262	1,054
Total assets	\$ 65,296	\$ 58,849
<b>Liabilities and equity</b>		
Accounts payable and accrued expenses	\$ 5,788	\$ 5,325
Current debt	107	155
Other current liabilities	1,114	944
Total current liabilities	7,009	6,424
Long-term debt	6,856	6,621
Noncurrent operating lease liabilities	629	504
Noncurrent unearned government incentives	663	808
Other noncurrent liabilities	858	559
Total liabilities	16,015	14,916
<b>Commitments and contingencies</b>		
<b>Shareholders' equity</b>		
Common stock, \$0.10 par value, 3,000 shares authorized, 1,223 shares issued and 1,105 outstanding (1,216 shares issued and 1,119 outstanding as of September 2, 2021)	122	122
Additional capital	9,950	9,453
Retained earnings	45,916	39,051
Treasury stock, 118 shares held (97 shares as of September 2, 2021)	(6,343)	(4,695)
Accumulated other comprehensive income (loss)	(364)	2
Total equity	49,281	43,933
Total liabilities and equity	\$ 65,296	\$ 58,849

See accompanying notes to consolidated financial statements.



# Micron Technology, Inc.

## Consolidated Statements of Changes in Equity

(In millions, except per share amounts)

(Unaudited)

	Common Stock						Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
	Number of Shares	Amount	Additional Capital	Retained Earnings	Treasury Stock			
<b>Balance at September 2, 2021</b>	1,216	\$ 122	\$ 9,453	\$ 39,051	\$ (4,695)	\$ 2	\$	43,933
Net income	—	—	—	2,306	—	—	—	2,306
Other comprehensive income (loss), net	—	—	—	—	—	(93)	—	(93)
Stock issued under stock plans	5	—	5	—	—	—	—	5
Stock-based compensation expense	—	—	118	—	—	—	—	118
Repurchase of stock - repurchase program	—	—	—	—	(259)	—	—	(259)
Repurchase of stock - withholdings on employee equity awards	(1)	—	(12)	(90)	—	—	—	(102)
<b>Balance at December 2, 2021</b>	1,220	\$ 122	\$ 9,564	\$ 41,267	\$ (4,954)	\$ (91)	\$	45,908
Net income	—	—	—	2,263	—	—	—	2,263
Other comprehensive income (loss), net	—	—	—	—	—	(47)	—	(47)
Stock issued under stock plans	4	—	124	—	—	—	—	124
Stock-based compensation expense	—	—	129	—	—	—	—	129
Repurchase of stock - repurchase program	—	—	—	—	(408)	—	—	(408)
Repurchase of stock - withholdings on employee equity awards	(1)	—	(1)	(10)	—	—	—	(11)
Dividends and dividend equivalents declared (\$0.10 per share)	—	—	—	(113)	—	—	—	(113)
<b>Balance at March 3, 2022</b>	1,223	\$ 122	\$ 9,816	\$ 43,407	\$ (5,362)	\$ (138)	\$	47,845
Net income	—	—	—	2,626	—	—	—	2,626
Other comprehensive income (loss), net	—	—	—	—	—	(226)	—	(226)
Stock issued under stock plans	—	—	3	—	—	—	—	3
Stock-based compensation expense	—	—	131	—	—	—	—	131
Repurchase of stock - repurchase program	—	—	—	—	(981)	—	—	(981)
Repurchase of stock - withholdings on employee equity awards	—	—	—	(5)	—	—	—	(5)
Dividends and dividend equivalents declared (\$0.10 per share)	—	—	—	(112)	—	—	—	(112)
<b>Balance at June 2, 2022</b>	1,223	\$ 122	\$ 9,950	\$ 45,916	\$ (6,343)	\$ (364)	\$	49,281

See accompanying notes to consolidated financial statements.

# Micron Technology, Inc.

## Consolidated Statements of Changes in Equity

(In millions, except per share amounts)

(Unaudited)

	Common Stock					Accumulated Other Comprehensive	Total
	Number of Shares	Amount	Additional Capital	Retained Earnings	Treasury Stock	Income (Loss)	Shareholders' Equity
Balance at September 3, 2020	1,194	\$ 119	\$ 8,917	\$ 33,384	\$ (3,495)	\$ 71	\$ 38,996
Net income	—	—	—	803	—	—	803
Other comprehensive income (loss), net	—	—	—	—	—	39	39
Stock issued under stock plans	5	1	33	—	—	—	34
Stock-based compensation expense	—	—	92	—	—	—	92
Repurchase of stock - withholdings on employee equity awards	(1)	—	(8)	(49)	—	—	(57)
Balance at December 3, 2020	1,198	\$ 120	\$ 9,034	\$ 34,138	\$ (3,495)	\$ 110	\$ 39,907
Net income	—	—	—	603	—	—	603
Other comprehensive income (loss), net	—	—	—	—	—	(29)	(29)
Stock issued under stock plans	4	—	105	—	—	—	105
Stock-based compensation expense	—	—	97	—	—	—	97
Repurchase of stock - withholdings on employee equity awards	—	—	(2)	(18)	—	—	(20)
Balance at March 4, 2021	1,202	\$ 120	\$ 9,234	\$ 34,723	\$ (3,495)	\$ 81	\$ 40,663
Net income	—	—	—	1,735	—	—	1,735
Other comprehensive income (loss), net	—	—	—	—	—	(34)	(34)
Stock issued under stock plans	1	—	8	—	—	—	8
Stock-based compensation expense	—	—	96	—	—	—	96
Repurchase of stock - repurchase program	—	—	—	—	(150)	—	(150)
Repurchase of stock - withholdings on employee equity awards	—	—	(1)	(6)	—	—	(7)
Cash settlement of convertible notes	—	—	(52)	—	—	—	(52)
Balance at June 3, 2021	1,203	\$ 120	\$ 9,285	\$ 36,452	\$ (3,645)	\$ 47	\$ 42,259

See accompanying notes to consolidated financial statements.

# Micron Technology, Inc.

## Consolidated Statements of Cash Flows

(In millions)

(Unaudited)

Nine months ended	June 2, 2022	June 3, 2021
<b>Cash flows from operating activities</b>		
Net income	\$ 7,195	\$ 3,141
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation expense and amortization of intangible assets	5,234	4,593
Stock-based compensation	378	285
(Gain) loss on debt repurchases and conversions	83	1
Restructure and asset impairments	43	446
Change in operating assets and liabilities		
Receivables	(906)	(340)
Inventories	(1,146)	814
Accounts payable and accrued expenses	382	(309)
Other	141	(47)
Net cash provided by operating activities	11,404	8,584
<b>Cash flows from investing activities</b>		
Expenditures for property, plant, and equipment	(8,454)	(8,015)
Purchases of available-for-sale securities	(1,359)	(1,919)
Proceeds from sale of Lehi, Utah fab	888	—
Proceeds from maturities of available-for-sale securities	964	1,024
Proceeds from sales of available-for-sale securities	258	473
Proceeds from government incentives	104	335
Other	(162)	47
Net cash provided by (used for) investing activities	(7,761)	(8,055)
<b>Cash flows from financing activities</b>		
Repayments of debt	(2,008)	(1,344)
Repurchases of common stock - repurchase program	(1,648)	(150)
Payments of dividends to shareholders	(335)	—
Payments on equipment purchase contracts	(132)	(139)
Repurchases of common stock - withholdings on employee equity awards	(116)	(84)
Proceeds from issuance of debt	2,000	1,188
Other	99	92
Net cash provided by (used for) financing activities	(2,140)	(437)
Effect of changes in currency exchange rates on cash, cash equivalents, and restricted cash	(71)	44
Net increase (decrease) in cash, cash equivalents, and restricted cash	1,432	136
Cash, cash equivalents, and restricted cash at beginning of period	7,829	7,690
Cash, cash equivalents, and restricted cash at end of period	\$ 9,261	\$ 7,826

See accompanying notes to consolidated financial statements.

# Micron Technology, Inc.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(All tabular amounts in millions, except per share amounts)

(Unaudited)

## Significant Accounting Policies

For a discussion of our significant accounting policies, see “Part II – Item 8. Financial Statements and Supplementary Data – Notes to Consolidated Financial Statements – Significant Accounting Policies” of our Annual Report on Form 10-K for the year ended September 2, 2021. There have been no changes to our significant accounting policies since our Annual Report on Form 10-K for the year ended September 2, 2021.

### Basis of Presentation

The accompanying consolidated financial statements include the accounts of Micron and our consolidated subsidiaries and have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) consistent in all material respects with those applied in our Annual Report on Form 10-K for the year ended September 2, 2021.

In the opinion of our management, the accompanying unaudited consolidated financial statements contain all necessary adjustments, consisting of a normal recurring nature, to fairly state the financial information set forth herein. Certain reclassifications have been made to prior period amounts to conform to current period presentation.

Our fiscal year is the 52 or 53-week period ending on the Thursday closest to August 31. Fiscal years 2022 and 2021 each contain 52 weeks. All period references are to our fiscal periods unless otherwise indicated. These interim financial statements should be read in conjunction with the consolidated financial statements and accompanying notes included in our Annual Report on Form 10-K for the year ended September 2, 2021.

## Lehi, Utah Fab and 3D XPoint

In the second quarter of 2021, we updated our portfolio strategy to further strengthen our focus on memory and storage innovations for the data center market. In connection therewith, we determined that there was insufficient market validation to justify the ongoing investments required to commercialize 3D XPoint at scale. Accordingly, we ceased development of 3D XPoint technology and engaged in discussions with potential buyers for the sale of our facility located in Lehi, Utah that was dedicated to 3D XPoint production. As a result, we classified the property, plant, and equipment as held for sale as of the second quarter of 2021 and ceased depreciating the assets. On June 30, 2021, we announced a definitive agreement to sell our Lehi facility to TI and closed the sale on October 22, 2021.

In the first quarter of 2022, we received \$893 million from TI for the sale of the Lehi facility and disposed of \$918 million of net assets, consisting primarily of property, plant, and equipment of \$921 million; \$55 million of other assets, consisting primarily of a receivable for reimbursement of property taxes, equipment spare parts, and raw materials; and \$58 million of liabilities, consisting primarily of a finance lease obligation. As a result of the disposition of the Lehi facility and other related adjustments, we recognized a loss of \$23 million included in restructure and asset impairments in the first quarter of 2022.

In the third quarter of 2021, we recognized a charge of \$435 million included in restructure and asset impairments in connection with the definitive agreement with TI (and a tax benefit of \$104 million included in income tax (provision) benefit) to write down the assets held for sale to the expected consideration, net of estimated selling costs. In the second quarter of 2021, we also recognized a charge of \$49 million in cost of goods sold to write down 3D XPoint inventory in connection with our decision to cease further development of this technology.

# Cash and Investments

Substantially all of our marketable debt investments were classified as available-for-sale as of the dates noted below. Cash and equivalents and the fair values of our available-for-sale investments, which approximated amortized costs, were as follows:

As of	June 2, 2022				September 2, 2021			
	Cash and Equivalents	Short-term Investments	Long-term Marketable Investments <sup>(1)</sup>	Total Fair Value	Cash and Equivalents	Short-term Investments	Long-term Marketable Investments <sup>(1)</sup>	Total Fair Value
Cash	\$ 7,348	\$ —	\$ —	\$ 7,348	\$ 5,796	\$ —	\$ —	\$ 5,796
Level 1 <sup>(2)</sup>								
Money market funds	105	—	—	105	38	—	—	38
Level 2 <sup>(3)</sup>								
Corporate bonds	7	706	1,025	1,738	9	429	1,134	1,572
Certificates of deposits	1,661	45	—	1,706	1,907	69	—	1,976
Asset-backed securities	—	69	558	627	8	95	509	612
Government securities	2	170	63	235	1	190	122	313
Commercial paper	34	80	—	114	4	87	—	91
	9,157	\$ 1,070	\$ 1,646	\$ 11,873	7,763	\$ 870	\$ 1,765	\$ 10,398
Restricted cash <sup>(4)</sup>	104				66			
Cash, cash equivalents, and restricted cash	<u>\$ 9,261</u>				<u>\$ 7,829</u>			

<sup>(1)</sup> The maturities of long-term marketable securities primarily range from one to four years.

<sup>(2)</sup> The fair value of Level 1 securities is measured based on quoted prices in active markets for identical assets.

<sup>(3)</sup> The fair value of Level 2 securities is measured using information obtained from pricing services, which obtain quoted market prices for similar instruments, non-binding market consensus prices that are corroborated by observable market data, or various other methodologies, to determine the appropriate value at the measurement date. We perform supplemental analysis to validate information obtained from these pricing services. No adjustments were made to the fair values indicated by such pricing information as of June 2, 2022 or September 2, 2021.

<sup>(4)</sup> Restricted cash is included in other current assets and other noncurrent assets and primarily relates to certain government incentives received prior to being earned and for which restrictions lapse upon achieving certain performance conditions.

Gross realized gains and losses from sales of available-for-sale securities were not significant for any period presented.

In addition to the amounts included in the table above, we had \$210 million and \$153 million of non-marketable equity investments without a readily determinable fair value that were included in other noncurrent assets as of June 2, 2022 and September 2, 2021, respectively.

# Receivables

As of	June 2, 2022	September 2, 2021
Trade receivables	\$ 5,896	\$ 4,920
Income and other taxes	218	264
Other	115	127
	<u>\$ 6,229</u>	<u>\$ 5,311</u>

# Inventories

As of	June 2, 2022	September 2, 2021
Finished goods	\$ 620	\$ 513
Work in process	4,325	3,469
Raw materials and supplies	684	505
	<u>\$ 5,629</u>	<u>\$ 4,487</u>

Effective as of the beginning of the second quarter of 2021, we changed our method of inventory costing from average cost to FIFO. The change to FIFO was not material to any prior periods, and as such, prior periods were not retrospectively adjusted.

# Property, Plant, and Equipment

As of	June 2, 2022	September 2, 2021
Land	\$ 280	\$ 280
Buildings	16,181	14,776
Equipment <sup>(1)</sup>	58,365	51,902
Construction in progress <sup>(2)</sup>	1,664	1,517
Software	1,099	987
	<u>77,589</u>	<u>69,462</u>
Accumulated depreciation	<u>(40,924)</u>	<u>(36,249)</u>
	<u>\$ 36,665</u>	<u>\$ 33,213</u>

<sup>(1)</sup> Includes costs related to equipment not placed into service of \$2.40 billion as of June 2, 2022 and \$1.99 billion as of September 2, 2021.

<sup>(2)</sup> Includes building-related construction, tool installation, and software costs for assets not placed into service.

# Intangible Assets and Goodwill

As of	June 2, 2022		September 2, 2021	
	Gross Amount	Accumulated Amortization	Gross Amount	Accumulated Amortization
Product and process technology	\$ 727	\$ (312)	\$ 633	\$ (284)
Goodwill	1,228		1,228	

In the first nine months of 2022 and 2021, we capitalized \$130 million and \$82 million, respectively, for product and process technology with weighted-average useful lives of 9 years. Amortization expense was \$63 million and \$62 million for the first nine months of 2022 and 2021, respectively. Expected amortization expense is \$22 million for the remainder of 2022, \$78 million for 2023, \$70 million for 2024, \$49 million for 2025, and \$40 million for 2026.

# Leases

The components of lease expense are presented below:

	Quarter ended		Nine months ended	
	June 2, 2022	June 3, 2021	June 2, 2022	June 3, 2021
Finance lease cost				
Amortization of right-of-use asset	\$ 23	\$ 16	\$ 75	\$ 49
Interest on lease liability	6	5	18	15
Operating lease cost	32	28	91	82
	<u>\$ 61</u>	<u>\$ 49</u>	<u>\$ 184</u>	<u>\$ 146</u>

Supplemental cash flow information related to leases was as follows:

	June 2, 2022	June 3, 2021
<b>Nine months ended</b>		
Cash flows used for operating activities		
Finance leases	\$ 18	\$ 16
Operating leases	81	80
Cash flows used for financing activities from financing leases	79	61
Noncash acquisitions of right-of-use assets		
Finance leases	304	164
Operating leases	190	19

Supplemental balance sheet information related to leases was as follows:

As of	June 2, 2022	September 2, 2021
Finance lease right-of-use assets (included in property, plant, and equipment and assets held for sale)	\$ 924	\$ 766
Current operating lease liabilities (included in accounts payable and accrued expenses)	58	55
Weighted-average remaining lease term (in years)		
Finance leases	12	11
Operating leases	12	12
Weighted-average discount rate		
Finance leases	2.64 %	3.14 %
Operating leases	2.87 %	2.63 %

As of June 2, 2022, maturities of lease liabilities were as follows:

For the year ending	Finance Leases	Operating Leases
Remainder of 2022	\$ 30	\$ 19
2023	126	65
2024	102	80
2025	88	70
2026	88	68
2027 and thereafter	632	531
Less imputed interest	(137)	(146)
	<u>\$ 929</u>	<u>\$ 687</u>

The table above excludes obligations for leases that have been executed but have not yet commenced. As of June 2, 2022, excluded obligations consisted of \$223 million for finance leases over a weighted-average period of 14 years for gas supply arrangements deemed to contain embedded leases. We will recognize right-of-use assets and associated lease liabilities at the time such assets become available for our use.

## Accounts Payable and Accrued Expenses

As of	June 2, 2022	September 2, 2021
Accounts payable	\$ 2,019	\$ 1,744
Property, plant, and equipment	2,020	1,887
Salaries, wages, and benefits	875	984
Income and other taxes	382	364
Other	492	346
	<u>\$ 5,788</u>	<u>\$ 5,325</u>

## Debt

As of	June 2, 2022					September 2, 2021		
	Stated Rate	Effective Rate	Net Carrying Amount			Net Carrying Amount		
			Current	Long-Term	Total	Current	Long-Term	Total
2024 Term Loan A	1.720 %	1.76 %	\$ —	\$ 1,186	\$ 1,186	\$ —	\$ 1,186	\$ 1,186
2026 Notes	4.975 %	5.07 %	—	498	498	—	498	498
2027 Notes <sup>(1)</sup>	4.185 %	4.27 %	—	821	821	—	901	901
2029 Notes	5.327 %	5.40 %	—	697	697	—	696	696
2030 Notes	4.663 %	4.73 %	—	846	846	—	846	846
2032 Green Bonds	2.703 %	2.77 %	—	994	994	—	—	—
2041 Notes	3.366 %	3.41 %	—	496	496	—	—	—
2051 Notes	3.477 %	3.52 %	—	496	496	—	—	—
Finance lease obligations	N/A	2.64 %	107	822	929	155	649	804
2023 Notes	N/A	N/A	—	—	—	—	1,247	1,247
2024 Notes	N/A	N/A	—	—	—	—	598	598
			<u>\$ 107</u>	<u>\$ 6,856</u>	<u>\$ 6,963</u>	<u>\$ 155</u>	<u>\$ 6,621</u>	<u>\$ 6,776</u>

<sup>(1)</sup> In 2021, we entered into fixed-to-floating interest rate swaps on the 2027 Notes with an aggregate \$900 million notional amount equal to the principal amount of the 2027 Notes. The resulting variable interest paid is at a rate equal to SOFR plus approximately 3.33%. The fixed-to-floating interest rate swaps are accounted for as fair value hedges, as a result, the carrying value of our 2027 Notes reflects adjustments in fair value.



## Debt Activity

The table below presents the effects of issuances and prepayments of debt in the first quarter of 2022:

	Increase (Decrease) in Principal	Increase (Decrease) in Carrying Value	Increase (Decrease) in Cash	Gain (Loss)
<b>Issuances</b>				
2032 Green Bonds	\$ 1,000	\$ 994	\$ 994	\$ —
2041 Notes	500	496	496	—
2051 Notes	500	496	496	—
<b>Prepayments</b>				
2023 Notes	(1,250)	(1,247)	(1,281)	(34)
2024 Notes	(600)	(598)	(647)	(49)
	<u>\$ 150</u>	<u>\$ 141</u>	<u>\$ 58</u>	<u>\$ (83)</u>

## Senior Unsecured Notes

On November 1, 2021, we issued \$2.00 billion aggregate principal amount of unsecured 2032 Green Bonds, 2041 Notes, and 2051 Notes in a public offering. Issuance costs for these notes were \$14 million. Over time, we plan to allocate an amount equal to the net proceeds of the 2032 Green Bonds to fund eligible sustainability-focused projects involving renewable energy, green buildings, energy efficiency, water management, waste abatement, and a circular economy.

We may redeem our 2026 Notes, 2027 Notes, 2029 Notes, 2030 Notes, 2032 Green Bonds, 2041 Notes, and 2051 Notes (the “Senior Unsecured Notes”), in whole or in part, at our option prior to their respective maturity date at a redemption price equal to the greater of (i) 100% of the principal amount of the notes to be redeemed and (ii) the present value of the remaining scheduled payments of principal, in each case plus accrued interest. We may also redeem any series of our Senior Unsecured Notes, in whole or in part, at a price equal to par between two and six months prior to maturity in accordance with the respective terms of such series.

Each series of Senior Unsecured Notes contains covenants that, among other things, limit, in certain circumstances, our ability and/or the ability of our restricted subsidiaries (which are generally domestic subsidiaries in which we own at least 80% of the voting stock and which own principal property, as defined in the indenture governing such notes) to (1) create or incur certain liens; (2) enter into certain sale and lease-back transactions; and (3) consolidate with or merge with or into, or convey, transfer, or lease all or substantially all of our properties and assets, to another entity. These covenants are subject to a number of limitations and exceptions. Additionally, if a change of control triggering event occurs, as defined in the indentures governing our Senior Unsecured Notes, we will be required to offer to purchase such notes at 101% of the outstanding aggregate principal amount plus accrued interest up to the purchase date.

## Revolving Credit Facility

As of June 2, 2022, \$2.50 billion was available to us under the Revolving Credit Facility and no amounts were outstanding. Any amounts outstanding under the Revolving Credit Facility would mature in May 2026 and amounts borrowed may be prepaid any time without penalty. Any amounts drawn under the Revolving Credit Facility would generally bear interest at a rate equal to LIBOR plus 1.00% to 1.75%, depending on our corporate credit ratings.

## Maturities of Notes Payable

As of June 2, 2022, maturities of notes payable by fiscal year were as follows:

Remainder of 2022	\$	—
2023		—
2024		—
2025		1,188
2026		500
2027 and thereafter		4,450
Unamortized discounts		(28)
Hedge accounting fair value adjustment		(76)
	\$	<u>6,034</u>

## Contingencies

### Patent Matters

As is typical in the semiconductor and other high-tech industries, from time to time, others have asserted, and may in the future assert, that our products or manufacturing processes infringe upon their intellectual property rights.

On December 15, 2014, Innovative Memory Solutions, Inc. filed a patent infringement action against Micron in the U.S. District Court for the District of Delaware. The complaint alleges that a variety of our NAND products infringe eight U.S. patents and seeks damages, attorneys' fees, and costs. Subsequently, six patents were invalidated or withdrawn, leaving two asserted patents in the District Court.

On March 19, 2018, Micron Semiconductor (Xi'an) Co., Ltd. ("MXA") was served with a patent infringement complaint filed by Fujian Jinhua Integrated Circuit Co., Ltd. ("Jinhua") in the Fuzhou Intermediate People's Court in Fujian Province, China (the "Fuzhou Court"). On April 3, 2018, Micron Semiconductor (Shanghai) Co. Ltd. ("MSS") was served with the same complaint. The complaint alleges that MXA and MSS infringe a Chinese patent by manufacturing and selling certain Crucial DDR4 DRAM modules. The complaint seeks an order requiring MXA and MSS to destroy inventory of the accused products and equipment for manufacturing the accused products in China; to stop manufacturing, using, selling, and offering for sale the accused products in China; and to pay damages of 98 million Chinese yuan plus court fees incurred.

On March 21, 2018, MXA was served with a patent infringement complaint filed by United Microelectronics Corporation ("UMC") in the Fuzhou Court. On April 3, 2018, MSS was served with the same complaint. The complaint alleges that MXA and MSS infringe a Chinese patent by manufacturing and selling certain Crucial DDR4 DRAM modules. The complaint seeks an order requiring MXA and MSS to destroy inventory of the accused products and equipment for manufacturing the accused products in China; to stop manufacturing, using, selling, and offering for sale the accused products in China; and to pay damages of 90 million Chinese yuan plus court fees incurred. On November 26, 2021, pursuant to a settlement agreement between UMC and Micron, UMC filed an application to the Fuzhou Court to withdraw its complaints against MXA and MSS.

On April 3, 2018, MSS was served with another patent infringement complaint filed by Jinhua and an additional complaint filed by UMC in the Fuzhou Court. The additional complaints allege that MSS infringes two Chinese patents by manufacturing and selling certain Crucial MX300 SSDs. The complaint filed by UMC seeks an order requiring MSS to destroy inventory of the accused products and equipment for manufacturing the accused products in China; to stop manufacturing, using, selling, and offering for sale the accused products in China; and to pay damages of 90 million Chinese yuan plus court fees incurred. The complaint filed by Jinhua seeks an order requiring MSS to destroy inventory of the accused products and equipment for manufacturing the accused products in China; to stop manufacturing, using, selling, and offering for sale the accused products in China; and to pay damages of 98 million Chinese yuan plus court fees incurred. On November 26, 2021, pursuant to a settlement agreement between UMC and Micron, UMC filed an application to the Fuzhou Court to withdraw its complaint against MSS.

On July 5, 2018, MXA and MSS were notified that the Fuzhou Court granted a preliminary injunction against those entities that enjoins them from manufacturing, selling, or importing certain Crucial and Ballistix-branded DRAM modules and solid-state drives in China. The affected products made up slightly more than 1% of our annualized revenue in 2018. We are complying with the ruling and have requested the Fuzhou Court to reconsider or stay its decision.

On May 4, 2020, Flash-Control, LLC filed a patent infringement action against Micron in the U.S. District Court for the Western District of Texas. The complaint alleges that four U.S. patents are infringed by unspecified DDR4 SDRAM, NVRDIMM, NVDIMM, 3D XPoint, and/or SSD products that incorporate memory controllers and flash memory. The complaint seeks damages, attorneys' fees, and costs. On July 21, 2020, in a separate matter, the District Court ruled that two of the four asserted patents are invalid, and on July 14, 2021, the U.S. Court of Appeals for the Federal Circuit affirmed the ruling of invalidity.

On April 28, 2021, Netlist, Inc. ("Netlist") filed two patent infringement actions against Micron, Micron Semiconductor Products, Inc. and Micron Technology Texas, LLC in the U.S. District Court for the Western District of Texas. The first complaint alleges that a single U.S. patent is infringed by certain of our non-volatile dual in-line memory modules. The second complaint alleges that three U.S. patents are infringed by certain of our load-reduced dual in-line memory modules. Each complaint seeks injunctive relief, damages, attorneys' fees, and costs. On March 31, 2022, Netlist filed a patent infringement complaint against Micron in Dusseldorf Regional Court alleging that two German patents are infringed by certain of our load-reduced dual in-line memory modules. The complaint seeks damages and costs. On June 10, 2022, Netlist filed a patent infringement complaint against Micron in the U.S. District Court for the Eastern District of Texas alleging that six U.S. patents are infringed by certain of our memory modules and high-bandwidth memory products. The complaint seeks injunctive relief, damages, and attorneys' fees.

On May 10, 2021, Vervain, LLC filed a patent infringement action against Micron, Micron Semiconductor Products, Inc., and Micron Technology Texas, LLC in the U.S. District Court for the Western District of Texas. The complaint alleges that four U.S. patents are infringed by certain SSD products. The complaint seeks injunctive relief, damages, attorneys' fees, and costs.

On April 27, 2022, Bell Semiconductor, LLC ("Bell") filed a patent infringement action against Micron in the U.S. District Court for the District of Idaho. The complaint alleges that a single U.S. patent is infringed by a certain SSD controller. On April 28, 2022, Bell filed a complaint with the U.S. International Trade Commission ("ITC") alleging violations of Section 337 of the Tariff Act of 1930 based on alleged importation of articles and components that infringe the same U.S. patent that Bell asserts in the complaint it filed in the District of Idaho. The ITC complaint seeks institution of an investigation, a limited exclusion order forbidding entry into the United States of products that infringe the asserted patent, and cease and desist orders prohibiting Micron from importing, selling, offering for sale, or marketing infringing products in the United States.

Among other things, the above lawsuits pertain to substantially all of our DRAM, NAND, and other memory and storage products we manufacture, which account for substantially all of our revenue.

## Qimonda

On January 20, 2011, Dr. Michael Jaffé, administrator for Qimonda's insolvency proceedings, filed suit against Micron and Micron Semiconductor B.V. ("Micron B.V."), in the District Court of Munich, Civil Chamber. The complaint seeks to void, under Section 133 of the German Insolvency Act, a share purchase agreement between Micron B.V. and Qimonda signed in fall 2008, pursuant to which Micron B.V. purchased substantially all of Qimonda's shares of Inotera (the "Inotera Shares"), representing approximately 18% of Inotera's outstanding shares at that time, and seeks an order requiring us to re-transfer those shares to the Qimonda estate. The complaint also seeks, among other things, to recover damages for the alleged value of the joint venture relationship with Inotera and to terminate, under Sections 103 or 133 of the German Insolvency Code, a patent cross-license between us and Qimonda entered into at the same time as the share purchase agreement.

Following a series of hearings with pleadings, arguments, and witnesses on behalf of the Qimonda estate, on March 13, 2014, the court issued judgments: (1) ordering Micron B.V. to pay approximately \$1 million in respect of certain Inotera Shares sold in connection with the original share purchase; (2) ordering Micron B.V. to disclose certain information with respect to any Inotera Shares sold by it to third parties; (3) ordering Micron B.V. to disclose the benefits derived by it from ownership of the Inotera Shares, including in particular, any profits distributed on the Inotera Shares and all other benefits; (4) denying Qimonda's claims against Micron for any damages relating to the joint venture relationship with Inotera; and (5) determining that Qimonda's obligations under the patent cross-license agreement are canceled. In addition, the court issued interlocutory judgments ordering, among other things: (1) that Micron B.V. transfer to the Qimonda estate the Inotera Shares still owned by Micron B.V. and pay to the Qimonda estate compensation in an amount to be specified for any Inotera Shares sold to third parties; and (2) that Micron B.V. pay the Qimonda estate as compensation an amount to be specified for benefits derived by Micron B.V. from ownership of the Inotera Shares. The interlocutory judgments had no immediate, enforceable effect and Micron, accordingly, has been able to continue to operate with full control of the Inotera Shares subject to further developments in the case. On April 17, 2014, Micron and Micron B.V. filed a notice of appeal with the German Appeals Court challenging the District Court's decision. After opening briefs, the Appeals Court held a hearing on the matter on July 9, 2015, and thereafter appointed an independent expert to perform an evaluation of Dr. Jaffé's claims that the amount Micron paid for Qimonda was less than fair market value. On January 25, 2018, the court-appointed expert issued a report concluding that the amount paid by Micron was within an acceptable fair-value range. The Appeals Court held a subsequent hearing on April 30, 2019, and on May 28, 2019, the Appeals Court remanded the case to the expert for supplemental expert opinion. On March 31, 2020, the expert presented a revised opinion to the Appeals Court which reaffirmed the earlier view that the amount paid by Micron was still within an acceptable range of fair value. On March 4, 2021, the Appeals Court issued an order setting forth a new legal view that whether the 2008 sale of Inotera Shares is voidable depends on the question whether, in October 2008, Qimonda had a restructuring plan in place, and whether Micron was aware of and reasonably relied on that restructuring plan sufficient to form a belief that Qimonda was not imminently illiquid.

## Antitrust Matters

On April 27, 2018, a complaint was filed against Micron and other DRAM suppliers in the U.S. District Court for the Northern District of California. Subsequently, two substantially identical cases were filed in the same court. The lawsuits purported to be on behalf of a nationwide class of indirect purchasers of DRAM products. On September 3, 2019, the District Court granted Micron's motion to dismiss and allowed the plaintiffs the opportunity to file a consolidated, amended complaint. On October 28, 2019, the plaintiffs filed a consolidated, amended complaint that purported to be on behalf of a nationwide class of indirect purchasers of DRAM products. The amended complaint asserted claims based on alleged price-fixing of DRAM products under federal and state law during the period from June 1, 2016 to at least February 1, 2018, and sought treble monetary damages, costs, interest, attorneys' fees, and other injunctive and equitable relief. On December 21, 2020, the District Court dismissed the plaintiffs' claims and entered judgment against them. On January 19, 2021, the plaintiffs filed a notice of appeal to the U.S. Court of Appeals for the Ninth Circuit. On March 7, 2022, the Court of Appeals affirmed the District Court's ruling dismissing plaintiffs' claims. On May 16, 2022, the Court of Appeals denied the plaintiffs' request for rehearing.

On June 26, 2018, a complaint was filed against Micron and other DRAM suppliers in the U.S. District Court for the Northern District of California. Subsequently, four substantially identical cases were filed in the same court. On October 28, 2019, the plaintiffs filed a consolidated, amended complaint. The consolidated complaint purported to be on behalf of a nationwide class of direct purchasers of DRAM products. The consolidated complaint asserted claims based on alleged price-fixing of DRAM products under federal and state law during the period from June 1, 2016 through at least February 1, 2018, and sought treble monetary damages, costs, interest, attorneys' fees, and other injunctive and equitable relief. On December 21, 2020, the District Court granted Micron's motion to dismiss and granted the plaintiffs permission to file a further amended complaint. On January 11, 2021, the plaintiffs filed a further amended complaint asserting substantially the same claims and seeking the same relief. On September 3, 2021, the District Court granted Micron's motion to dismiss the further amended complaint with prejudice. On October 1, 2021, the plaintiffs filed a notice of appeal to the U.S. Court of Appeals for the Ninth Circuit.

Additionally, six cases have been filed in the following Canadian courts on the dates indicated: Superior Court of Quebec (April 30, 2018 and May 3, 2018), the Federal Court of Canada (May 2, 2018), the Ontario Superior Court of Justice (May 15, 2018), and the Supreme Court of British Columbia (May 10, 2018). The plaintiffs in these cases are individuals seeking certification of class actions on behalf of direct and indirect purchasers of DRAM in Canada (or regions of Canada) between June 1, 2016 and February 1, 2018. The substantive allegations in these cases are similar to those asserted in the cases filed in the United States.

On May 15, 2018, the Chinese State Administration for Market Regulation ("SAMR") notified Micron that it was investigating potential collusion and other anticompetitive conduct by DRAM suppliers in China. On May 31, 2018, SAMR made unannounced visits to our sales offices in Beijing, Shanghai, and Shenzhen to seek certain information as part of its investigation. We are cooperating with SAMR in its investigation.

## Securities Matters

On March 5, 2019, a derivative complaint was filed by a shareholder against certain current and former officers and directors of Micron, allegedly on behalf of and for the benefit of Micron, in the U.S. District Court for the District of Delaware alleging securities fraud, breaches of fiduciary duties, and other violations of law involving misrepresentations about purported anticompetitive behavior in the DRAM industry. The complaint seeks damages, fees, interest, costs, and other appropriate relief.

On February 9, 2021, a derivative complaint was filed by a shareholder against Sanjay Mehrotra and other current and former directors of Micron, allegedly on behalf of and for the benefit of Micron, in the U.S. District Court for the District of Delaware alleging violations of securities laws, breaches of fiduciary duties, and other violations of law involving allegedly false and misleading statements about Micron's commitment to diversity and progress in diversifying its workforce, executive leadership, and Board of Directors. The complaint seeks damages, fees, interest, costs, and an order requiring Micron to take various actions to allegedly improve its corporate governance and internal procedures.

## Other Matters

On July 31, 2020, Micron and Intel entered into a binding arbitration agreement under which the parties agreed to present to an arbitral panel various financial disputes related to the former IMFT joint venture between Micron and Intel, which ended October 31, 2019, and to other agreements related to the joint development, production, and sale of non-volatile memory products. On April 15, 2022, the arbitration panel issued a final order and concluded the arbitration proceeding.

In the normal course of business, we are a party to a variety of agreements pursuant to which we may be obligated to indemnify another 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 our obligations and the unique facts and circumstances involved in each particular agreement. Historically, our payments under these types of agreements have not had a material adverse effect on our business, results of operations, or financial condition.

## Contingency Assessment

We are unable to predict the outcome of the matters noted above and cannot make a reasonable estimate of the potential loss or range of possible losses. A determination that our products or manufacturing processes infringe the intellectual property rights of others or entering into a license agreement covering such intellectual property could result in significant liability and/or require us to make material changes to our products and/or manufacturing processes. Any of the foregoing, as well as the resolution of any other legal matter noted above, could have a material adverse effect on our business, results of operations, or financial condition.

We are currently a party to legal actions other than those described in this note arising from the normal course of business, none of which are expected to have a material adverse effect on our business, results of operations, or financial condition.

# Equity

**Common Stock Repurchases:** Our Board of Directors has authorized the discretionary repurchase of up to \$10 billion of our outstanding common stock through open-market purchases, block trades, privately-negotiated transactions, derivative transactions, and/or pursuant to Rule 10b5-1 trading plans. The repurchase authorization has no expiration date, does not obligate us to acquire any common stock, and is subject to market conditions and our ongoing determination of the best use of available cash. In the third quarter and first nine months of 2022, we repurchased 13.8 million shares of our common stock for \$981 million, and 22.2 million shares of our common stock for \$1.65 billion, respectively. Through June 2, 2022, we had repurchased an aggregate of \$5.68 billion under the authorization. The shares repurchased were recorded as treasury stock.

**Dividends:** In the third quarter of 2022, we declared and paid dividends of \$111 million (\$0.10 per share) to shareholders of record as of April 11, 2022. In the second quarter of 2022, we declared and paid dividends of \$112 million (\$0.10 per share) to shareholders of record as of January 3, 2022. In the first quarter of 2022, we paid dividends of \$112 million (\$0.10 per share) that were declared in the fourth quarter of 2021. On June 30, 2022, our Board of Directors declared a quarterly dividend of \$0.115 per share, payable in cash on July 26, 2022, to shareholders of record as of the close of business on July 11, 2022.

**Accumulated Other Comprehensive Income (Loss):** Changes in accumulated other comprehensive income (loss) by component for the nine months ended June 2, 2022 were as follows:

	Gains (Losses) on Derivative Instruments	Pension Liability Adjustments	Unrealized Gains (Losses) on Investments	Cumulative Foreign Currency Translation Adjustment	Total
<b>As of September 2, 2021</b>	\$ (22)	\$ 22	\$ 1	\$ 1	2
Other comprehensive income (loss) before reclassifications	(453)	—	(49)	1	(501)
Amount reclassified out of accumulated other comprehensive income (loss)	22	1	1	—	24
Tax effects	101	—	10	—	111
Other comprehensive income (loss)	(330)	1	(38)	1	(366)
<b>As of June 2, 2022</b>	\$ (352)	\$ 23	\$ (37)	\$ 2	(364)

# Fair Value Measurements

The estimated fair values and carrying values of our outstanding debt instruments were as follows:

As of	June 2, 2022		September 2, 2021	
	Fair Value	Carrying Value	Fair Value	Carrying Value
Notes	\$ 5,771	\$ 6,034	\$ 6,584	\$ 5,973

The fair values of our debt instruments were estimated based on Level 2 inputs, including the trading price of our notes when available, discounted cash flows, and interest rates based on similar debt issued by parties with credit ratings similar to ours.

# Derivative Instruments

	Notional or Contractual Amount	Fair Value of		
		Assets <sup>(1)</sup>	Liabilities <sup>(2)</sup>	
As of June 2, 2022				
Derivative instruments with hedge accounting designation				
Cash flow currency hedges	\$ 5,295	\$ 2	\$ (297)	
Cash flow commodity hedges	62	5	—	
Fair value interest rate hedges	900	—	(76)	
Derivative instruments without hedge accounting designation				
Non-designated currency hedges	1,603	6	(9)	
		<u>\$ 13</u>	<u>\$ (382)</u>	
As of September 2, 2021				
Derivative instruments with hedge accounting designation				
Cash flow currency hedges	\$ 3,601	\$ 10	\$ (66)	
Cash flow commodity hedges	45	2	—	
Fair value interest rate hedges	900	5	—	
Derivative instruments without hedge accounting designation				
Non-designated currency hedges	996	3	(2)	
		<u>\$ 20</u>	<u>\$ (68)</u>	

<sup>(1)</sup> Included in receivables and other noncurrent assets.

<sup>(2)</sup> Included in accounts payable and accrued expenses and other noncurrent liabilities.

## Derivative Instruments with Hedge Accounting Designation

**Cash Flow Hedges:** We utilize forward and swap contracts that generally mature within two years designated as cash flow hedges to minimize our exposure to changes in currency exchange rates or commodity prices for certain capital expenditures and manufacturing costs. Forward and swap contracts are measured at fair value based on market-based observable inputs including market spot and forward rates, interest rates, and credit-risk spreads (Level 2). We do not use derivative instruments for speculative purposes. We recognized losses of \$299 million and \$469 million for the third quarter and first nine months of 2022, respectively, and losses of \$25 million for the third quarter of 2021 in accumulated other comprehensive income from cash flow hedges. The amounts recognized for the first nine months of 2021 were not significant. As of June 2, 2022, we expect to reclassify \$169 million of pre-tax losses related to cash flow hedges from accumulated other comprehensive income into earnings in the next 12 months.

**Fair Value Hedges:** We utilize fixed-to-floating interest rate swaps designated as fair value hedges to minimize certain exposures to changes in the fair value of fixed-rate debt that result from fluctuations in benchmark interest rates. Interest rate swaps are measured at fair value based on market-based observable inputs including interest rates and credit-risk spreads (Level 2). The changes in the fair values of derivatives designated as fair value hedges and the offsetting changes in the underlying fair values of the hedged items are both recognized in earnings. When a derivative is no longer designated as a fair value hedge for any reason, including termination and maturity, the remaining unamortized difference between the carrying value of the hedged item at that time and the face value of the hedged item is amortized to earnings over the remaining life of the hedged item, or immediately if the hedged item has matured or been extinguished. We recognized interest expense of \$47 million and \$81 million, respectively, for changes in the fair value of our interest rate swaps in the third quarter and first nine months of 2022. We also recognized offsetting interest expense of the same amounts related to the changes in the fair value of the hedged portion of the underlying debt for these periods. The amounts recognized for the third quarter and first nine months of 2021 were not significant.



## Derivative Instruments without Hedge Accounting Designation

**Currency Derivatives:** We generally utilize a rolling hedge strategy with currency forward contracts that mature within three months to hedge our exposures of monetary assets and liabilities from changes in currency exchange rates. At the end of each reporting period, monetary assets and liabilities denominated in currencies other than the U.S. dollar are remeasured into U.S. dollars and the associated outstanding forward contracts are marked to market. Currency forward contracts are valued at fair values based on the middle of bid and ask prices of dealers or exchange quotations (Level 2). Realized and unrealized gains and losses on derivative instruments without hedge accounting designation as well as the changes in the underlying monetary assets and liabilities from changes in currency exchange rates are included in other non-operating income (expense), net. The amounts recognized for derivative instruments without hedge accounting designation were not significant for the periods presented.

## Equity Plans

As of June 2, 2022, 94 million shares of our common stock were available for future awards under our equity plans.

### Restricted Stock and Restricted Stock Units (“Restricted Stock Awards”)

Restricted Stock Awards activity is summarized as follows:

	Quarter ended		Nine months ended	
	June 2, 2022	June 3, 2021	June 2, 2022	June 3, 2021
Restricted stock award shares granted	2	1	12	11
Weighted-average grant-date fair value per share	\$ 71.58	\$ 84.73	\$ 71.31	\$ 53.00

In the first quarter of 2022, our Board of Directors approved dividend equivalent rights for unvested restricted stock units awarded on or after October 13, 2021.

### Employee Stock Purchase Plan (“ESPP”)

For each nine month period ended June 2, 2022 and June 3, 2021, we issued 2 million shares at a per share price of \$65.94 and \$42.55, respectively.



## Stock-based Compensation Expense

Stock based compensation expense recognized in our statements of operations is presented below. Stock-based compensation expense of \$43 million and \$30 million was capitalized and remained in inventory as of June 2, 2022 and September 2, 2021, respectively.

	Quarter ended		Nine months ended	
	June 2, 2022	June 3, 2021	June 2, 2022	June 3, 2021
Stock-based compensation expense by caption				
Cost of goods sold	\$ 57	\$ 45	\$ 145	\$ 143
Research and development	45	29	128	82
Selling, general, and administrative	33	24	98	77
Restructure	—	—	(5)	—
	<u>\$ 135</u>	<u>\$ 98</u>	<u>\$ 366</u>	<u>\$ 302</u>
Stock-based compensation expense by type of award				
Restricted stock awards	\$ 116	\$ 84	\$ 316	\$ 255
ESPP	19	12	49	39
Stock options	—	2	1	8
	<u>\$ 135</u>	<u>\$ 98</u>	<u>\$ 366</u>	<u>\$ 302</u>

As of June 2, 2022, \$1.09 billion of total unrecognized compensation costs for unvested awards, before the effect of any future forfeitures, was expected to be recognized through the third quarter of 2026, resulting in a weighted-average period of 1.4 years.

## Revenue and Customer Contract Liabilities

### Revenue by Technology

	Quarter ended		Nine months ended	
	June 2, 2022	June 3, 2021	June 2, 2022	June 3, 2021
DRAM	\$ 6,271	\$ 5,448	\$ 17,577	\$ 13,948
NAND	2,288	1,812	6,123	5,036
Other (primarily 3D XPoint memory and NOR)	83	162	415	447
	<u>\$ 8,642</u>	<u>\$ 7,422</u>	<u>\$ 24,115</u>	<u>\$ 19,431</u>

See "Segment and Other Information" for disclosure of disaggregated revenue by market segment.

### Customer Contract Liabilities

As of June 2, 2022 and September 2, 2021, other current liabilities included \$1.03 billion and \$846 million, respectively, for estimates of consideration payable to customers, including estimates for pricing adjustments and returns.

As of June 2, 2022 and September 2, 2021, other current liabilities included \$57 million and \$74 million, respectively, of advance payments received from our customers to secure product in future periods. Revenue for the first nine months of 2022 included \$74 million recognized as a result of satisfying our performance obligation to ship product against customer advances that existed as of September 2, 2021.

Revenue is primarily recognized at a point in time when control of the promised goods is transferred to our customers in an amount that reflects the consideration we expect to be entitled to in exchange for those goods. Substantially all contracts with our customers are short-term in duration at fixed, negotiated prices with payment generally due shortly after delivery. From time to time, we have contracts with initial terms that include performance obligations that extend beyond one year. As of June 2, 2022, our future performance obligations beyond one year were not significant.

## Restructure and Asset Impairments

	Quarter ended		Nine months ended	
	June 2, 2022	June 3, 2021	June 2, 2022	June 3, 2021
Restructure and asset impairments	\$ —	\$ 453	\$ 43	\$ 466

Restructure and asset impairments for the first nine months of 2022 primarily related to the sale of our Lehi, Utah facility. See "Lehi, Utah Fab and 3D XPoint."

## Other Operating (Income) Expense, Net

	Quarter ended		Nine months ended	
	June 2, 2022	June 3, 2021	June 2, 2022	June 3, 2021
Patent license charges	\$ —	\$ —	\$ —	\$ 128
Other	(6)	(26)	(11)	(27)
	<u>\$ (6)</u>	<u>\$ (26)</u>	<u>\$ (11)</u>	<u>\$ 101</u>

## Other Non-Operating Income (Expense), Net

	Quarter ended		Nine months ended	
	June 2, 2022	June 3, 2021	June 2, 2022	June 3, 2021
Gain (loss) on investments	\$ 12	\$ 46	\$ 25	\$ 61
Gain (loss) on debt repurchases and conversions	—	(1)	(83)	(1)
Other	(4)	—	(3)	2
	<u>\$ 8</u>	<u>\$ 45</u>	<u>\$ (61)</u>	<u>\$ 62</u>

# Income Taxes

Our income tax (provision) benefit consisted of the following:

	Quarter ended		Nine months ended	
	June 2, 2022	June 3, 2021	June 2, 2022	June 3, 2021
Income before taxes	\$ 2,988	\$ 1,806	\$ 8,018	\$ 3,282
Income tax (provision) benefit	(358)	(65)	(832)	(164)
Effective tax rate	12.0 %	3.6 %	10.4 %	5.0 %

On March 16, 2022, the Idaho governor signed a new law that changed the way corporations calculate Idaho taxable income. This new law is expected to reduce our Idaho taxable income, and consequently, we do not expect to utilize our tax credits in Idaho for the foreseeable future. As a result, we recorded a discrete valuation allowance against our Idaho deferred tax assets and an increase to tax expense of \$189 million in the third quarter of 2022.

We operate in a number of jurisdictions outside the United States, including Singapore, where we have tax incentive arrangements. These incentives expire, in whole or in part, at various dates through 2034 and are conditional, in part, upon meeting certain business operations and employment thresholds. The effect of tax incentive arrangements reduced our tax provision by \$361 million (benefiting our diluted earnings per share by \$0.32) and \$955 million (\$0.85 per diluted share) for the third quarter and first nine months of 2022, respectively, and by \$276 million (\$0.24 per diluted share) and \$377 million (\$0.33 per diluted share) for the third quarter and first nine months of 2021, respectively.

As of June 2, 2022, gross unrecognized tax benefits were \$730 million, which would have an impact of approximately \$560 million on our effective tax rate in the future, if recognized. Amounts accrued for interest and penalties related to uncertain tax positions were not significant for any period presented. We are currently under audit by the U.S. Internal Revenue Service for our 2018 and 2019 tax years. We believe that adequate amounts of taxes and related interest and penalties have been provided.

# Earnings Per Share

	Quarter ended		Nine months ended	
	June 2, 2022	June 3, 2021	June 2, 2022	June 3, 2021
Net income – Basic and Diluted	\$ 2,626	\$ 1,735	\$ 7,195	\$ 3,141
Weighted-average common shares outstanding – Basic	1,112	1,121	1,117	1,119
Dilutive effect of equity plans and convertible notes	9	24	10	22
Weighted-average common shares outstanding – Diluted	1,121	1,145	1,127	1,141
Earnings per share				
Basic	\$ 2.36	\$ 1.55	\$ 6.44	\$ 2.81
Diluted	2.34	1.52	6.38	2.75

Antidilutive potential common stock shares that could dilute basic earnings per share in the future were 4 million and 3 million for the third quarter and first nine months of 2022, respectively, and were 1 million for the third quarter and first nine months of 2021.

# Segment and Other Information

Segment information reported herein is consistent with how it is reviewed and evaluated by our chief operating decision maker. We have the following four business units, which are our reportable segments:

**Compute and Networking Business Unit (“CNBU”):** Includes memory products sold into client, cloud server, enterprise, graphics, and networking markets.

**Mobile Business Unit (“MBU”):** Includes memory and storage products sold into smartphone and other mobile-device markets.

**Storage Business Unit (“SBU”):** Includes SSDs and component-level solutions sold into enterprise and cloud, client, and consumer storage markets, and other discrete storage products sold in component and wafer form.

**Embedded Business Unit (“EBU”):** Includes memory and storage products sold into automotive, industrial, and consumer markets.

Certain operating expenses directly associated with the activities of a specific segment are charged to that segment. Other indirect operating income and expenses are generally allocated to segments based on their respective percentage of cost of goods sold or forecasted wafer production. We do not identify or report internally our assets (other than goodwill) or capital expenditures by segment, nor do we allocate gains and losses from equity method investments, interest, other non-operating income or expense items, or taxes to segments.

	Quarter ended		Nine months ended	
	June 2, 2022	June 3, 2021	June 2, 2022	June 3, 2021
Revenue				
CNBU	\$ 3,895	\$ 3,304	\$ 10,762	\$ 8,486
MBU	1,967	1,999	5,749	5,311
SBU	1,341	1,009	3,662	2,770
EBU	1,435	1,105	3,932	2,849
All Other	4	5	10	15
	<u>\$ 8,642</u>	<u>\$ 7,422</u>	<u>\$ 24,115</u>	<u>\$ 19,431</u>
Operating income (loss)				
CNBU	\$ 1,778	\$ 1,342	\$ 4,864	\$ 2,534
MBU	640	683	1,852	1,517
SBU	221	53	551	(2)
EBU	504	282	1,347	539
All Other	1	4	5	6
	<u>3,144</u>	<u>2,364</u>	<u>8,619</u>	<u>4,594</u>
Unallocated				
Stock-based compensation	(135)	(98)	(370)	(302)
Inventory accounting policy change to FIFO	—	—	—	(133)
Change in inventory cost absorption	—	—	—	(160)
3D XPoint inventory write-down	—	—	—	(49)
Patent license charges	—	—	—	(128)
Restructure and asset impairments	—	(453)	(43)	(466)
Other	(5)	(14)	(25)	(28)
	<u>(140)</u>	<u>(565)</u>	<u>(438)</u>	<u>(1,266)</u>
Operating income	<u>\$ 3,004</u>	<u>\$ 1,799</u>	<u>\$ 8,181</u>	<u>\$ 3,328</u>

## Certain Concentrations

For the first nine months of 2022, revenues from WPG Holdings Limited and Kingston Technology Company, Inc. were each 11% of total revenue.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*This discussion should be read in conjunction with the consolidated financial statements and accompanying notes included in our Annual Report on Form 10-K for the year ended September 2, 2021. All period references are to our fiscal periods unless otherwise indicated. Our fiscal year is the 52 or 53-week period ending on the Thursday closest to August 31. Fiscal years 2022 and 2021 each contain 52 weeks. All tabular dollar amounts are in millions, except per share amounts.*

## Overview

We are an industry leader in innovative memory and storage solutions transforming how the world uses information to enrich life *for all*. With a relentless focus on our customers, technology leadership, and manufacturing and operational excellence, Micron delivers a rich portfolio of high-performance DRAM, NAND, and NOR memory and storage products through our Micron® and Crucial® brands. Every day, the innovations that our people create fuel the data economy, enabling advances in artificial intelligence and 5G applications that unleash opportunities — from the data center to the intelligent edge and across the client and mobile user experience.

We manufacture our products at wholly-owned facilities and also utilize subcontractors for certain manufacturing processes. Our global network of manufacturing centers of excellence not only allows us to benefit from scale while streamlining processes and operations, but it also brings together some of the world's brightest talent to work on the most advanced memory technology. Centers of excellence bring expertise together in one location, providing an efficient support structure for end-to-end manufacturing, with quicker cycle times, in partnership with teams such as R&D, product engineering, human resources, procurement and supply chain. For our locations in Singapore and Taiwan, this is also a combination of bringing fabrication and back-end manufacturing together. We make significant investments to develop proprietary product and process technology, which generally increases bit density per wafer and reduces per-bit manufacturing costs of each generation of product. We continue to introduce new generations of products that offer improved performance characteristics, including higher data transfer rates, advanced packaging solutions, lower power consumption, improved read/write reliability, and increased memory density.

The ramp of 176-layer NAND and 1 $\alpha$  (1-alpha) DRAM across our product portfolio delivers major technology breakthroughs to customers across markets. For the first time in our history, we achieved industry leadership across these two flagship technologies. We delivered initial products based on these process technologies to the market in 2021. In the second quarter of 2022, we expanded our 176-layer NAND-based SSD portfolio with the introduction of the Micron 7450 SSD with NVMe, the world's first vertically-integrated 176-layer NAND SSD for the data center. This new SSD joins our full portfolio of new product entries across memory and storage which have been well received by the market. An increasing portion of our SSDs incorporate our industry leading NAND with vertically integrated controllers and firmware that we have developed. In the second quarter of 2022, we achieved the first qualification of our 1 $\alpha$  LPDDR5 DRAM, which delivers more than a 15% power improvement over the previous generation. We are leading the industry's client DDR5 transition and are well positioned as the industry's data center platforms come to market later this year. We have partnered with customers to provide value-added innovation, and speed market adoption of our new solutions. Development of advanced technologies enables us to diversify our product portfolio toward a richer mix of differentiated, high-value solutions and to target high-growth markets and specific customer requirements across data center, intelligent edge, client, and mobile environments.

We face intense competition in the semiconductor memory and storage markets and to remain competitive we must continuously develop and implement new products and technologies and decrease manufacturing costs in spite of ongoing inflationary cost pressures. Our success is largely dependent on obtaining returns on our research and development ("R&D") investments, efficient utilization of our manufacturing infrastructure, development and integration of advanced product and process technologies, market acceptance of our diversified portfolio of semiconductor-based memory and storage solutions, and efficient capital spending.

## Lehi, Utah Fab and 3D XPoint

In the second quarter of 2021, we updated our portfolio strategy to further strengthen our focus on memory and storage innovations for the data center market. In connection therewith, we determined that there was insufficient market validation to justify the ongoing investments required to commercialize 3D XPoint at scale. Accordingly, we ceased development of 3D XPoint technology and engaged in discussions with potential buyers for the sale of our facility located in Lehi, Utah that was dedicated to 3D XPoint production. As a result, we classified the property, plant, and equipment as held for sale as of the second quarter of 2021 and ceased depreciating the assets. On June 30, 2021, we announced a definitive agreement to sell our Lehi facility to TI and closed the sale on October 22, 2021.

In the first quarter of 2022, we received \$893 million from TI for the sale of the Lehi facility and disposed of \$918 million of net assets, consisting primarily of property, plant, and equipment of \$921 million; \$55 million of other assets, consisting primarily of a receivable for reimbursement of property taxes, equipment spare parts, and raw materials; and \$58 million of liabilities, consisting primarily of a finance lease obligation. As a result of the disposition of the Lehi facility and other related adjustments, we recognized a loss of \$23 million included in restructure and asset impairments in the first quarter of 2022.

In the third quarter of 2021, we recognized a charge of \$435 million included in restructure and asset impairments in connection with the definitive agreement with TI (and a tax benefit of \$104 million included in income tax (provision) benefit) to write down the assets held for sale to the expected consideration, net of estimated selling costs. In the second quarter of 2021, we also recognized a charge of \$49 million in cost of goods sold to write down 3D XPoint inventory in connection with our decision to cease further development of this technology.

## Impact of COVID-19 on Our Business

Events surrounding the COVID-19 pandemic and their impact on economic activity have been unpredictable. As a result, we have experienced volatility in the markets in which we sell our products. The ultimate extent to which COVID-19 will impact our business depends on future developments, which are highly uncertain and very difficult to predict, including the effectiveness and utilization of vaccines for COVID-19 and its variants, the severity of COVID-19 and its variants, and the effectiveness of the actions to contain or limit their spread.

From the start of the COVID-19 pandemic, we proactively implemented preventative protocols, which we continuously assess and update for changes in conditions and emerging trends. These preventative protocols are intended to safeguard our team members, contractors, suppliers, customers, distributors, and communities, and to ensure business continuity. Government restrictions, including zero-COVID policies, or severe outbreaks can impact our operations at certain sites. For example, some of our facilities and some of our subcontractors' facilities at times have been required to operate at reduced staffing and capacity levels due to COVID-19 quarantines and other public health protocols. While our global manufacturing sites are currently operating with close to full staff and at normal capacity levels, our facilities or those of our subcontractors could be required, with little or no advance notice, to temporarily curtail production levels or temporarily cease operations based on government mandates or our health and safety protocols. We may be required, or deem it to be in the best interest of our employees, customers, partners, suppliers, and stakeholders, to alter our business operations in order to maintain a healthy and safe environment. It is not clear what potential effects any such alterations or modifications may have on our business, including effects on our customers, employees, or on our financial results. We are following government policies and recommendations designed to slow the spread of COVID-19 and remain committed to the health and safety of our team members, contractors, suppliers, customers, distributors, and communities.

We continuously assess our efforts to respond to the COVID-19 pandemic, which have included the following:

- In each of our locations, we implement health and safety protocols based on applicable regulations and local conditions and, where possible, make testing and vaccination available and implement health and safety enhancements.
- We require that all U.S. employees and, in addition, contractors that enter our U.S. buildings and certain other locations, be vaccinated against COVID-19, subject to disability and religious exemptions.
- We continue to work closely with our customer base to best match our supply to changing market conditions.
- We evaluate our supply chain and communicate with our suppliers to identify supply gaps and have taken steps to provide continuity, to the extent possible. In some cases, we have added alternative suppliers, executed long-term supply agreements, and increased our on-hand inventory of raw materials needed in our operations.
- We have added assembly and test capacity to provide redundant manufacturing capability through our network of captive operations and external partners.
- We have developed contingency plans and procedures to address the risk of unexpected shutdowns, supply shortages, or other business disruptions.
- We have evaluated all our construction projects across our global manufacturing operations and enacted protocols to enhance the safety of our team members, suppliers, and contractors.
- We are working with government authorities in the jurisdictions where we operate and continuing to monitor our operations in an effort to ensure we follow government requirements, relevant regulations, industry standards, and best practices to help safeguard our team members, while safely continuing operations at our sites across the globe.

We believe these actions are appropriate and prudent to safeguard our team members, contractors, suppliers, customers, and communities, while allowing us to safely continue operations. We cannot predict how the steps we, our team members, government entities, suppliers, or customers take in response to the COVID-19 pandemic will ultimately impact our business, outlook, or results of operations.

## Product Technologies

Our product portfolio of memory and storage solutions, is based on our high-performance semiconductor memory and storage technologies, including DRAM, NAND, and NOR. We sell our products into various markets through our business units in numerous forms, including wafers, components, modules, SSDs, managed NAND, and MCP products. Our system-level solutions, including SSDs and managed NAND, combine NAND, a controller, firmware, and in some cases DRAM.

**DRAM:** DRAM products are dynamic random access memory semiconductor devices with low latency that provide high-speed data retrieval with a variety of performance characteristics. DRAM products lose content when power is turned off (“volatile”) and are most commonly used in client, cloud server, enterprise, networking, graphics, industrial, and automotive markets. LPDRAM products, which are engineered to meet standards for performance and power consumption, are sold into smartphone and other mobile-device markets (including client markets for Chromebooks and notebook PCs), as well as into the automotive, industrial, and consumer markets.

**NAND:** NAND products are non-volatile, re-writeable semiconductor storage devices that provide high-capacity, low-cost storage with a variety of performance characteristics. NAND is used in SSDs for the enterprise and cloud, client, and consumer markets and in removable storage markets. Managed NAND is used in smartphones and other mobile devices, and in consumer, automotive, and embedded markets. Low-density NAND is ideal for applications like automotive, surveillance, machine-to-machine, automation, printer, and home networking.

**NOR:** NOR products are non-volatile re-writable semiconductor memory devices that provide fast read speeds. NOR is most commonly used for reliable code storage (e.g., boot, application, operating system, and execute-in-place code in an embedded system) and for frequently changing small data storage and is ideal for automotive, industrial, and consumer applications.

# Results of Operations

## Consolidated Results

	Third Quarter 2022			Second Quarter 2022		Third Quarter 2021		Nine months ended				
								2022		2021		
Revenue	\$	8,642	100%	\$	7,786	100%	\$	7,422	100%	\$	24,115	100%
Cost of goods sold		4,607	53%		4,110	53%		4,296	58%		12,839	53%
Gross margin		4,035	47%		3,676	47%		3,126	42%		11,276	47%
											6,511	34%
Research and development		773	9%		792	10%		670	9%		2,277	9%
Selling, general, and administrative		264	3%		263	3%		230	3%		786	3%
Restructure and asset impairments		—	—%		5	—%		453	6%		43	—%
Other operating (income) expense, net		(6)	—%		70	1%		(26)	—%		(11)	—%
Operating income		3,004	35%		2,546	33%		1,799	24%		8,181	34%
											3,328	17%
Interest income (expense), net		(24)	—%		(43)	(1)%		(38)	(1)%		(102)	—%
Other non-operating income (expense), net		8	—%		6	—%		45	1%		(61)	—%
Income tax (provision) benefit		(358)	(4)%		(255)	(3)%		(65)	(1)%		(832)	(3)%
Equity in net income (loss) of equity method investees		(4)	—%		9	—%		(6)	—%		9	—%
Net income	\$	2,626	30%	\$	2,263	29%	\$	1,735	23%	\$	7,195	30%
											3,141	16%

**Total Revenue:** Total revenue for the third quarter of 2022 increased 11% as compared to the second quarter of 2022 primarily due to increases in both DRAM and NAND sales.

- Sales of DRAM products increased 10% primarily due to an increase in bit shipments of slightly over 10%, partially offset by a slight decline in average selling prices.
- Sales of NAND products increased 17% primarily due to a high-teens percent increase in bit shipments, partially offset by a slight decline in average selling prices.

Total revenue for the third quarter of 2022 increased 16% as compared to the third quarter of 2021 primarily due to increases in both DRAM and NAND sales.

- Sales of DRAM products increased 15% primarily due to a high-teens percent increase in bit shipments, partially offset by a slight decline in average selling prices.
- Sales of NAND products increased 26% primarily due to an increase in bit shipments of slightly over 20% and a slight increase in average selling prices.

Total revenue for the first nine months of 2022 increased 24% as compared to the first nine months of 2021 primarily due to increases in both DRAM and NAND sales.

- Sales of DRAM products increased 26% primarily due to a low-teens percent increase in bit shipments and an increase in average selling prices of slightly over 10%.
- Sales of NAND products increased 22% primarily due to a low-teens percent increase in bit shipments and a mid-single-digit percent increase in average selling prices.



**Overall Gross Margin:** Our overall gross margin percentage of 47% for the third quarter of 2022 was relatively unchanged from the second quarter of 2022 as slight declines in average selling prices were offset by manufacturing cost reductions. Our overall gross margin percentage for the third quarter of 2022 was also impacted by a greater mix of NAND products, which have lower margins than DRAM products.

Our overall gross margin percentage increased to 47% for the third quarter of 2022 from 42% for the third quarter of 2021, primarily due to manufacturing cost reductions resulting from strong execution in delivering products featuring advanced technologies, partially offset by declines in DRAM average selling prices. Our overall gross margin percentage increased to 47% for the first nine months of 2022 from 34% for the first nine months of 2021, primarily due to increases in average selling prices and manufacturing cost reductions.

## Revenue by Business Unit

	Third Quarter 2022			Second Quarter 2022			Third Quarter 2021			Nine months ended 2022			2021		
CNBU	\$	3,895	45%	\$	3,461	44%	\$	3,304	45%	\$	10,762	45%	\$	8,486	44%
MBU		1,967	23%		1,875	24%		1,999	27%		5,749	24%		5,311	27%
SBU		1,341	16%		1,171	15%		1,009	14%		3,662	15%		2,770	14%
EBU		1,435	17%		1,277	16%		1,105	15%		3,932	16%		2,849	15%
All Other		4	—%		2	—%		5	—%		10	—%		15	—%
	\$	8,642		\$	7,786		\$	7,422		\$	24,115		\$	19,431	

Percentages of total revenue may not total 100% due to rounding.

Changes in revenue for each business unit for the third quarter of 2022 as compared to the second quarter of 2022 were as follows:

- CNBU revenue increased 13% primarily due to increases in bit shipments to enterprise, client, graphics, and networking markets.
- MBU revenue increased 5% primarily due to increases in bit shipments partially offset by declines in average selling prices.
- SBU revenue increased 15% primarily due to increases in bit shipments of SSDs and NAND components.
- EBU revenue increased 12% primarily due to increases in bit shipments to industrial and automotive markets combined with increases in average selling prices for NAND products.

Changes in revenue for each business unit for the third quarter and first nine months of 2022 as compared to the corresponding periods of 2021 were as follows:

- CNBU revenue increased 18% and 27%, respectively, primarily due to increases in bit shipments to cloud, enterprise, networking, and graphics markets.
- MBU revenue decreased 2% for the third quarter of 2022 as compared to the third quarter of 2021, primarily due to declines in average selling prices for mobile DRAM and NAND, partially offset by increases in NAND bit shipments. MBU revenue increased 8% for the first nine months of 2022 as compared to the first nine months of 2021, primarily due to increases in NAND and DRAM bit shipments and higher average selling prices for mobile DRAM, partially offset by declines in average selling prices for NAND.
- SBU revenue increased 33% and 32%, respectively, primarily due to increases in bit shipments for NAND products and higher average selling prices for NAND.
- EBU revenue increased 30% and 38%, respectively, primarily due to increases in bit shipments driven by strong demand growth in automotive and industrial markets combined with higher pricing for DRAM.

## Operating Income (Loss) by Business Unit

	Third Quarter		Second Quarter		Third Quarter		Nine months ended								
	2022		2022		2021		2022		2021						
CNBU	\$	1,778	46%	\$	1,562	45%	\$	1,342	41%	\$	4,864	45%	\$	2,534	30%
MBU		640	33%		588	31%		683	34%		1,852	32%		1,517	29%
SBU		221	16%		178	15%		53	5%		551	15%		(2)	—%
EBU		504	35%		421	33%		282	26%		1,347	34%		539	19%
All Other		1	25%		1	50%		4	80%		5	50%		6	40%
	\$	3,144		\$	2,750		\$	2,364		\$	8,619		\$	4,594	

Percentages reflect operating income (loss) as a percentage of revenue for each business unit.

Changes in operating income or loss for each business unit for the third quarter of 2022 as compared to the second quarter of 2022 were as follows:

- CNBU operating income increased primarily due to higher bit shipments and manufacturing cost reductions, partially offset by declines in DRAM average selling prices.
- MBU operating income increased primarily due to higher bit shipments and manufacturing cost reductions.
- SBU operating income increased primarily due to increases in bit shipments.
- EBU operating income increased primarily due to higher bit shipments of DRAM and NAND as well as an increase in average selling prices for NAND.

Changes in operating income or loss for each business unit for the third quarter and first nine months of 2022 as compared to the corresponding periods of 2021 were as follows:

- CNBU operating income increased primarily due to increases in bit shipments and manufacturing cost reductions.
- MBU operating income decreased for the third quarter of 2022 as compared to the third quarter of 2021, primarily due to declines in mobile DRAM and NAND average selling prices, partially offset by manufacturing cost reductions and increases in NAND bit shipments. MBU operating income increased for the first nine months of 2022 as compared to the first nine months of 2021, primarily due to increases in bit shipments, higher average selling prices for mobile DRAM, and NAND manufacturing cost reductions.
- SBU operating income increased primarily due to increases in average selling prices, manufacturing cost reductions, and increases in bit shipments, partially offset by higher R&D expenses.
- EBU operating income increased primarily due to manufacturing cost reductions from an increasing mix of leading edge bits, higher bit shipments, and improved DRAM pricing in industrial and consumer markets, partially offset by higher R&D expenses.

## Operating Expenses and Other

**Research and Development:** R&D expenses vary primarily with the number of development and pre-qualification 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 our products, we typically begin to process wafers before completion of performance and reliability testing. Development of a product is deemed complete when it is qualified through internal reviews and tests for performance and reliability. R&D expenses can vary significantly depending on the timing of product qualification.

R&D expenses for the third quarter of 2022 were relatively unchanged as compared to the second quarter of 2022 and were 15% higher as compared to the third quarter of 2021 primarily due to increases in employee compensation and depreciation expense. R&D expenses for the first nine months of 2022 were 16% higher as compared to the first nine months of 2021 primarily due to increases in employee compensation, higher volumes of development and prequalification wafers, and higher depreciation expense.

**Selling, General, and Administrative:** SG&A expenses for the third quarter of 2022 were relatively unchanged as compared to the second quarter of 2022. SG&A expenses for the third quarter and first nine months of 2022 increased 15% and 19%, respectively, as compared to the corresponding periods of 2021, primarily due to increases in employee compensation, professional services, and legal fees.

**Income Taxes:** Our income tax (provision) benefit consisted of the following:

	Third Quarter 2022	Second Quarter 2022	Third Quarter 2021	Nine months ended	
				2022	2021
Income before taxes	\$ 2,988	\$ 2,509	\$ 1,806	\$ 8,018	\$ 3,282
Income tax (provision) benefit	(358)	(255)	(65)	(832)	(164)
Effective tax rate	12.0 %	10.2 %	3.6 %	10.4 %	5.0 %

Changes to our effective tax rate in the periods presented were primarily due to the geographic mix of our earnings, a valuation allowance recorded against our Idaho deferred tax assets, and tax impacts of changes in foreign currency exchange rates.

On March 16, 2022, the Idaho governor signed a new law that changed the way corporations calculate Idaho taxable income. This new law is expected to reduce our Idaho taxable income, and consequently, we do not expect to utilize our tax credits in Idaho for the foreseeable future. As a result, we recorded a discrete valuation allowance against our Idaho deferred tax assets and an increase to tax expense of \$189 million in the third quarter of 2022.

We operate in a number of jurisdictions outside the United States, including Singapore, where we have tax incentive arrangements. These incentives expire, in whole or in part, at various dates through 2034 and are conditional, in part, upon meeting certain business operations and employment thresholds. The effect of tax incentive arrangements reduced our tax provision by \$361 million (benefiting our diluted earnings per share by \$0.32) for the third quarter of 2022, \$304 million (\$0.27 per diluted share) for the second quarter of 2022, \$276 million (\$0.24 per diluted share) for the third quarter of 2021, \$955 million (\$0.85 per diluted share) for the first nine months of 2022, and \$377 million (\$0.33 per diluted share) for the first nine months of 2021.

Beginning in 2023, provisions in the Tax Cuts and Jobs Act of 2017 will require us to capitalize and amortize R&D expenditures rather than deducting the costs as incurred. Unless the effective date is deferred or the law is repealed, we expect a low-to-mid-single-digit increase to our effective tax rate for several years.

Various tax reforms are being considered in multiple jurisdictions that, if enacted, contain provisions that could increase our tax expense. We continue to monitor the potential impact of these various tax reform proposals to our overall global effective tax rate and financial statements.

See "Item 1. Financial Statements – Notes to Consolidated Financial Statements – Income Taxes."

**Other:** Further discussion of other items can be found in "Item 1. Financial Statements – Notes to Consolidated Financial Statements."

## Liquidity and Capital Resources

Our primary sources of liquidity are cash generated from operations and financing obtained from capital markets and financial institutions. Cash generated from operations is highly dependent on selling prices for our products, which can vary significantly from period to period. We are continuously evaluating alternatives for efficiently funding our capital expenditures and ongoing operations. We expect, from time to time, to engage in a variety of financing transactions for such purposes, including the issuance of securities. As of June 2, 2022, \$2.50 billion was available to draw under our Revolving Credit Facility.

Cash and marketable investments totaled \$11.87 billion as of June 2, 2022 and \$10.40 billion as of September 2, 2021. Our cash and investments consist primarily of bank deposits, money market funds, and liquid investment-grade, fixed-income securities, which are diversified among industries and individual issuers. To mitigate credit risk, we invest through high-credit-quality financial institutions and by policy generally limit the concentration of credit exposure by restricting the amount of investments with any single obligor. As of June 2, 2022, \$3.31 billion of our cash and marketable investments was held by our foreign subsidiaries.

To develop new product and process technology, support future growth, achieve operating efficiencies, and maintain product quality, we must continue to invest in manufacturing technologies, facilities and equipment, and R&D. We estimate capital expenditures in 2022 for property, plant, and equipment, net of partner contributions, to be approximately \$12 billion. Capital expenditures for 2022 are driven by our continued 176-layer NAND transition, pilot line enablement for next generation NAND and DRAM, and continued infrastructure and prepayments to support the introduction of EUV lithography. Actual amounts for 2022 will vary depending on market conditions. As of June 2, 2022, we had purchase obligations of approximately \$4.18 billion for the acquisition of property, plant, and equipment, of which approximately \$3.56 billion is expected to be paid within one year. For a description of other contractual obligations, such as debt and leases, see "Item 1. Financial Statements – Notes to Consolidated Financial Statements – Leases" and "– Debt."

On November 1, 2021, we issued \$1 billion in aggregate principal amount of unsecured 2032 Green Bonds. Over time, we plan to allocate an amount equal to the net proceeds to fund eligible sustainability-focused projects involving renewable energy, green buildings, energy efficiency, water management, waste abatement, and a circular economy.

Our Board of Directors has authorized the discretionary repurchase of up to \$10 billion of our outstanding common stock through open-market purchases, block trades, privately-negotiated transactions, derivative transactions, and/or pursuant to Rule 10b5-1 trading plans. The repurchase authorization has no expiration date, does not obligate us to acquire any common stock, and is subject to market conditions and our ongoing determination of the best use of available cash. Through June 2, 2022, we have repurchased an aggregate of \$5.68 billion of the authorized amount. See "Item 1. Financial Statements – Notes to Consolidated Financial Statements – Equity."

On June 30, 2022, our Board of Directors declared a quarterly dividend of \$0.115 per share, payable in cash on July 26, 2022, to shareholders of record as of the close of business on July 11, 2022. The declaration and payment of any future cash dividends are at the discretion and subject to the approval of our Board of Directors. Our Board of Directors' decisions regarding the amount and payment of dividends will depend on many factors, including, but not limited to, our financial condition, results of operations, capital requirements, business conditions, debt service obligations, contractual restrictions, industry practice, legal requirements, regulatory constraints, and other factors that our Board of Directors may deem relevant.

We expect that our cash and investments, cash flows from operations, and available financing will be sufficient to meet our requirements at least through the next 12 months and thereafter for the foreseeable future.

## Cash Flows

	Nine months ended	
	2022	2021
Net cash provided by operating activities	\$ 11,404	\$ 8,584
Net cash provided by (used for) investing activities	(7,761)	(8,055)
Net cash provided by (used for) financing activities	(2,140)	(437)
Effect of changes in currency exchange rates on cash, cash equivalents, and restricted cash	(71)	44
Net increase (decrease) in cash, cash equivalents, and restricted cash	\$ 1,432	\$ 136

**Operating Activities:** Cash provided by operating activities reflects net income adjusted for certain non-cash items, including depreciation expense, amortization of intangible assets, asset impairments, and stock-based compensation, and the effects of changes in operating assets and liabilities. The increase in cash provided by operating activities for the first nine months of 2022 as compared to the first nine months of 2021 was primarily due to higher net income adjusted for non-cash items, partially offset by an increase in inventories and receivables.

**Investing Activities:** For the first nine months of 2022, net cash used for investing activities consisted primarily of \$8.45 billion of expenditures for property, plant, and equipment; inflows of \$104 million of partner contributions for capital expenditures; \$888 million of net inflows from the sale of the Lehi, Utah fab; and \$137 million of net outflows from purchases, sales, and maturities of available-for-sale securities.

For the first nine months of 2021, net cash used for investing activities consisted primarily of \$8.02 billion of expenditures for property, plant, and equipment; inflows of \$342 million of partner contributions for capital expenditures; and \$422 million of net outflows from purchases, sales, and maturities of available-for-sale securities.

**Financing Activities:** For the first nine months of 2022, net cash used for financing activities included \$2.01 billion of repayments of debt primarily to redeem the 2023 Notes and 2024 Notes, \$1.65 billion for the acquisition of 22.2 million shares of our common stock under our \$10 billion share repurchase authorization, \$335 million of cash payments of dividends to shareholders, and \$132 million of payments on equipment purchase contracts. Cash used for financing activities was partially offset by aggregate proceeds of \$2.00 billion from the issuance of the unsecured 2032 Green Bonds, 2041 Notes, and 2051 Notes. See “Item 1. Financial Statements – Notes to Consolidated Financial Statements – Debt.”

For the first nine months of 2021, net cash used for financing activities consisted primarily of \$150 million for the acquisition of 1.7 million shares of our common stock under our \$10 billion share repurchase authorization, \$139 million of payments on equipment purchase contracts, and \$156 million of repayments of debt, net of proceeds from new borrowings, partially offset by \$148 million of proceeds from common stock issued in connection with employee equity plans. In the third quarter of 2021, we received proceeds of \$1.19 billion from the new 2024 Term Loan A and used the proceeds to repay the \$1.19 billion outstanding under the Extinguished 2024 Term Loan A.

## Critical Accounting Estimates

For a discussion of our critical accounting estimates, see “Part II – Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Estimates” of our Annual Report on Form 10-K for the year ended September 2, 2021. There have been no changes to our critical accounting estimates since our Annual Report on Form 10-K for the year ended September 2, 2021.

## ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are affected by changes in currency exchange and interest rates. We are exposed to interest rate risk related to our indebtedness and our investment portfolio. As of June 2, 2022 and September 2, 2021, we had fixed-rate debt of \$4.0 billion and \$3.9 billion, respectively, and as a result, the fair value of our debt fluctuates with changes in market interest rates. In the first quarter of 2022, we issued new debt and repaid other debt, which significantly increased the average remaining maturity of our fixed-rate debt resulting in increased variability of its fair value from interest rate changes. We estimate that, as of June 2, 2022 and September 2, 2021, a decrease in market interest rates of 1% would increase the fair value of our fixed-rate debt by approximately \$320 million and \$200 million, respectively.

For further discussion about market risk and sensitivity analysis related to changes in currency exchange rates and interest rates, see “Part II – Item 7A. Quantitative and Qualitative Disclosures About Market Risk” in our Annual Report on Form 10-K for the year ended September 2, 2021.

## ITEM 4. CONTROLS AND PROCEDURES

An evaluation was carried out under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) 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 us in the reports that we file or submit under the Exchange Act are recorded, processed, summarized, and reported within the time periods specified in the SEC’s rules and forms and that such information is accumulated and communicated to our management, including the principal executive officer and principal financial officer, to allow timely decisions regarding disclosure.

During the third quarter of 2022, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II. OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

For a discussion of legal proceedings, see “Part I – Item 3. Legal Proceedings” of our Annual Report on Form 10-K for the year ended September 2, 2021 and the sections titled “Part I. Financial Information – Item 1. Financial Statements – Notes to Consolidated Financial Statements – Contingencies” and “Item 1A. Risk Factors” in this Quarterly Report on Form 10-Q, as well as in our Quarterly Reports on Form 10-Q for the first and second quarters of 2022.

SEC regulations require disclosure of certain proceedings related to environmental matters unless we reasonably believe that the related monetary sanctions, if any, will be less than a specified threshold. We use a threshold of \$1 million for this purpose.

### ITEM 1A. RISK FACTORS

In addition to the factors discussed elsewhere in this Form 10-Q, this section discusses important factors which could cause actual results or events to differ materially from those contained in any forward-looking statements made by us. The order of presentation is not necessarily indicative of the level of risk that each factor poses to us. Any of these factors could have a material adverse effect on our business, results of operations, financial condition, or stock price. Our operations could also be affected by other factors that are presently unknown to us or not considered significant.

## Risk Factor Summary

### *Risks Related to Our Business, Operations, and Industry*

- the effects of the COVID-19 pandemic;
- volatility in average selling prices of our products;
- our ability to maintain or improve gross margins;
- the highly competitive nature of our industry;
- our ability to develop and produce new and competitive memory and storage technologies, products, and markets;
- dependency on specific customers, concentration of revenue with a select number of customers, and customers who are located internationally;
- our international operations, including geopolitical risks;
- limited availability and quality of materials, supplies, and capital equipment and dependency on third-party service providers for ourselves and our customers;
- products that fail to meet specifications, are defective, or are incompatible with end uses;

- disruptions to our manufacturing process from operational issues, natural disasters, or other events;
- breaches of our security systems or products, or those of our customers, suppliers, or business partners;
- attracting, retaining, and motivating highly skilled employees;
- achieving or maintaining certain performance obligations associated with incentives from various governments;
- future acquisitions and/or alliances;
- restructure charges;
- responsible sourcing requirements and related regulations;
- environmental, social, and governance (“ESG”) considerations; and
- a downturn in the worldwide economy.

#### ***Risks Related to Intellectual Property and Litigation***

- protecting our intellectual property and retaining key employees who are knowledgeable of and develop our intellectual property;
- legal proceedings and claims;
- allegations of anticompetitive conduct;
- claims that our products or manufacturing processes infringe or otherwise violate the intellectual property rights of others or failure to obtain or renew license agreements covering such intellectual property; and
- alleged patent infringement complaints in Chinese courts.

#### ***Risks Related to Laws and Regulations***

- compliance with tariffs, trade restrictions, and/or trade regulations;
- tax expense and tax laws in key jurisdictions; and
- compliance with laws, regulations, or industry standards, including ESG considerations.

#### ***Risks Related to Capitalization and Financial Markets***

- our ability to generate sufficient cash flows or obtain access to external financing;
- our debt obligations;
- changes in foreign currency exchange rates;
- counterparty default risk;
- volatility in the trading price of our common stock; and
- fluctuations in the amount and timing of our common stock repurchases and payment of cash dividends and resulting impacts.

## **Risks Related to Our Business, Operations, and Industry**

### **The effects of the COVID-19 pandemic could adversely affect our business, results of operations, and financial condition.**

The effects of the public health crisis caused by the COVID-19 pandemic and the measures being taken to limit COVID-19's spread are uncertain and difficult to predict, but may include, and in some cases, have included and may continue to include:

- Disruptions to our supply chain, our operations, or those of our suppliers resulting from the spread of COVID-19 and/or the actions taken by governments, businesses, and/or the general public in an effort to limit exposure to and the spread of COVID-19, such as travel restrictions, quarantines, and business shutdowns or slowdowns, which may be unexpected and/or lengthy, especially as a result of zero-COVID policies in China or elsewhere;
- Impacts to customer demand from a global economic downturn or recession and/or supply chain shortages causing a decrease or shift in short-term and/or long-term demand for our products, resulting in industry oversupply and declines in pricing for our products;
- Reductions in production levels, R&D activities, product development, technology transitions, yield enhancement activities, and qualification activities with our customers and increased costs, resulting from our efforts to mitigate the impact of COVID-19 and protect our employees' and contractors' health and well-being;
- Increased costs for, or unavailability of, transportation, raw materials, components, electricity and/or other energy sources, or other inputs necessary for the operation of our business;



- Reductions in, or cessation of operations at any site or in any jurisdiction, which may occur with little or no advance notice, resulting from government restrictions on movement and/or business operations or measures to prevent and/or mitigate the spread of COVID-19 at one or more of our sites or those of our subcontractors or suppliers;
- Our inability to continue, or increased costs of, construction projects due to delays in obtaining materials, equipment, labor, engineering services, government permits, or any other essential aspect of projects, which could impact our ability to introduce new technologies, reduce costs, or meet customer demand; and
- Deterioration of worldwide credit and financial markets that could: limit our ability, and our customers' ability, to obtain external financing to fund operations and capital expenditures; result in losses on our holdings of cash and investments due to failures of financial institutions and other parties; or result in a higher rate of losses on our accounts receivable due to credit defaults.

These effects, alone or taken together, could have a material adverse effect on our business, results of operations, or financial condition. The continuation of the pandemic or expanded or recurring outbreaks could exacerbate the adverse impact of such measures.

#### Volatility in average selling prices for our semiconductor memory and storage products may adversely affect our business.

We have experienced significant volatility in our average selling prices, including dramatic declines as noted in the table below, and may continue to experience such volatility in the future. In some prior periods, average selling prices for our products have been below our manufacturing costs and we may experience such circumstances in the future. Average selling prices for our products that decline faster than our costs could have a material adverse effect on our business, results of operations, or financial condition.

	DRAM	NAND
	(percentage change in average selling prices)	
2021 from 2020	8 %	(12)%
2020 from 2019	(34)%	(9)%
2019 from 2018	(30)%	(47)%
2018 from 2017	36 %	(13)%
2017 from 2016	18 %	(10)%

#### We may be unable to maintain or improve gross margins.

Our gross margins are dependent, in part, upon continuing decreases in per gigabit manufacturing costs achieved through improvements in our manufacturing processes and product designs. Factors that may limit our ability to reduce our per gigabit manufacturing costs at sufficient levels to maintain or improve gross margins include, but are not limited to, strategic product diversification decisions affecting product mix, the increasing complexity of manufacturing processes, difficulties in transitioning to smaller line-width process technologies or additional 3D memory layers or NAND cell levels, process complexity including number of mask layers and fabrication steps, manufacturing yield, technological barriers, changes in process technologies, new products that may require relatively larger die sizes, start-up or other costs associated with capacity expansion, and higher costs of goods and services due to inflationary pressures or market conditions.

Many factors may result in a reduction of our output or a delay in ramping production, which could lead to underutilization of our production assets. These factors may include, among others, a weak demand environment, industry oversupply, inventory surpluses, difficulties in ramping emerging technologies, supply chain disruptions, and delays from equipment suppliers. A significant portion of our manufacturing costs are fixed and do not vary proportionally with changes in production output. As a result, lower utilization and corresponding increases in our per gigabit manufacturing costs may adversely affect our gross margins, business, results of operations, or financial condition.



Per gigabit manufacturing costs may also be affected by a broader product portfolio, which may have products with smaller production quantities and shorter product lifecycles. Our business and the markets we serve are subject to rapid technological changes and material fluctuations in demand based on end-user preferences. As a result, we may have work in process or finished goods inventories that could become obsolete or in amounts that are in excess of our customers' demand. Consequently, we may incur charges in connection with obsolete or excess inventories. In addition, due to the customized nature of certain of the products we manufacture, we may be unable to sell certain finished goods inventories to alternative customers or manufacture in-process inventory to different specifications, which may result in excess and obsolescence charges in future periods.

In addition, if we are unable to supply products that meet customer design and performance specifications, we may be required to sell such products at lower average selling prices, which may reduce our gross margins. Our gross margins may also be impacted by shifts in product mix, driven by our strategy to optimize our portfolio to best respond to changing market dynamics.

Our inability to maintain or improve gross margins could have a material adverse effect on our business, results of operations, or financial condition.

#### **The semiconductor memory and storage markets are highly competitive.**

We face intense competition in the semiconductor memory and storage markets from a number of companies, including Intel; Kioxia Holdings Corporation; Samsung Electronics Co., Ltd.; SK hynix Inc.; and Western Digital Corporation. Our competitors may use aggressive pricing to obtain market share. Some of our competitors are large corporations or conglomerates that may have greater resources to invest in technology, capitalize on growth opportunities, and withstand downturns in the semiconductor markets in which we compete. Consolidation of industry competitors could put us at a competitive disadvantage as our competitors may benefit from increased manufacturing scale and a stronger product portfolio.

In addition, some governments may provide, or have provided and may continue to provide, significant assistance, financial or otherwise, to some of our competitors or to new entrants and may intervene in support of national industries and/or competitors. In particular, we face the threat of increasing competition as a result of significant investment in the semiconductor industry by the Chinese government and various state-owned or affiliated entities, such as Yangtze Memory Technologies Co., Ltd. ("YMTC") and ChangXin Memory Technologies, Inc. ("CXMT"), that is intended to advance China's stated national policy objectives. In addition, the Chinese government may restrict us from participating in the China market or may prevent us from competing effectively with Chinese companies.

We and our competitors generally seek to increase wafer capacity, improve yields, and reduce die size in our and their product designs which could result in significant increases in worldwide supply and downward pressure on prices. Increases in worldwide supply of semiconductor memory and storage also result from fabrication capacity expansions, either by way of new facilities, increased capacity utilization, or reallocation of other semiconductor production to semiconductor memory and storage production. Our competitors may increase capital expenditures resulting in future increases in worldwide supply. We, and some of our competitors, have plans to ramp, or are constructing or ramping, production at new fabrication facilities. Increases in worldwide supply of semiconductor memory and storage, if not accompanied by commensurate increases in demand, could lead to declines in average selling prices for our products and could materially adversely affect our business, results of operations, or financial condition. If competitors are more successful at developing or implementing new product or process technology, their products could have cost or performance advantages.

The competitive nature of our industry could have a material adverse effect on our business, results of operations, or financial condition.

### **Our future success depends on our ability to develop and produce new and competitive memory and storage technologies.**

Our key semiconductor memory and storage products and technologies face technological barriers to continue to meet long-term customer needs. These barriers include potential limitations on stacking additional 3D memory layers, increasing bits per cell (i.e., cell levels), meeting higher density requirements, and improving power consumption and reliability. We may face technological barriers to continue to shrink our products at our current or historical rate, which has generally reduced per gigabit cost. We have invested and expect to continue to invest in R&D for new and existing products and process technologies, such as EUV lithography, to continue to deliver advanced product requirements. Such new technologies can add complexity and risk to our schedule and may affect our costs and production output. We may be unable to recover our investment in R&D or otherwise realize the economic benefits of reducing die size or increasing memory and storage densities. Our competitors are working to develop new memory and storage technologies that may offer performance and/or cost advantages to existing technologies and render existing technologies obsolete. Accordingly, our future success may depend on our ability to develop and produce viable and competitive new memory and storage technologies. There can be no assurance of the following:

- that we will be successful in developing competitive new semiconductor memory and storage technologies;
- that we will be able to cost-effectively manufacture new products;
- that we will be able to successfully market these technologies; and
- that margins generated from sales of these products will allow us to recover costs of development efforts.

We develop and produce advanced memory and storage technologies and there can be no assurance that our efforts to develop and market new product technologies will be successful. Unsuccessful efforts to develop new memory and storage technologies could have a material adverse effect on our business, results of operations, or financial condition.

### **A significant portion of our revenue is concentrated with a select number of customers.**

In each of the last three years, approximately one-half of our total revenue was from our top ten customers. A disruption in our relationship with any of these customers could adversely affect our business. We could experience fluctuations in our customer base or the mix of revenue by customer as markets and strategies evolve. Our customers' demand for our products may fluctuate due to factors beyond our control. In addition, any consolidation of our customers could reduce the number of customers to whom our products may be sold. Our inability to meet our customers' requirements or to qualify our products with them could adversely impact our revenue. A meaningful change in the inventory strategy of our customers could impact our industry bit demand growth outlook. The loss of, or restrictions on our ability to sell to, one or more of our major customers, such as occurred with our former customer, Huawei Technologies, Co. Ltd., or any significant reduction in orders from, or a shift in product mix by, customers could have a material adverse effect on our business, results of operations, or financial condition.

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

In addition to our U.S. operations, a substantial portion of our operations are conducted in Taiwan, Singapore, Japan, Malaysia, China, and India, and many of our customers, suppliers, and vendors also operate internationally. Our operations, and the global supply chain of the technology industry, are subject to a number of risks, including the effects of actions and policies of various governments across our global operations and supply chain. For example, political, economic, or other actions may adversely affect our operations in Taiwan. A majority of our DRAM production output in 2021 was from our fabrication facilities in Taiwan and any loss of output could have a material adverse effect on us. Any political, economic, or other actions may also adversely affect our customers and the technology industry supply chain, for which Taiwan is a central hub, and as a result, could have a material adverse impact on us.

In 2021, 56% of our revenue was from sales to customers who have headquarters located outside the United States. We ship our products to the locations specified by our customers. Customers with global supply chains and operations may request we deliver products to countries where they own or operate production facilities or to countries where they utilize third-party subcontractors or warehouses. As a result, 89% of our revenue in 2021 was from products shipped to customer locations outside the United States.

In addition, the U.S. government has in the past restricted American firms from selling products and software to certain of our customers and may in the future impose similar bans or other restrictions on sales to one or more of our significant customers. These restrictions may not prohibit our competitors from selling similar products to our customers, which may result in our loss of sales and market share. Even when such restrictions are lifted, financial or other penalties or continuing export restrictions imposed with respect to our customers could have a continuing negative impact on our future revenue and results of operations, and we may not be able to recover any customers or market share we lose while complying with such restrictions.

Our international operations are subject to a variety of risks, including:

- export and import duties, changes to import and export regulations, customs regulations and processes, and restrictions on the transfer of funds, including currency controls in China, which could negatively affect the amount and timing of payments from certain of our customers and, as a result, our cash flows;
- imposition of bans on sales of goods or services to one or more of our significant foreign customers;
- public health issues (for example, an outbreak of a contagious disease such as COVID-19);
- compliance with U.S. and international laws involving international operations, including the Foreign Corrupt Practices Act of 1977, as amended, export and import laws, and similar rules and regulations;
- theft of intellectual property;
- political and economic instability, including the effects of disputes between China and Taiwan and Russia's invasion of Ukraine;
- government actions or civil unrest preventing the flow of products and materials, including delays in shipping and obtaining products and materials, cancellation of orders, or loss or damage of products;
- problems with the transportation or delivery of products and materials;
- issues arising from cultural or language differences and labor unrest;
- longer payment cycles and greater difficulty in collecting accounts receivable;
- compliance with trade, technical standards, and other laws in a variety of jurisdictions;
- contractual and regulatory limitations on the ability to maintain flexibility with staffing levels;
- disruptions to manufacturing or R&D activities as a result of actions imposed by foreign governments;
- changes in economic policies of foreign governments; and
- difficulties in staffing and managing international operations.

If we or our customers, suppliers, or vendors are impacted by any of these risks, it could have a material adverse effect on our business, results of operations, or financial condition.

**Our business, results of operations, or financial condition could be adversely affected by the limited availability and quality of materials, supplies, and capital equipment, or dependency on third-party service providers.**

Our supply chain and operations are dependent on the availability of materials that meet exacting standards and the use of third parties to provide us with components and services. We generally have multiple sources of supply for our materials and services. However, only a limited number of suppliers are capable of delivering certain materials, components, and services that meet our standards and, in some cases, materials, components, or services are provided by a single or sole source, and we may be unable to qualify new suppliers on a timely basis. Various factors could impact the availability of materials or components such as chemicals, silicon wafers, gases, photoresist, controllers, substrates, lead frames, printed circuit boards, targets, and reticle glass blanks. These factors could include a shortage of raw materials or a disruption in the processing or purification of those raw materials into finished goods. Shortages or increases in lead times have occurred in the past, are currently occurring with respect to some materials and components, and may occur from time to time in the future. Constraints within our supply chain for certain materials and integrated circuit components could limit our bit shipments, which could have a material adverse effect on our business, results of operations, or financial condition.

Our manufacturing processes are also dependent on our relationships with third-party manufacturers of controllers, analog integrated circuits, and other components used in some of our products and with outsourced semiconductor foundries, assembly and test providers, contract manufacturers, logistic carriers, and other service providers, including providers of electricity and other utilities. Although we have certain long-term contracts with some of our suppliers, many of these contracts do not provide for long-term capacity or pricing commitments. To the extent we do not have firm commitments from our third-party suppliers over a specific time period or for any specific capacity, quantity, and/or pricing, our suppliers may allocate capacity to their other customers and capacity and/or materials may not be available when needed or at reasonable prices. Inflationary pressures and shortages have increased, and may continue to increase, costs for materials, supplies, and services. Regardless of contract structure, large swings in demand may exceed our contracted supply and/or our suppliers' capacity to meet those demand changes resulting in a shortage of parts, materials, or capacity needed to manufacture our products. In addition, if any of our suppliers was to cease operations or become insolvent, this could impact their ability to provide us with necessary supplies, and we may not be able to obtain the needed supply in a timely way or at all from other providers.

Certain materials are primarily available in a limited number of countries, including rare earth elements, minerals, and metals. Trade disputes, geopolitical tensions, economic circumstances, political conditions, or public health issues, such as COVID-19, may limit our ability to obtain such materials. Although these rare earth and other materials are generally available from multiple suppliers, China is the predominant producer of certain of these materials. If China were to restrict or stop exporting these materials, our suppliers' ability to obtain such supply may be constrained and we may be unable to obtain sufficient quantities, or obtain supply in a timely manner, or at a commercially reasonable cost. Constrained supply of rare earth elements, minerals, and metals may restrict our ability to manufacture certain of our products and make it difficult or impossible to compete with other semiconductor memory manufacturers who are able to obtain sufficient quantities of these materials from China.

We and/or our suppliers and service providers could be affected by regional conflicts, sanctions, tariffs, embargoes, or other trade restrictions, as well as laws and regulations enacted in response to concerns regarding climate change, conflict minerals, responsible sourcing practices, public health crises, contagious disease outbreaks, or other matters, which could limit the supply of our materials and/or increase the cost. For example, Russia's invasion of Ukraine as well as sanctions against Russia could result in higher costs or reduced availability of supplies, materials, components, or services. Environmental regulations could limit our ability to procure or use certain chemicals or materials in our operations or products. In addition, disruptions in transportation lines could delay our receipt of materials. Our ability to procure components to repair equipment essential for our manufacturing processes could also be negatively impacted by various restrictions or disruptions in supply chains, among other items. The disruption of our supply of materials, components, or services, or the extension of our lead times could have a material adverse effect on our business, results of operations, or financial condition.

Our operations are dependent on our ability to procure advanced semiconductor manufacturing equipment that enables the transition to lower cost manufacturing processes. For certain key types of equipment, including photolithography tools, we are sometimes dependent on a single supplier. From time to time, we have experienced difficulties in obtaining some equipment on a timely basis due to suppliers' limited capacity. Our inability to obtain equipment on a timely basis could adversely affect our ability to transition to next generation manufacturing processes and reduce our costs. Delays in obtaining equipment could also impede our ability to ramp production and could increase our overall costs of a ramp. Our inability to obtain advanced semiconductor manufacturing equipment in a timely manner could have a material adverse effect on our business, results of operations, or financial condition.

Our construction projects to expand production and R&D capacity are highly dependent on available sources of labor, materials, equipment, and services. Increasing demand, supply constraints, inflation, and other market conditions could result in increasing shortages and higher costs for these items. Difficulties in obtaining these resources could result in significant delays in completion of our construction projects and cost increases, which could have a material adverse effect on our business, results of operations, or financial condition.

Our inability to source materials, supplies, capital equipment, or third-party services could affect our overall production output and our ability to fulfill customer demand. Significant or prolonged shortages of our products could halt customer manufacturing and damage our relationships with these customers. Any damage to our customer relationships as a result of a shortage of our products could have a material adverse effect on our business, results of operations, or financial condition.

Similarly, if our customers experience disruptions to their supplies, materials, components, or services, or the extension of their lead times, they may reduce, cancel, or alter the timing of their purchases with us, which could have a material adverse effect on our business, results of operations, or financial condition.

#### **New product and market development may be unsuccessful.**

We are developing new products, including system-level memory and storage products and solutions, which complement our traditional products or leverage their underlying design or process technology. We have made significant investments in product and process technology and anticipate expending significant resources for new semiconductor product and system-level solution development over the next several years. Additionally, we are increasingly differentiating our products and solutions to meet the specific demands of our customers, which increases our reliance on our customers' ability to accurately forecast the needs and preferences of their customers. As a result, our product demand forecasts may be impacted significantly by the strategic actions of our customers. In addition, our ability to successfully introduce new products often requires us to make product specification decisions multiple years in advance of when new products enter the market.

It is important that we deliver products in a timely manner with increasingly advanced performance characteristics at the time our customers are designing and evaluating samples for their products. If we do not meet their product design schedules, our customers may exclude us from further consideration as a supplier for those products. The process to develop new products requires us to demonstrate advanced functionality, performance, and reliability, often well in advance of a planned ramp of production, in order to secure design wins with our customers. Many factors may negatively impact our ability to meet anticipated timelines and/or expected or required quality standards with respect to the development of certain of our products. Such factors have included, and may include in the future, the effects of the public health crisis caused by the COVID-19 pandemic and the measures being taken to limit COVID-19's spread. In addition, some of our components have long lead-times, requiring us to place orders up to a year in advance of anticipated demand. Such long lead-times increase the risk of excess inventory or loss of sales in the event our forecasts vary substantially from actual demand. There can be no assurance that:

- our product development efforts will be successful;
- we will be able to cost-effectively manufacture new products;
- we will be able to successfully market these products;
- we will be able to establish or maintain key relationships with customers, or that we will not be prohibited from working with certain customers, for specific chip set or design requirements;
- we will accurately predict and design products that meet our customers' specifications;
- we will be able to introduce new products into the market and qualify them with our customers on a timely basis; or
- margins generated from sales of these products will allow us to recover costs of development efforts.

Our unsuccessful efforts to develop new products and solutions could have a material adverse effect on our business, results of operations, or financial condition.

#### **Increases in sales of system solutions may increase our dependency upon specific customers and our costs to develop, qualify, and manufacture our system solutions.**

Our development of system-level memory and storage products is dependent, in part, upon successfully identifying and meeting our customers' specifications for those products. Developing and manufacturing system-level products with specifications unique to a customer increases our reliance upon that customer for purchasing our products at sufficient volumes and prices in a timely manner. If we fail to identify or develop products on a timely basis, or at all, that comply with our customers' specifications or achieve design wins with our customers, we may experience a significant adverse impact on our revenue and margins. Even if our products meet customer specifications, our sales of system-level solutions are dependent upon our customers choosing our products over those of our competitors and purchasing our products at sufficient volumes and prices. Our competitors' products may be less costly, provide better performance, or include additional features when compared to our products. Our long-term ability to sell system-level memory and storage products is reliant upon our customers' ability to create, market, and sell their products containing our system-level solutions at sufficient volumes and prices in a timely manner. If we fail to successfully develop and market system-level products, our business, results of operations, or financial condition may be materially adversely affected.

Manufacturing system-level solutions, such as SSDs and managed NAND, typically results in higher per-unit manufacturing costs as compared to other products. Even if we are successful in selling system-level solutions to our customers in sufficient volume, we may be unable to generate sufficient profit if our per-unit manufacturing costs are not offset by higher per-unit selling prices. Manufacturing system-level solutions to customer specifications requires a longer development cycle, as compared to discrete products, to design, test, and qualify, which may increase our costs. Some of our system solutions are increasingly dependent on sophisticated firmware that may require significant customization to meet customer specifications, which increases our costs and time to market. Additionally, we may need to update our controller and hardware design as well as our firmware or develop new firmware as a result of new product introductions or changes in customer specifications and/or industry standards, which increases our costs. System complexities and extended warranties for system-level products could also increase our warranty costs. Our failure to cost-effectively manufacture system-level solutions and/or controller, hardware design, and firmware in a timely manner may result in reduced demand for our system-level products 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 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. From time to time, we experience problems with nonconforming, defective, or incompatible products after we have shipped such products. In recent periods, we have further diversified and expanded our product offerings, which could potentially increase the chance that one or more of our products could fail to meet specifications in a particular application. Our products and solutions may be deemed fully or partially responsible for functionality in our customers' products and may result in sharing or shifting of product or financial liability from our customers to us for costs incurred by the end user as a result of our customers' products failing to perform as specified. In addition, if our products and solutions perform critical functions in our customers' products or are used in high-risk consumer end products, such as autonomous driver assistance programs, home and enterprise security, smoke and noxious gas detectors, medical monitoring equipment, or wearables for child and elderly safety, our potential liability may increase. We could be adversely affected in several ways, including the following:

- we may be required or agree to compensate customers for costs incurred or damages caused by defective or incompatible products and to replace products;
- we could incur a decrease in revenue or adjustment to pricing commensurate with the reimbursement of such costs or alleged damages; and
- we may encounter adverse publicity, which could cause a decrease in sales of our products or harm our reputation or relationships with existing or potential customers.

Any of the foregoing items could have a material adverse effect on our business, results of operations, or financial condition.

**If our manufacturing process is disrupted by operational issues, natural disasters, or other events, our business, results of operations, or financial condition could be materially adversely affected.**

We and our subcontractors 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. We and our subcontractors maintain operations and continuously implement new product and process technology at manufacturing facilities, which are widely dispersed in multiple locations in several countries including the United States, Singapore, Taiwan, Japan, Malaysia, and China. As a result of the necessary interdependence within our network of manufacturing facilities, an operational disruption at one of our or a subcontractor's facilities may have a disproportionate impact on our ability to produce many of our products.



From time to time, there have been disruptions in our manufacturing operations as a result of power outages, improperly functioning equipment, disruptions in supply of raw materials or components, or equipment failures. We have manufacturing and other operations in locations subject to natural occurrences and possible climate changes, such as severe and variable weather and geological events, including droughts, earthquakes, tsunamis, or other occurrences that could disrupt operations, resulting in increased costs, or disruptions to our or our suppliers' or customers' manufacturing operations. In addition, climate change may pose physical risks to our manufacturing facilities or our suppliers' facilities, including increased extreme weather events that could result in supply delays or disruptions. Other events, including political or public health crises, such as an outbreak of contagious diseases may also affect our production capabilities or that of our suppliers, including as a result of quarantines, closures of production facilities, lack of supplies, or delays caused by restrictions on travel or shipping. For example, since the start of the COVID-19 pandemic, some of our facilities and some of our subcontractors' facilities at times have been required to operate at reduced staffing and capacity levels due to COVID-19 quarantines and other public health protocols, which temporarily reduced output levels from those facilities. Events of the types noted above have occurred from time to time and may occur in the future. As a result, in addition to disruptions to operations, our insurance premiums may increase or we may not be able to fully recover any sustained losses through insurance.

If production 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, loss of revenue, or damage to customer relationships, any of which could have a material adverse effect on our business, results of operations, or financial condition.

### **Breaches of our security systems or products, or those of our customers, suppliers, or business partners, could expose us to losses.**

We maintain a system of controls over the physical security of our facilities. We also manage and store various proprietary information and sensitive or confidential data relating to our operations. In addition, we process, store, and transmit large amounts of data relating to our customers and employees, including sensitive personal information. Unauthorized persons or employees may gain access to our facilities or technology infrastructure and systems to steal trade secrets or other proprietary information, compromise confidential information, create system disruptions, or cause shutdowns. Through cyberattacks on technology infrastructure and systems, unauthorized parties may obtain access to computer systems, networks, and data, including cloud-based platforms. The technology infrastructure and systems of our suppliers, vendors, service providers, cloud solution providers, and partners have in the past experienced, and may in the future experience, such attacks, which could impact our operations. Cyberattacks can include ransomware, computer denial-of-service attacks, worms, supply chain attacks, social engineering, and other malicious software programs or other attacks, including those using techniques that change frequently or may be disguised or difficult to detect, or designed to remain dormant until a triggering event, impersonation of authorized users, and efforts to discover and exploit any design flaws, "bugs," security vulnerabilities, as well as intentional or unintentional acts by employees or other insiders with access privileges. Globally, cyberattacks are increasing in number and the attackers are increasingly organized and well-financed, or supported by state actors, and are developing increasingly sophisticated systems to not only attack, but also to evade detection. In addition, geopolitical tensions or conflicts, such as Russia's invasion of Ukraine, may create a heightened risk of cyberattacks. Breaches of our physical security, attacks on our technology infrastructure and systems, or breaches or attacks on our customers, suppliers, or business partners who have confidential or sensitive information regarding us and our customers and suppliers, could result in significant losses and damage our reputation with customers and suppliers and may expose us to litigation if the confidential information of our customers, suppliers, or employees is compromised.

Our products are also targets for cyberattacks, including those products utilized in cloud-based environments. While some of our products contain encryption or security algorithms to protect third-party content or user-generated data stored on our products, these products could still be hacked or the encryption schemes could be compromised, breached, or circumvented by motivated and sophisticated attackers. Further, our products contain sophisticated hardware and firmware and applications that may contain security vulnerabilities or defects in design or manufacture, including "bugs" and other problems that could interfere with the intended operation of our products. To the extent our products are hacked, or the encryption schemes are compromised or breached, this could harm our business by requiring us to employ additional resources to fix the errors or defects, exposing us to litigation, claims, and harm to our reputation.

Any of the foregoing security risks could have a material adverse effect on our business, results of operations, or financial condition.

### **We must attract, retain, and motivate highly skilled employees.**

To remain competitive, we must attract, retain, and motivate executives and other highly skilled, diverse employees, as well as effectively manage or plan for succession for key employees. Competition for experienced employees in our industry continues to be intense. Hiring and retaining qualified executives, engineers, technical staff, sales representatives, and other employees is critical to our business. If other employers are perceived as offering a greater degree of workplace flexibility, promotional opportunity, greater compensation, or other employment benefits to employees than us, we may experience difficulty in attracting, retaining, and motivating the employees needed for our business operations. If our total compensation programs and workplace culture cease to be viewed as competitive and inclusive, our ability to attract, retain, and motivate employees could be compromised.

At times, we experience higher levels of attrition, increasing compensation costs, and more intense competition for talent across our industry. To the extent we experience significant attrition and are unable to timely replace employees, we could experience a loss of critical skills and reduced employee morale, potentially resulting in business disruptions or increased expenses to address any disruptions. Additionally, changes to immigration policies in the numerous countries in which we operate, including the United States, as well as restrictions on global travel as a result of local or global public health crises requiring quarantines, lockdowns, or other precautions to limit exposure to infectious diseases, may limit our ability to hire and/or retain talent in, or transfer talent to, specific locations.

Our inability to attract, retain, and motivate executives and other employees or effectively manage or plan for succession of key roles may inhibit our ability to maintain or expand our business operations.

### **Our incentives from various governments are conditional upon achieving or maintaining certain performance obligations and are subject to reduction, termination, or clawback.**

We have received, and may in the future continue to receive, benefits and incentives from national, state, and local governments in various regions of the world designed to encourage us to establish, maintain, or increase investment, workforce, or production in those regions. These incentives may take various forms, including grants, loan subsidies, and tax arrangements, and typically require us to achieve or maintain certain levels of investment, capital spending, employment, technology deployment, or research and development activities to qualify for such incentives. We may be unable to obtain significant future incentives to continue to fund a portion of our capital expenditures and operating costs, without which our cost structure would be adversely impacted. We also cannot guarantee that we will successfully achieve performance obligations required to qualify for these incentives or that the granting agencies will provide such funding. These incentive arrangements typically provide the granting agencies with rights to audit our compliance with their terms and obligations. Such audits could result in modifications to, or termination of, the applicable incentive program. The incentives we receive could be subject to reduction, termination, or clawback, and any decrease or clawback of government incentives could have a material adverse effect on our business, results of operations, or financial condition.

### **We may make future acquisitions and/or alliances, which involve numerous risks.**

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

- integrating the operations, technologies, and products of acquired or newly formed entities into our operations;
- increasing capital expenditures to upgrade and maintain facilities;
- increased debt levels;
- the assumption of unknown or underestimated liabilities;
- the use of cash to finance a transaction, which may reduce the availability of cash to fund working capital, capital expenditures, R&D expenditures, and other business activities;
- diverting management's attention from daily operations;
- managing larger or more complex operations and facilities and employees in separate and diverse geographic areas;



- hiring and retaining key employees;
- requirements imposed by government authorities in connection with the regulatory review of a transaction, which may include, among other things, divestitures or restrictions on the conduct of our business or the acquired business;
- inability to realize synergies or other expected benefits;
- failure to maintain customer, vendor, and other relationships;
- inadequacy or ineffectiveness of an acquired company's internal financial controls, disclosure controls and procedures, compliance programs, and/or environmental, health and safety, anti-corruption, human resource, or other policies or practices; and
- impairment of acquired intangible assets, goodwill, or other assets as a result of changing business conditions, technological advancements, or worse-than-expected performance of the acquired business.

The global memory and storage industry has experienced consolidation and may continue to consolidate. We engage, from time to time, in discussions regarding potential acquisitions and similar opportunities. To the extent we are successful in completing any such transactions, we could be subject to some or all of the risks described above, including the risks pertaining to funding, assumption of liabilities, integration challenges, and increases in debt that may accompany such transactions. Acquisitions of, or alliances with, technology companies are inherently risky and may not be successful and could have a material adverse effect on our business, results of operations, or financial condition.

**We may incur restructure charges in future periods and may not realize expected savings or other benefits from restructure activities.**

From time to time, we have, and may in the future, enter into restructure initiatives in order to, among other items, streamline our operations, respond to changes in business conditions, our markets, or product offerings, or to centralize certain key functions. We may not realize expected savings or other benefits from our restructure activities and may incur additional restructure charges or other losses in future periods associated with other initiatives. For example, we recognized significant restructure charges in connection with the sale of our Lehi facility. See "Part I. Financial Information – Item 1. Financial Statements – Notes to Consolidated Financial Statements – Lehi, Utah Fab and 3D XPoint." In connection with any restructure initiatives, we could incur restructure charges, loss of production output, loss of key personnel, disruptions in our operations, and difficulties in the timely delivery of products, which could have a material adverse effect on our business, results of operations, or financial condition.

**Compliance with responsible sourcing requirements and any related regulations could increase our operating costs, or limit the supply and increase the cost of certain materials, supplies, and services, and if we fail to comply, customers may reduce purchases from us or disqualify us as a supplier.**

We and many of our customers have adopted responsible sourcing programs that require us to meet certain ESG criteria, and to periodically report on our performance against these requirements, including that we source the materials, supplies, and services we use and incorporate into the products we sell as prescribed by these programs. Many customer programs require us to remove a supplier within a prescribed period if such supplier ceases to comply with prescribed criteria, and our supply chain may at any time contain suppliers at risk of being removed due to non-compliance with responsible sourcing requirements. Some of our customers may elect to disqualify us as a supplier (resulting in a permanent or temporary loss of sales to such customer) or reduce purchases from us if we are unable to verify that our performance or products (including the underlying supply chain) meet the specifications of our customers' responsible sourcing programs on a continuous basis. Meeting responsible sourcing requirements may increase operating requirements and costs or limit the sourcing and availability of some of the materials, supplies, and services we use, particularly when the availability of such materials, supplies, and services is concentrated to a limited number of suppliers. From time to time we remove suppliers or require our suppliers to remove suppliers from their supply chains based on our responsible sourcing requirements or customer requirements, and we or our suppliers may be unable to replace such removed suppliers in a timely or cost effective manner. Any inability to replace removed suppliers in a timely or cost effective manner may affect our ability and/or the cost to obtain sufficient quantities of materials, supplies, and services necessary for the manufacture of our products. Our inability to replace suppliers we have removed in a timely or cost effective manner or comply with customers' responsible sourcing requirements or with any related regulations could have a material adverse effect on our business, results of operations, or financial condition.

## **Failure to meet ESG expectations or standards or achieve our ESG goals could adversely affect our business, results of operations, financial condition, or stock price.**

In recent years, there has been an increased focus from stakeholders on ESG matters, including greenhouse gas emissions and climate-related risks, renewable energy, water stewardship, waste management, diversity, equality and inclusion, responsible sourcing and supply chain, human rights, and social responsibility. Given our commitment to ESG, we actively manage these issues and have established and publicly announced certain goals, commitments, and targets which we may refine or even expand further in the future. These goals, commitments, and targets reflect our current plans and aspirations and are not guarantees that we will be able to achieve them. Evolving stakeholder expectations and our efforts to manage these issues, report on them, and accomplish our goals present numerous operational, regulatory, reputational, financial, legal, and other risks, any of which could have a material adverse impact, including on our reputation and stock price.

Such risks and uncertainties include:

- reputational harm, including damage to our relationships with customers, suppliers, investors, governments, or other stakeholders;
- adverse impacts on our ability to sell and manufacture products;
- the success of our collaborations with third parties;
- increased risk of litigation, investigations, or regulatory enforcement action;
- unfavorable ESG ratings or investor sentiment;
- diversion of resources and increased costs to control, assess, and report on ESG metrics;
- our ability to achieve our goals, commitments, and targets within timeframes announced;
- increased costs to achieve our goals, commitments, and targets;
- unforeseen operational and technological difficulties;
- access to and increased cost of capital; and
- adverse impacts on our stock price.

Any failure, or perceived failure, to meet evolving stakeholder expectations and industry standards or achieve our ESG goals, commitments, and targets could have an adverse effect on our business, results of operations, financial condition, or stock price.

## **A downturn in the worldwide economy may harm our business.**

Downturns in the worldwide economy, due to inflation, geopolitics, major central bank policy actions, public health crises, or other factors, have harmed our business in the past and future downturns could also adversely affect our business. Adverse economic conditions affect demand for devices that incorporate our products, such as personal computers, smartphones, automobiles, and servers. Reduced demand for these or other products could result in significant decreases in our average selling prices and product sales. In addition, to the extent our customers or distributors have elevated inventory levels, we may experience a decrease in short-term and/or long-term demand resulting in industry oversupply and declines in pricing for our products.

A deterioration of conditions in worldwide credit markets could 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 receivable due to credit defaults. As a result, downturns in the worldwide economy could have a material adverse effect on our business, results of operations, or financial condition.

# Risks Related to Intellectual Property and Litigation

## **We may be unable to protect our intellectual property or retain key employees who are knowledgeable of and develop our intellectual property.**

We maintain a system of controls over our intellectual property, including U.S. and foreign patents, trademarks, copyrights, trade secrets, licensing arrangements, confidentiality procedures, non-disclosure agreements with employees, consultants, and vendors, and a general system of internal controls. Despite our system of controls over our intellectual property, it may be possible for our current or future competitors to obtain, copy, use, or disclose, illegally or otherwise, our product and process technology or other proprietary information. The laws of some foreign countries may not protect our intellectual property to the same degree as do U.S. laws, and our confidentiality, non-disclosure, and non-compete agreements may be unenforceable or difficult and costly to enforce.

Additionally, our ability to maintain and develop intellectual property is dependent upon our ability to attract, develop, and retain highly skilled employees. Global competition for such skilled employees in our industry is intense. A decline in our operating results and/or stock price may adversely affect our ability to retain key employees whose compensation is dependent, in part, upon the market price of our common stock, achieving certain performance metrics, levels of company profitability, or other financial or company-wide performance. If our competitors or future entrants into our industry are successful in hiring our employees, they may directly benefit from the knowledge these employees gained while they were under our employment.

Our inability to protect our intellectual property or retain key employees who are knowledgeable of and develop our intellectual property could have a material adverse effect on our business, results of operations, or financial condition.

## **Legal proceedings and claims could have a material adverse effect on our business, results of operations, or financial condition.**

From time to time we are subject to various legal proceedings and claims that arise out of the ordinary conduct of our business or otherwise, both domestically and internationally. See “Part I. Financial Information – Item 1. Financial Statements – Notes to Consolidated Financial Statements – Contingencies.” Any claim, with or without merit, could result in significant legal fees that could negatively impact our financial results, disrupt our operations, and require significant attention from our management. We may be associated with and subject to litigation, claims, or arbitration disputes arising from, or as a result of:

- our relationships with vendors or customers, supply agreements, or contractual obligations with our subcontractors or business partners;
- the actions of our vendors, subcontractors, or business partners;
- our indemnification obligations, including obligations to defend our customers against third-party claims asserting infringement of certain intellectual property rights, which may include patents, trademarks, copyrights, or trade secrets; and
- the terms of our product warranties or from product liability claims.

As we continue to focus on developing system solutions with manufacturers of consumer products, including autonomous driving, augmented reality, and others, we may be exposed to greater potential for personal liability claims against us as a result of consumers' use of those products. We, our officers, or our directors could also be subject to claims of alleged violations of securities laws. There can be no assurance that we are adequately insured to protect against all claims and potential liabilities, and we may elect to self-insure with respect to certain matters. Exposures to various legal proceedings and claims could lead to significant costs and expenses as we defend claims, are required to pay damage awards, or enter into settlement agreements, any of which could have a material adverse effect on our business, results of operations, or financial condition.

## **We are subject to allegations of anticompetitive conduct.**

On October 28, 2019, a consolidated, amended complaint was filed against Micron and other DRAM suppliers in the U.S. District Court for the Northern District of California on behalf of a purported class of indirect purchasers of DRAM products. The amended complaint asserted claims based on alleged price-fixing of DRAM products under federal and state law during the period from June 1, 2016 to at least February 1, 2018, and sought treble monetary damages, costs, interest, attorneys' fees, and other injunctive and equitable relief. On December 21, 2020, the District Court dismissed the plaintiffs' claims and entered judgment against them. On March 7, 2022, the U.S. Court of Appeals for the Ninth Circuit affirmed the District Court's ruling dismissing the plaintiffs' claims. On May 16, 2022, the Court of Appeals denied the plaintiffs' request for rehearing.

On October 28, 2019, a consolidated, amended complaint was filed against Micron and other DRAM suppliers in the U.S. District Court for the Northern District of California on behalf of a purported class of direct purchasers of DRAM products. The consolidated complaint asserted claims based on alleged price-fixing of DRAM products under federal and state law during the period from June 1, 2016 through at least February 1, 2018, and sought treble monetary damages, costs, interest, attorneys' fees, and other injunctive and equitable relief. On December 21, 2020, the District Court granted Micron's motion to dismiss and granted the plaintiffs permission to file a further amended complaint. On January 11, 2021, the plaintiffs filed a further amended complaint asserting substantially the same claims and seeking the same relief. On September 3, 2021, the District Court granted Micron's motion to dismiss the further amended complaint with prejudice. On October 1, 2021, the plaintiffs filed a notice of appeal to the U.S. Court of Appeals for the Ninth Circuit.

Additionally, six cases have been filed in the following Canadian courts: Superior Court of Quebec, the Federal Court of Canada, the Ontario Superior Court of Justice, and the Supreme Court of British Columbia. The substantive allegations in these cases are similar to those asserted in the cases filed in the United States.

On May 15, 2018, the Chinese State Administration for Market Regulation ("SAMR") notified Micron that it was investigating potential collusion and other anticompetitive conduct by DRAM suppliers in China. On May 31, 2018, SAMR made unannounced visits to our sales offices in Beijing, Shanghai, and Shenzhen to seek certain information as part of its investigation. We are cooperating with SAMR in its investigation.

We are unable to predict the outcome of these matters and therefore cannot estimate the range of possible loss. For further information regarding these matters, see "Part I. Financial Information – Item 1. Financial Statements – Notes to Consolidated Financial Statements – Contingencies." The final resolution of these matters could result in significant liability and could have a material adverse effect on our business, results of operations, or financial condition.

## **Claims that our products or manufacturing processes infringe or otherwise violate the intellectual property rights of others, or failure to obtain or renew license agreements covering such intellectual property, could materially adversely affect our business, results of operations, or financial condition.**

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 our products or manufacturing processes infringe upon, misappropriate, misuse, or otherwise violate their intellectual property rights. We are unable to predict the outcome of these assertions made against us. Any of these types of claims, regardless of the merits, could subject us to significant costs to defend or resolve such claims and may consume a substantial portion of management's time and attention. As a result of these claims, we may be required to:

- pay significant monetary damages, fines, royalties, or penalties;
- enter into license or settlement agreements covering such intellectual property rights;
- make material changes to or redesign our products and/or manufacturing processes; and/or
- cease manufacturing, having made, selling, offering for sale, importing, marketing, or using products and/or manufacturing processes in certain jurisdictions.

We may not be able to take any of the actions described above on commercially reasonable terms and any of the foregoing results could have a material adverse effect on our business, results of operations, or financial condition. See "Part I. Financial Information – Item 1. Financial Statements – Notes to Consolidated Financial Statements – Contingencies."

We have a number of intellectual property license agreements. Some of these license agreements require us to make one-time or periodic payments. We may need to obtain additional licenses or renew existing license agreements in the future. We are unable to predict whether these license agreements can be obtained or renewed on terms acceptable to us. The failure to obtain or renew licenses as necessary could have a material adverse effect on our business, results of operations, or financial condition.

#### **We have been served with complaints in Chinese courts alleging patent infringement.**

We have been served with complaints in Chinese courts alleging that we infringe certain Chinese patents by manufacturing and selling certain products in China. The complaints seek orders requiring us to destroy inventory of the accused products and equipment for manufacturing the accused products in China; to stop manufacturing, using, selling, and offering for sale the accused products in China; and to pay damages plus court fees.

We are unable to predict the outcome of these assertions of infringement made against us and cannot make a reasonable estimate of the potential loss or range of possible losses. A determination that our products or manufacturing processes infringe the intellectual property rights of others or entering into a license agreement covering such intellectual property could result in significant liability and/or require us to make material changes to our operations in China, products, and/or manufacturing processes. Any of the foregoing could have a material adverse effect on our business, results of operations, or financial condition. See “Part I. Financial Information – Item 1. Financial Statements – Notes to Consolidated Financial Statements – Contingencies.”

#### **The acquisition of our ownership interest in Inotera from Qimonda AG (“Qimonda”) has been challenged by the administrator of the insolvency proceedings for Qimonda.**

In January 2011, Dr. Michael Jaffé, administrator for Qimonda's insolvency proceedings, filed suit against Micron and Micron Semiconductor B.V. (“Micron B.V.”), in the District Court of Munich, Civil Chamber. The complaint seeks to void a share purchase agreement between Micron B.V. and Qimonda signed in 2008, pursuant to which Micron B.V. purchased substantially all of Qimonda's shares of Inotera, representing approximately 18% of Inotera's outstanding shares at that time, and seeks an order requiring us to re-transfer those shares to the Qimonda estate. The complaint also seeks, among other things, to recover damages for the alleged value of the joint venture relationship with Inotera and to terminate a patent cross-license between us and Qimonda entered into at the same time as the share purchase agreement. See “Part I. Financial Information – Item 1. Financial Statements – Notes to Consolidated Financial Statements – Contingencies” for further information regarding the matter.

We are unable to predict the outcome of the matter and cannot make a reasonable estimate of the potential loss or range of possible losses. The final resolution of this lawsuit could result in the loss of the Inotera shares or monetary damages, unspecified damages based on the benefits derived by Micron B.V. from the ownership of the Inotera shares, and/or the termination of the patent cross-license, which could have a material adverse effect on our business, results of operations, or financial condition.

## **Risks Related to Laws and Regulations**

#### **Increases in tariffs or other trade restrictions or taxes on our or our customers' products or equipment and supplies could have an adverse impact on our operations.**

In 2021, 89% of our revenue was from products shipped to customer locations outside the United States. We also purchase a significant portion of equipment and supplies from suppliers outside the United States. Additionally, a significant portion of our facilities are located outside the United States, including in Taiwan, Singapore, Japan, Malaysia, and China.

The United States and other countries have levied tariffs and taxes on certain goods. Trade tensions between the United States and China have continued, with U.S. tariffs on Chinese goods and retaliatory Chinese tariffs on U.S. goods remaining in place. Some of our products are impacted by these tariffs. Additionally, the United States has imposed tariffs on goods imported from other countries, which could also impact certain of our customers' or our operations. If the United States were to impose current or additional tariffs on components that we or our suppliers source, our cost for such components would increase. We may also incur increases in manufacturing costs and supply chain risks due to our efforts to mitigate the impact of tariffs on our customers and our operations. Additionally, tariffs on our customers' products could impact their sales of such end products, resulting in lower demand for our products.

We cannot predict what further actions may ultimately be taken with respect to tariffs or trade relations between the United States and other countries, what products may be subject to such actions, or what actions may be taken by other countries in retaliation. Further changes in trade policy, tariffs, additional taxes, restrictions on exports or other trade barriers, or restrictions on supplies, equipment, and raw materials including rare earth minerals, may limit our ability to produce products, increase our selling and/or manufacturing costs, decrease margins, reduce the competitiveness of our products, or inhibit our ability to sell products or purchase necessary equipment and supplies, which could have a material adverse effect on our business, results of operations, or financial condition.

**Trade regulations have restricted our ability to sell our products to several customers, could restrict our ability to sell our products to other customers or in certain markets, or could otherwise restrict our ability to conduct operations.**

International trade disputes have led, and continue to lead, to new and increasing trade barriers and other protectionist measures that can increase our manufacturing costs, make our products less competitive, reduce demand for our products, limit our ability to sell to certain customers or markets, limit our ability to procure components or raw materials, impede or slow the movement of our goods across borders, impede our ability to perform R&D activities, or otherwise restrict our ability to conduct operations. Increasing protectionism, economic nationalism, and national security concerns may lead to further changes in trade policy, domestic sourcing initiatives, or other formal and informal measures that could make it more difficult to sell our products in, or restrict our access to, some markets and/or customers.

Ongoing tensions between the United States and China have led to increased trade restrictions and have affected customer ordering patterns. In addition, in response to Russia's invasion of Ukraine, many countries have enacted broad trade restrictions with respect to Russia and Belarus that prevent us and many other companies from shipping products to these countries. We cannot predict whether U.S. or foreign government entities will enact additional restrictions with respect to our customers, markets, or products. We may not be able to replace the lost revenue opportunities associated with such restrictions.

The United States has also imposed other restrictions on the export of U.S. regulated products and technology to certain Chinese technology companies, including certain of our customers. These restrictions reduced our sales to those customers, and continuing or future restrictions could adversely affect our financial results, result in reputational harm to us due to our relationship with such companies, or lead such companies to develop or adopt technologies that compete with our products. It is difficult to predict what further trade-related actions governments may take, and we may be unable to quickly and effectively react to such actions. For example, U.S. legislation has expanded the power of the U.S. Department of Commerce to restrict the export of "emerging and foundational technologies" yet to be identified, which could impact our current or future products.

Trade disputes and protectionist measures, or continued uncertainty about such matters, could result in declining consumer confidence and slowing economic growth or recession, and could cause our customers to reduce, cancel, or alter the timing of their purchases with us. Sustained trade tensions could lead to long-term changes in global trade and technology supply chains, which could adversely affect our business and growth prospects. Trade restrictions that may be imposed by the United States, China, or other countries may impact our business in ways we cannot reasonably quantify, including that some of our customers' products which incorporate our solutions may also be impacted. In addition, further increases in trade restrictions or barriers may negatively impact our revenue, and any licenses we have received or could receive in the future could be rendered ineffective. Any such changes may have an adverse effect on our business, results of operations, or financial condition.



The technology industry is subject to intense media, political, and regulatory scrutiny, which can increase our exposure to government investigations, legal actions, and penalties. Although we have policies, controls, and procedures designed to help ensure compliance with applicable laws, there can be no assurance that our employees, contractors, suppliers, or agents will not violate such laws or our policies. Violations of trade laws, restrictions, or regulations can result in fines; criminal sanctions against us or our officers, directors, or employees; prohibitions on the conduct of our business; and damage to our reputation.

**We may incur additional tax expense or become subject to additional tax exposure.**

We operate in a number of jurisdictions outside the United States, including Singapore, where we have tax incentive arrangements that are conditional, in part, upon meeting certain business operations and employment thresholds. Our domestic and international taxes are dependent upon the geographic mix of our earnings among these jurisdictions. Our provision for income taxes and cash tax liabilities in the future could be adversely affected by numerous factors, including mandatory capitalization of R&D expenses beginning in 2023, challenges by tax authorities to our tax positions and intercompany transfer pricing arrangements, failure to meet performance obligations with respect to tax incentive agreements, expanding our operations in various countries, fluctuations in foreign currency exchange rates, and changes in tax laws and regulations. Additionally, we file income tax returns with the U.S. federal government, various U.S. states, and various other jurisdictions throughout the world and certain tax returns may remain open to examination for several years. The results of audits and examinations of previously filed tax returns and continuing assessments of our tax exposures may have an adverse effect on our provision for income taxes and cash tax liability. The foregoing items could have a material adverse effect on our business, results of operations, or financial condition.

**A change in tax laws in key jurisdictions could materially increase our tax expense.**

We are subject to income taxes in the United States and many foreign jurisdictions. Changes to income tax laws and regulations, or the interpretation of such laws, in any of the jurisdictions in which we operate could significantly increase our effective tax rate and ultimately reduce our cash flows from operating activities and otherwise have a material adverse effect on our financial condition. For example, our effective tax rate increased from 1.2% for 2018 to 9.8% for 2019 primarily as a result of tax reform by the United States. Additionally, various levels of government are increasingly focused on tax reform and other legislative actions to increase tax revenue. The United States government is considering various tax reform proposals that, if enacted, contain provisions that could increase our tax expense. Further changes in the tax laws of foreign jurisdictions could arise as a result of the base erosion and profit shifting project undertaken by the Organisation for Economic Co-operation and Development, which represents a coalition of member countries and recommended changes to numerous long-standing tax principles. If implemented by taxing authorities, such changes, as well as changes in U.S. federal and state tax laws or in taxing jurisdictions' administrative interpretations, decisions, policies, and positions, could have a material adverse effect on our business, results of operations, or financial condition.

**We and others are subject to a variety of laws, regulations, or industry standards, including with respect to ESG considerations, that may have a material adverse effect on our business, results of operations, or financial condition.**

The manufacture of our products requires the use of facilities, equipment, and materials that are subject to a broad array of laws and regulations in numerous jurisdictions in which we operate. Additionally, we are subject to a variety of other laws and regulations relative to the construction, maintenance, and operations of our facilities. Any changes in laws, regulations, or industry standards could cause us to incur additional direct costs, as well as increased indirect costs related to our relationships with our customers and suppliers, and otherwise harm our operations and financial condition. Any failure to comply with laws, regulations, or industry standards could adversely impact our reputation and our financial results. Additionally, we engage various third parties as sales channel partners or to represent us or otherwise act on our behalf who are also subject to a broad array of laws, regulations, and industry standards. Our engagement with these third parties may also expose us to risks associated with their respective compliance with laws and regulations.

New ESG considerations, including those related to climate change and the potential resulting environmental impact, may result in new laws, regulations, or industry standards that may affect us, our suppliers, and our customers. Such laws, regulations, or industry standards could cause us to incur additional direct costs for compliance, as well as increased indirect costs resulting from our customers, suppliers, or both incurring additional compliance costs that are passed on to us. These costs may adversely impact our results of operations and financial condition.

As a result of the items detailed in this risk factor, we could experience the following:

- suspension of production or sales of our products;
- remediation costs;
- increased compliance costs;
- alteration of our manufacturing processes;
- regulatory penalties, fines, and legal liabilities; and
- reputational challenges.

Compliance with, or our failure, or the failure of our third-party sales channel partners or agents, to comply with, laws, regulations, or industry standards could have a material adverse effect on our business, results of operations, or financial condition.

## Risks Related to Capitalization and Financial Markets

**We may be unable to generate sufficient cash flows or obtain access to external financing necessary to fund our operations, make scheduled debt payments, pay our dividend, and make adequate capital investments.**

Our cash flows from operations depend primarily on the volume of semiconductor memory and storage products sold, average selling prices, and manufacturing costs. To develop new product and process technology, support future growth, achieve operating efficiencies, and maintain product quality, we must make significant capital investments in manufacturing technology, capital equipment, facilities, R&D, and product and process technology.

We estimate capital expenditures in 2022 for property, plant, and equipment, net of partner contributions, will be approximately \$12 billion. Investments in capital expenditures may not generate expected returns or cash flows. In addition, we invest our capital in areas that we believe best align with our business strategy and will yield future profitability. Significant judgment is required to determine which capital investments will result in optimal returns, and we could invest in projects that are ultimately less profitable than those projects we do not select. Delays in completion and ramping of new production facilities, or failure to optimize our investment choices, could significantly impact our ability to realize expected returns on our capital expenditures, which could have a material adverse effect on our business, results of operations, or financial condition.

In the past we have utilized external sources of financing when needed. As a result of our debt levels, expected debt amortization, and general economic conditions, it may be difficult for us to obtain financing on terms acceptable to us or at all. We have experienced volatility in our cash flows and operating results and may continue to experience such volatility in the future, which may negatively affect our credit rating. Our credit rating may also be affected by our liquidity, financial results, economic risk, or other factors, which may increase the cost of future borrowings and make it difficult for us to obtain financing on terms acceptable to us or at all. There can be no assurance that we will be able to generate sufficient cash flows, access capital or credit markets, or find other sources of financing to fund our operations, make debt payments, pay our quarterly dividend, and make adequate capital investments to remain competitive in terms of technology development and cost efficiency. Our inability to do any of the foregoing could have a material adverse effect on our business, results of operations, or financial condition.



### Debt obligations could adversely affect our financial condition.

We have incurred in the past, and expect to incur in the future, debt to finance our capital investments, business acquisitions, and restructure of our capital structure. As of June 2, 2022 we had debt with a carrying value of \$6.96 billion and may incur additional debt, including under our \$2.50 billion Revolving Credit Facility. Our debt obligations could adversely impact us as follows:

- require us to use a large portion of our cash flow to pay principal and interest on debt, which will reduce the amount of cash flow available to fund working capital, capital expenditures, acquisitions, R&D expenditures, payment of dividends, and other business activities;
- result in certain of our debt instruments being accelerated to be immediately due and payable or being deemed to be in default if certain terms of default are triggered, such as applicable cross payment default and/or cross-acceleration provisions;
- adversely impact our credit rating, which could increase future borrowing costs;
- limit our future ability to raise funds for capital expenditures, strategic acquisitions or business opportunities, R&D, and other general corporate requirements;
- restrict our ability to incur specified indebtedness, create or incur certain liens, and enter into sale-leaseback financing transactions;
- increase our vulnerability to adverse economic and semiconductor memory and storage industry conditions; and
- increase our exposure to rising interest rates from variable rate indebtedness.

Our ability to meet our payment obligations under our debt instruments depends on our ability to generate significant cash flows or obtain external financing in the future. This, to some extent, is subject to market, economic, financial, competitive, legislative, and regulatory factors as well as other factors that are beyond our control. There can be no assurance that our business will generate cash flow from operations, or that additional capital will be available to us, in amounts sufficient to enable us to meet our debt payment obligations and to fund other liquidity needs. Additionally, events and circumstances may occur which would cause us to not be able to satisfy applicable draw-down conditions and utilize our Revolving Credit Facility. If we are unable to generate sufficient cash flows to service our debt payment obligations, we may need to refinance or restructure our debt, sell assets, reduce or delay capital investments, or seek to raise additional capital. If we are unable to implement one or more of these alternatives, we may be unable to meet our debt payment obligations, which could have a material adverse effect on 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.

Across our global operations, significant transactions and balances are denominated in currencies other than the U.S. dollar (our reporting currency), primarily the euro, Malaysian ringgit, Singapore dollar, New Taiwan dollar, and yen. In addition, a significant portion of our manufacturing costs are denominated in foreign currencies. Exchange rates for some of these currencies against the U.S. dollar have been volatile and may be volatile in future periods. If these currencies strengthen against the U.S. dollar, our manufacturing costs could significantly increase. Exchange rates for the U.S. dollar that adversely change against our foreign currency exposures could have a material adverse effect on our business, results of operations, or financial condition.

### We are subject to counterparty default risks.

We have numerous arrangements with financial institutions that subject us to counterparty default risks, including cash deposits, investments, and derivative instruments. Additionally, we are subject to counterparty default risk from our customers for amounts receivable from them. As a result, we are subject to the risk that the counterparty will default on its performance obligations. A counterparty may not comply with its contractual commitments which could then lead to its defaulting on its obligations with little or no notice to us, which could limit our ability to mitigate our exposure. Additionally, our ability to mitigate our exposures may be constrained by the terms of our contractual arrangements or because market conditions prevent us from taking effective action. If one of our counterparties becomes insolvent or files for bankruptcy, our ability to recover any losses suffered as a result of that counterparty's default may be limited by the liquidity of the counterparty or the applicable laws governing the bankruptcy proceedings. In the event of such default, we could incur significant losses, which could have a material adverse effect on our business, results of operations, or financial condition.

### **The trading price of our common stock has been and may continue to be volatile.**

Our common stock has experienced substantial price volatility in the past and may continue to do so in the future. Additionally, we, the technology industry, and the stock market as a whole have on occasion experienced extreme stock price and volume fluctuations that have affected stock prices in ways that may have been unrelated to the specific operating performance of individual companies. The trading price of our common stock may fluctuate widely due to various factors, including, but not limited to, actual or anticipated fluctuations in our financial condition and operating results, changes in financial estimates by us or financial or other market estimates and ratings by securities and other analysts, changes in our capital structure, including issuance of additional debt or equity to the public, interest rate changes, regulatory changes, news regarding our products or products of our competitors, and broad market and industry fluctuations.

Our operating results have fluctuated in the past and will continue to do so, sometimes materially. Many of the matters discussed in this Risk Factors section could impact our operating results in any fiscal quarter or year. If our operating results fall below our forecasts and the expectations of public market analysts and investors, the trading price of our common stock may decline.

For these reasons, investors should not rely on recent or historical trends to predict future trading prices of our common stock, financial condition, results of operations, or cash flows. Investors in our common stock may not realize any return on their investment in us and may lose some or all of their investment. Volatility in the trading price of our common stock could also result in the filing of securities class action litigation matters, which could result in substantial costs and the diversion of management time and resources.

### **The amount and frequency of our share repurchases may fluctuate, and we cannot guarantee that we will fully consummate our share repurchase authorization, or that it will enhance long-term shareholder value. Share repurchases could also increase the volatility of the trading price of our stock and will diminish our cash reserves.**

The amount, timing, and execution of our share repurchases pursuant to our share repurchase authorization may fluctuate based on our operating results, cash flows, and priorities for the use of cash for other purposes. For example, we repurchased 22.2 million shares for \$1.65 billion in the first nine months of 2022, 15.6 million shares for \$1.2 billion in 2021, 3.6 million shares for \$176 million in 2020, and 66.4 million shares for \$2.66 billion in 2019. These other purposes include, but are not limited to, operational spending, capital spending, acquisitions, and repayment of debt. Other factors, including changes in tax laws, could also impact our share repurchases. Although our Board of Directors has authorized share repurchases of up to \$10 billion of our outstanding common stock, the authorization does not obligate us to repurchase any common stock.

We cannot guarantee that our share repurchase authorization will be fully consummated or that it will enhance long-term shareholder value. The repurchase authorization could affect the trading price of our stock and increase volatility, and any announcement of a pause in, or termination of, this program may result in a decrease in the trading price of our stock. In addition, this program will diminish our cash reserves.

### **There can be no assurance that we will continue to declare cash dividends in any particular amounts or at all.**

Our Board of Directors has adopted a dividend policy pursuant to which we currently pay a cash dividend on our common shares on a quarterly basis. The declaration and payment of any dividend is subject to the approval of our Board of Directors and our dividend may be discontinued or reduced at any time. There can be no assurance that we will declare cash dividends in the future in any particular amounts, or at all.

Future dividends, if any, and their timing and amount, may be affected by, among other factors: our financial condition, results of operations, capital requirements, business conditions, debt service obligations, contractual restrictions, industry practice, legal requirements, regulatory constraints, and other factors that our Board of Directors may deem relevant. A reduction in or elimination of our dividend payments could have a negative effect on the trading price of our stock.

## ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

In May 2018, we announced that our Board of Directors authorized the discretionary repurchase of up to \$10 billion of our outstanding common stock through open-market purchases, block trades, privately-negotiated transactions, derivative transactions, and/or pursuant to Rule 10b5-1 trading plans. The repurchase authorization has no expiration date, does not obligate us to acquire any common stock, and is subject to market conditions and our ongoing determination of the best use of available cash.

Period		Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs	Approximate dollar value of shares that may yet be purchased under publicly announced plans or programs (in millions)
March 4, 2022	– April 7, 2022	2,343,113	\$ 77.12	2,343,113	
April 8, 2022	– May 5, 2022	5,579,701	\$ 70.74	5,579,701	
May 6, 2022	– June 2, 2022	5,816,605	\$ 69.65	5,816,605	
		<u>13,739,419</u>	<u>\$ 71.37</u>	<u>13,739,419</u>	<u>\$4,315</u>

Shares of common stock withheld as payment of withholding taxes and exercise prices in connection with the vesting or exercise of equity awards are also treated as common stock repurchases. Those withheld shares of common stock are not required to be disclosed under Item 703 of Regulation S-K and accordingly are excluded from the amounts in the table above.

## ITEM 6. EXHIBITS

Exhibit Number	Description of Exhibit	Filed Herewith	Form	Period Ending	Exhibit/Appendix	Filing Date
10.1*	<u>Micron Technology, Inc. Employee Stock Purchase Plan, as amended and restated</u>	X				
10.2*	Micron Technology, Inc. Deferred Compensation Plan, as amended	X				
10.3*	<u>Certain Benefits Granted to Mark Murphy upon Appointment as Chief Financial Officer</u>	X				
31.1	Rule 13a-14(a) Certification of Chief Executive Officer	X				
31.2	Rule 13a-14(a) Certification of Chief Financial Officer	X				
32.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. 1350	X				
32.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C. 1350	X				
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document	X				
101.SCH	Inline XBRL Taxonomy Extension Schema Document	X				
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document	X				
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document	X				
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document	X				
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document	X				
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)	X				

\* Indicates management contract or compensatory plan or arrangement.

## 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: June 30, 2022

By: /s/ Mark Murphy

Mark Murphy

Executive Vice President and Chief Financial Officer

(Principal Financial Officer)

/s/ Scott Allen

Scott Allen

Corporate Vice President and Chief Accounting Officer

(Principal Accounting Officer)

**MICRON TECHNOLOGY, INC.**  
**EMPLOYEE STOCK PURCHASE PLAN**  
**(AS AMENDED AND RESTATED EFFECTIVE MARCH 30, 2022)**

1. Introduction; Purpose. On March 30, 2022 the Board adopted this amended and restated Plan, which shall govern all grants of purchase rights on or after such date. For the terms and conditions of the Plan applicable to purchase rights granted prior to March 30, 2022, refer to the version of the Plan in effect as of the date such purchase rights were granted. The purpose of the Plan is to provide employees of the Company and its Designated Subsidiaries and Designated Affiliates with an opportunity to purchase shares of Common Stock through accumulated Contributions. This Plan includes two components: a Code Section 423 Component (the "423 Component") and a non-Code Section 423 Component (the "Non-423 Component"). It is the intention of the Company to have the 423 Component qualify as an "employee stock purchase plan" under Section 423 of the Code. The provisions of the 423 Component, accordingly, shall be construed so as to extend and limit participation in a uniform and nondiscriminatory basis consistent with the requirements of Section 423 of the Code. In addition, this Plan authorizes the grant of options under the Non-423 Component that does not qualify as an "employee stock purchase plan" under Section 423 of the Code; such options shall be granted pursuant to rules, procedures or subplans adopted by the Committee designed to achieve tax, securities laws or other objectives for Eligible Employees and the Company. Except as otherwise provided herein, the Non-423 Component will be operated and administered in the same manner as the 423 Component.

2. Definitions.

(a) "Administrator" means the Committee or, subject to Applicable Laws, one or more of the Company's officers or management team appointed by the Board or Committee to administer the day-to-day operations of the Plan.

(b) "Affiliate" means (a) any entity that, directly or indirectly, is controlled by, controls or is under common control with, the Company and (b) any entity in which the Company has a significant equity interest, in either case as determined by the Committee, whether now or hereafter existing.

(c) "Applicable Laws" means the requirements relating to the administration of equity-based awards and the related issuance of shares of Common Stock under U.S. state corporate laws, U.S. federal and state securities laws, the Code, the rules of any Exchange or quotation system on which the Common Stock is listed or quoted and the applicable laws of any non-U.S. jurisdiction where options to purchase shares of Common Stock are, or will be, granted under the Plan.

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

(e) "Code" means the U.S. Internal Revenue Code of 1986, as amended. Reference to a specific section of the Code or U.S. Treasury Regulation thereunder will include such section or regulation, any valid regulation or other official

applicable guidance promulgated under such section, and any comparable provision of any future legislation or regulation amending, supplementing or superseding such section or regulation.

(f) "Committee" means the Compensation Committee of the Board, or any subcommittee referred to in Section 14(d).

(g) "Common Stock" means the common stock of the Company.

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

(i) "Compensation" shall be defined from time to time by the Committee in its sole discretion with respect to any Offering Period. Except as otherwise defined by the Committee from time to time in its sole discretion, "Compensation" means wages and salary. Except as otherwise determined by the Committee, "Compensation" does not include: (1) any bonuses or commissions, (2) overtime pay and regularly paid wage premiums (such as evening or shift premiums), (3) any amounts contributed by the Company or a Designated Subsidiary or Designated Affiliate to any pension plan, (4) any automobile or relocation allowances (or reimbursement for any such expenses), (5) any amounts realized from the exercise of any stock options or other equity incentive awards, (6) any amounts paid by the Company or a Designated Subsidiary or Designated Affiliate for other fringe benefits, such as health and welfare, hospitalization and group life insurance benefits, or perquisites, or paid in lieu of such benefits, or (7) other similar forms of extraordinary compensation. The Administrator shall have the discretion to determine the application of this definition to employees outside the United States.

(j) "Contributions" means the payroll deductions or, if permitted by the Administrator to comply with non-U.S. requirements, amounts contributed to the Plan via cash, check or other means, used to fund the exercise of options granted pursuant to the Plan.

(k) "Designated Affiliate" means any Affiliate that has been designated by the Administrator from time to time in its sole discretion as eligible to participate in the Non-423 Component.

(l) "Designated Subsidiary" means any Subsidiary that has been designated by the Administrator from time to time in its sole discretion as eligible to participate in the 423 Component.

(m) "Designated Percent" means the percentage of Fair Market Value determined by the Administrator for purposes of determining the Purchase Price.

(n) "Effective Date" means the date that the Company's stockholders approved the Plan, January 17, 2018.

(o) "Eligible Employee" means (i) any individual who is an employee providing services to the Company or a Designated Subsidiary, or (ii) any individual who

is an employee providing services to the Company or any Designated Affiliate, unless any such employee is specifically excluded by the Administrator from participation. The Administrator, in its discretion, from time to time may, prior to an Offering Date for all options to be granted on such Offering Date in an Offering, determine that the definition of Eligible Employee will or will not include an individual if he or she: (i) has not completed at least two (2) years of service since his or her last hire date (or such lesser period of time as may be determined by the Administrator in its discretion), (ii) customarily works not more than twenty (20) hours per week (or such lesser period of time as may be determined by the Administrator in its discretion), (iii) customarily works not more than five (5) months per calendar year (or such lesser period of time as may be determined by the Administrator in its discretion), or (iv) is a highly compensated employee within the meaning of Section 414(q) of the Code, provided that any such exclusion is applied with respect to each Offering in a uniform manner to all similarly-situated employees who otherwise would be Eligible Employees for that Offering. For purposes of the 423 Component, the employment relationship shall be treated as continuing intact while the individual is on military or sick leave or other bona fide leave of absence approved by the Company or the Designated Subsidiary so long as the leave does not exceed three (3) months or if longer than three (3) months, the individual's right to reemployment is provided by statute or has been agreed to by contract or in a written policy of the Company which provides for a right of reemployment following the leave of absence. The employment relationship shall be treated as continuing intact where an Eligible Employee transfers employment between the Company, Designated Subsidiaries and/or Designated Affiliates; provided, however, that an individual who is not employed by the Company or a Designated Subsidiary on the Offering Date and through a date that is no more than three (3) months prior to the Exercise Date will participate only in the Non-423 Component unless the individual continues to have a right to reemployment with the Company or a Designated Subsidiary provided by statute or contract or in a written policy of the Company which provides for a right of reemployment following the leave of absence. The Administrator shall establish rules to govern other transfers into the 423 Component, and between any separate Offerings established thereunder, consistent with the applicable requirements of Section 423 of the Code.

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

(q) "Exchange Act" means the U.S. Securities Exchange Act of 1934, as amended, including the rules and regulations promulgated thereunder.

(r) "Exercise Date" means the last Trading Day of the Offering Period.

(s) "Fair Market Value" means, as of any date and unless the Administrator determines otherwise, (i) if the Common Stock is listed or traded on any Exchange, the closing price for such Common 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 Common 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 Administrator deems reliable; (ii) if the Common 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 Common Stock shall be the mean between the high bid and low asked prices for the Common 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 Administrator deems reliable, or (iii) in the absence of an established market for the Common Stock, the Fair Market Value shall be determined by such other method as the Administrator determines in good faith to be reasonable.

(t) "Maximum Share Amount" means the maximum number of shares of Common Stock that a Participant may purchase on any given Exercise Date, as determined by the Committee in its sole discretion prior to the commencement of the Offering Period.

(u) "New Exercise Date" means a new Exercise Date if the Administrator shortens any Offering Period then in progress.

(v) "Offering" means an offer under the Plan of an option that may be exercised during an Offering Period. For purposes of this Plan, the Committee may designate separate Offerings under the Plan (the terms of which need not be identical) in which Eligible Employees of one or more Designated Subsidiaries or Designated Affiliates will participate, even if the dates of the applicable Offering Periods of each such Offering are identical.

(w) "Offering Date" means the first Trading Day of each Offering Period.

(x) "Offering Periods" means the period of time during which offers to purchase shares of Common Stock are outstanding under the Plan. The Committee shall determine the length of each Offering Period, which need not be uniform; provided that no Offering Period shall exceed twenty-seven (27) months in length. No voluntary payroll deductions shall be solicited until after the effective date of a registration statement on Form S-8 filed under the Securities Act of 1933, as amended, covering the shares to be issued under the Plan.

(y) "Parent" means a "parent corporation," whether now or hereafter existing, as defined in Section 424(e) of the Code.

(z) "Participant" means an Eligible Employee that participates in the Plan.

(aa) "Plan" means this Micron Technology, Inc. Employee Stock Purchase Plan, including both the 423 Component and the Non-423 Component.

(bb) "Purchase Price" means the Designated Percent of the Fair Market Value of a share of Common Stock on the Offering Date or on the Exercise Date, whichever is lower. Unless otherwise determined by the Administrator, the Designated Percent for purposes of the foregoing sentence is eighty-five percent (85%). The Administrator may change the Designated Percent for any Offering Period but in no event shall the Designated Percent be less than eighty-five percent (85%). Such Purchase Price may be established by the Committee by any manner or method the

Committee determines, pursuant to Section 14, and subject to (i) with respect to the 423 Component, compliance with Section 423 of the Code (or any successor rule or provision or any other applicable law, regulation or Exchange rule) or (ii) with respect to the Non-423 Component, pursuant to such manner or method as determined by the Committee to comply with applicable local law.

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

(dd) "Subsidiary" means a "subsidiary corporation," whether now or hereafter existing, as defined in Section 424(f) of the Code.

(ee) "Trading Day" means a day on which Nasdaq is open for trading.

(ff) "U.S." means United States.

(gg) "U.S. Treasury Regulations" means the Treasury regulations of the Code. Reference to a specific Treasury Regulation or Section of the Code shall include such Treasury Regulation or Section, any valid regulation promulgated under such Section, and any comparable provision of any future legislation or regulation amending, supplementing or superseding such Section or regulation.

### 3. Eligibility.

(a) Offering Periods. Any Eligible Employee on a given Offering Date will be eligible to participate in the Plan, subject to the requirements of Section 5, provided, however, that employees who are citizens or residents of a non-U.S. jurisdiction may be excluded from participation in the Plan or an Offering if the participation of such Employees is prohibited under the laws of the applicable jurisdiction or if complying with the laws of the applicable jurisdiction would cause the Plan or an Offering to violate Section 423 of the Code.

(b) Limitations. Any provisions of the Plan to the contrary notwithstanding, no Eligible Employee will be granted an option under the 423 Component of the Plan (i) to the extent that, immediately after the grant, such Eligible Employee (or any other person whose stock would be attributed to such Eligible Employee pursuant to Section 424(d) of the Code) would own capital stock of the Company or any Parent or Subsidiary of the Company and/or hold outstanding options to purchase such stock possessing five percent (5%) or more of the total combined voting power or value of all classes of the capital stock of the Company or of any Parent or Subsidiary of the Company, or (ii) to the extent that his or her rights to purchase stock under all employee stock purchase plans (as defined in Section 423 of the Code) of the Company or any Parent or Subsidiary of the Company accrues at a rate which exceeds twenty-five thousand U.S. dollars (USD 25,000) worth of stock (determined at the Fair Market Value of the stock at the time such option is granted) for each calendar year in which such option is outstanding at any time, as determined in accordance with Section 423 of the Code and the regulations thereunder.

4. Offering Periods. Within the limitations set forth in Section 2(w), the Administrator will have the power to change the duration of Offering Periods (including the commencement dates thereof) without stockholder approval. Any such change shall be announced prior to the scheduled beginning of the first Offering Period to be affected thereafter.

5. Participation. An Eligible Employee may become a participant in the Plan by following an electronic or other enrollment procedure as may be established by the Administrator from time to time.

6. Contributions.

(a) At the time a Participant enrolls in the Plan pursuant to Section 5, he or she will elect to have Contributions made on each pay day during the Offering Period in an amount not exceeding fifteen percent (15%) of the Compensation which he or she receives on each pay day during the Offering Period. The Administrator may permit Eligible Employees participating in a specified Offering to contribute amounts to the Plan through payment by cash, check or other means to comply with non-U.S. requirements, provided, that such contributions shall not exceed fifteen percent (15%) of the Compensation received each pay period, during the Offering Period. A Participant's subscription agreement will remain in effect for successive Offering Periods unless terminated as provided in Section 10 hereof.

(b) Payroll deductions or contributions, as applicable, for a Participant will commence on the first pay day following the Offering Date and will end on the last pay day prior to the Exercise Date of such Offering Period to which such authorization is applicable, unless sooner terminated by the Participant as provided in Section 10 hereof.

(c) All Contributions made for a Participant will be credited to his or her account under the Plan and Contributions will be made in whole percentages only.

(d) Subject to Applicable Laws, a Participant may discontinue his or her participation in the Plan as provided in Section 10 by completing any forms and following any procedures (including specified deadlines) established by the Administrator or its designee. The change will become effective as soon as administratively practicable after receipt.

(e) Notwithstanding the foregoing, to the extent necessary to comply with Section 423(b)(8) of the Code and Section 3(b), a Participant's Contributions may be decreased to zero percent (0%) at any time during an Offering Period. Subject to Section 423(b)(8) of the Code, Contributions will recommence at the rate originally elected by the Participant effective as of the beginning of the first Offering Period scheduled to end in the following calendar year, unless terminated by the Participant as provided in Section 10.

(f) At the time the option is exercised, in whole or in part, or at the time some or all of the Common Stock issued under the Plan is disposed of (or any other time that a taxable event related to the Plan occurs), the Participant must make adequate provision for the Company's or its Subsidiary's or Affiliate's federal, state, local or any other tax liability payable to any authority, national insurance, social security,

payment-on-account or other tax obligations, if any, which arise upon the exercise of the option or the disposition of the Common Stock (or any other time that a taxable event related to the Plan occurs), including, for the avoidance of doubt, any liability of the Participant to pay an employer tax or social insurance contribution obligation, which liability has been shifted to the Participant as a matter of law or contract. At any time, the Company or its Subsidiary or Affiliate, as applicable, may, but will not be obligated to, withhold from the Participant's compensation the amount necessary for the Company or its Subsidiary or Affiliate, as applicable, to meet applicable withholding obligations, including any withholding required to make available to the Company or its Subsidiary or Affiliate, as applicable, any tax deductions or benefits attributable to sale or early disposition of Common Stock by the Eligible Employee. In addition, the Company or its Subsidiary or Affiliate, as applicable, may (i) withhold from the proceeds of the sale of Common Stock, (ii) withhold a sufficient number of shares of Common Stock otherwise issuable following purchase having an aggregate fair market value sufficient to pay applicable withholding obligations (the Administrator or its delegate shall have sole authority to determine if only whole shares of Common Stock may be withheld or if fractional shares of Common Stock also may be withheld), or (iii) may withhold by any other means set forth in the applicable subscription agreement.

7. Grant of Option. On the Offering Date of each Offering Period, each Eligible Employee participating in such Offering Period will be granted an option to purchase on each Exercise Date during such Offering Period (at the applicable Purchase Price) up to a number of shares of Common Stock determined by dividing such Eligible Employee's Contributions accumulated during such Offering Period prior to such Exercise Date and retained in the Eligible Employee's account as of the Exercise Date by the applicable Purchase Price; provided that in no event will an Eligible Employee be permitted to purchase during each Offering Period more than the Maximum Share Amount, subject to adjustment pursuant to Section 19(a), and provided further that such purchase will be subject to the limitations set forth in Sections 3(b) and 13. The Eligible Employee may accept the grant of such option by electing to participate in the Plan in accordance with the requirements of Section 5. The Administrator may, for future Offering Periods, increase or decrease, in its absolute discretion, the maximum number of shares of Common Stock that an Eligible Employee may purchase during each Offering Period. Exercise of the option will occur as provided in Section 8, unless the Participant has withdrawn pursuant to Section 10. The option will expire on the last day of the Offering Period.

8. Exercise of Option.

(a) Unless a Participant withdraws from the Plan as provided in Section 10, his or her option for the purchase of shares of Common Stock will be exercised automatically on the Exercise Date, and the maximum number of shares subject to the option will be purchased for such Participant at the applicable Purchase Price with the accumulated Contributions from his or her account; provided that in no event will an Eligible Employee be permitted to purchase during each Offering Period more than the Maximum Share Amount, subject to adjustment pursuant to Section 19(a), and provided further that such purchase will be subject to the limitations set forth in Sections 3(b) and 13. No fractional shares of Common Stock will be purchased under options granted under Offering Periods that began prior to March 30, 2022. For options granted under Offering Periods that begin on or after that date, fractional shares of Common Stock may be purchased unless otherwise determined by the Administrator.

Any purchases of fractional shares shall be subject to such procedures as the Administrator or its delegate determines from time to time. To the extent the purchase of fractional shares is not permitted, any Contributions accumulated in a Participant's account that are not sufficient to purchase a full share will, at the discretion of the Administrator, be refunded to the Participant, without interest, or be retained in the Participant's account for the subsequent Offering Period. During a Participant's lifetime, a Participant's option to purchase shares hereunder is exercisable only by him or her.

(b) In the event that the number of shares of Common Stock to be purchased by all Participants in any Offering Period exceeds the number of shares of Common Stock then available for issuance under the Plan, (i) the Company shall make a pro rata allocation of the remaining shares of Common Stock in as uniform a manner as shall be practicable and as the Committee shall, in its sole discretion, determine to be equitable and (ii) all funds not used to purchase shares of Common Stock on the Exercise Date shall be returned, without interest to the Participants.

9. Delivery. By enrolling in the Plan, each Participant shall be deemed to have authorized the establishment of a brokerage account on his or her behalf at a securities brokerage firm selected by the Company. As soon as reasonably practicable after each Exercise Date on which a purchase of shares of Common Stock occurs, the Company shall arrange for the delivery to each Participant of the shares of Common Stock purchased upon exercise of his or her option to the Participant's brokerage or Plan share account in a form determined by the Company. Notwithstanding any other provision of the Plan, unless otherwise determined by the Administrator or required by any applicable law, rule or regulation, the Company shall not deliver to any Participant certificates evidencing shares of Common Stock issued in connection with any purchase under the Plan, and instead such shares of Common Stock shall be recorded in the books of the brokerage firm or, as applicable, the Company, its transfer agent, stock plan administrator or such other outside entity which is not a brokerage firm.

10. Withdrawal.

(a) A Participant may withdraw all but not less than all the Contributions credited to his or her account and not yet used to exercise his or her option under the Plan at any time by following an electronic or other withdrawal procedure determined by the Administrator from time to time. All of the Participant's Contributions credited to his or her account will, at the discretion of the Administrator, (i) be retained in Participant's account and used to purchase shares of Common Stock at the next Exercise Date, or (ii) be paid to such Participant as soon as reasonably practicable after receipt of notice of withdrawal and such Participant's options for the Offering Period shall be terminated automatically, and no further payroll deductions or contributions for the purchase of shares of Common Stock shall be made for such Offering Period. If a Participant withdraws from an Offering Period, Contributions will not resume at the beginning of the succeeding Offering Period, unless the Participant re-enrolls in the Plan as prescribed by the Administrator from time to time.

(b) A Participant's withdrawal from an Offering Period will not have any effect upon his or her eligibility to participate in any similar plan that may hereafter be adopted by the Company or in succeeding Offering Periods that commence after the termination of the Offering Period from which the Participant withdraws.

11. Termination of Employment. Unless otherwise determined by the Administrator, upon a Participant's ceasing to be an Eligible Employee for any reason, he or she will be deemed to have elected to withdraw from the Plan and the Contributions credited to such Participant's account during the Offering Period but not yet used to purchase shares of Common Stock under the Plan will be returned to such Participant or, in the case of his or her death, to the person or persons entitled thereto under Section 15, and such Participant's option will be automatically terminated. Unless determined otherwise by the Administrator in a manner that is permitted by, and compliant with, Section 423 of the Code, a Participant whose employment transfers between entities through a termination with an immediate rehire (with no break in service) by the Company or a Designated Subsidiary or Designated Affiliate shall not be treated as terminated under the Plan.

12. Interest. No interest will accrue on the Contributions of a Participant in the Plan, except as may be required by applicable law, as determined by the Administrator.

13. Stock. Subject to adjustment as provided in Section 19 hereof, the maximum number of shares of Common Stock that will be made available for sale under the Plan will be 33,000,000 shares of Common Stock. The limitation set forth in this section may be used to satisfy purchases of shares of Common Stock under either the 423 Component or the Non-423 Component of the Plan.

14. Administration.

(a) Unless otherwise designated by the Board, the Committee shall serve as the Administrator. The Administrator will have full and exclusive discretionary authority to construe, interpret and apply the terms of the Plan, to designate separate Offerings under the Plan, to designate Subsidiaries or Affiliates as participating in the Plan, to determine eligibility and adjudicate all disputed claims filed under the Plan, including whether Eligible Employees shall participate in the 423 Component or the Non-423 Component and which entities shall be Designated Subsidiaries or Designated Affiliates, and to establish such procedures that it deems necessary for the administration of the Plan. Notwithstanding any provision to the contrary in this Plan, the Administrator may adopt rules or procedures relating to the operation and administration of the Plan to accommodate the specific requirements of local laws and procedures for jurisdictions outside of the United States. Without limiting the generality of the foregoing, the Committee is specifically authorized to adopt rules, procedures and subplans, which, for purposes of the Non-423 Component, may be outside the scope of Section 423 of the Code, regarding, without limitation, eligibility to participate, the definition of Compensation, handling of Contributions, making of Contributions to the Plan (including, without limitation, in forms other than payroll deductions), establishment of bank or trust accounts to hold Contributions, payment of interest, conversion of local currency, obligations to pay payroll tax, determination of beneficiary designation requirements, withholding procedures and handling of stock certificates that vary with applicable local requirements.

(b) Every finding, decision and determination made by the Administrator will, to the full extent permitted by law, be final and binding upon all parties,

including the Company, Designated Subsidiary, Designated Affiliate, Participant, Eligible Employee, or any beneficiary of such person, as applicable.

(c) To the extent allowable pursuant to applicable law, each member of the Board, the Committee, the Administrator or any employee of the Company, a Designated Subsidiary, or a Designated Affiliate (each such person, a "Covered Person") shall be indemnified and held harmless by the Company from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by such Covered Person 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 or failure to act pursuant to the Plan and against and from any and all amounts paid by him or her in satisfaction of judgment in such action, suit, or proceeding against him or her; provided, however, that he or she has acted in accordance with his or her duties and responsibilities to the Company under applicable law, and provided that he or she gives the Company an opportunity, at its own expense, to handle and defend any claim, action, suit, or proceeding to which he or she is a party before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such Covered Persons may be entitled pursuant to 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.

(d) To the extent not prohibited by Applicable Law, the Committee may, from time to time, delegate some or all of its authority under the Plan to a subcommittee or subcommittees of the Committee, the Administrator or other persons or groups of persons as it deems necessary, appropriate or advisable under conditions or limitations that it may set at or after the time of the delegation. For purposes of the Plan, reference to the Committee will be deemed to refer to any subcommittee, subcommittees, or other persons or groups of persons to whom the Committee delegates authority pursuant to this Section 14(d).

#### 15. Designation of Beneficiary.

(a) If permitted by the Administrator, a Participant may file a designation of a beneficiary who is to receive any shares of Common Stock and cash, if any, from the Participant's account under the Plan in the event of such Participant's death subsequent to an Exercise Date on which the option is exercised but prior to delivery to such Participant of such shares and cash. In addition, if permitted by the Administrator, a Participant may file a designation of a beneficiary who is to receive any cash from the Participant's account under the Plan in the event of such Participant's death prior to exercise of the option. If a Participant is married and the designated beneficiary is not the spouse, spousal consent will be required for such designation to be effective.

(b) Such designation of beneficiary, if permitted, may be changed by the Participant at any time by notice in a form determined by the Administrator. In the event of the death of a Participant and in the absence of a beneficiary validly designated under the Plan who is living at the time of such Participant's death, the Company will deliver such shares and/or cash to the executor or administrator of the estate of the

Participant, or if no such executor or administrator has been appointed (to the knowledge of the Company), the Company, in its discretion, may deliver such shares and/or cash to the spouse or to any one or more dependents or relatives of the Participant, or if no spouse, dependent or relative is known to the Company, then to such other person as the Company may designate.

(c) All beneficiary designations will be in such form and manner as the Administrator may designate from time to time.

16. Transferability. Neither Contributions credited to a Participant's account nor any rights with regard to the exercise of an option or to receive shares of Common Stock under the Plan may be assigned, transferred, pledged or otherwise disposed of in any way (other than by will, the laws of descent and distribution or as provided in Section 15 hereof) by the Participant. Any such attempt at assignment, transfer, pledge or other disposition will be without effect, except that the Company may treat such act as an election to withdraw funds from an Offering Period in accordance with Section 10 hereof.

17. Use of Funds. The Company may use all Contributions received or held by it under the Plan for any corporate purpose, and the Company will not be obligated to segregate such Contributions, except as may be required by applicable local law, as determined by the Administrator. Until shares of Common Stock are issued, Participants will only have the rights of an unsecured creditor with respect to the Plan, although Participants in specified Offerings may have additional rights where required under local law, as determined by the Administrator.

18. Reports. Individual accounts will be maintained for each Participant in the Plan. Statements of account will be given to participating Eligible Employees at least annually, which statements will set forth the amounts of Contributions, the Purchase Price, the number of shares of Common Stock purchased and the remaining cash balance, if any.

19. Adjustments; Dissolution or Liquidation; Corporate Transactions.

(a) Adjustments. Subject to any required action by the shareholders of the Company, the maximum number of shares of Common Stock that shall be made available for sale under the Plan, the maximum number of shares of Common Stock that each Participant may purchase during the Offering Period pursuant to the Maximum Share Amount or over a calendar year under the USD 25,000 limitation (pursuant to Section 3(b)) and the per share price used to determine the Purchase Price shall be proportionately adjusted for any increase or decrease in the number of issued shares of Common Stock resulting from any nonreciprocal transaction between the Company and its shareholders, (such as a stock dividend, stock split, spin-off, rights offering or recapitalization through a large, nonrecurring cash dividend), that affects the Common Stock (or other securities of the Company) or the price of shares of Common Stock (or other securities) and causes a change in the per share value of the Common Stock underlying outstanding options. Such adjustment shall be made by the Administrator, whose determination in that respect shall be final, binding and conclusive. Except as expressly provided herein, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares of Common Stock subject to an option.



(b) Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, any Offering Period then in progress will be shortened by setting a New Exercise Date, and will terminate immediately prior to the consummation of such proposed dissolution or liquidation, unless provided otherwise by the Administrator. The New Exercise Date will be before the date of the Company's proposed dissolution or liquidation. The Administrator will notify each Participant in writing or electronically, prior to the New Exercise Date, that the Exercise Date for the Participant's option has been changed to the New Exercise Date and that the Participant's option will be exercised automatically on the New Exercise Date, unless prior to such date the Participant has withdrawn from the Offering Period as provided in Section 10 hereof.

(c) Certain Corporate Transactions. In the event of a reorganization, merger, or consolidation of the Company with one or more corporations in which the Company is not the surviving corporation (or survives as a direct or indirect subsidiary of such other constituent corporation or its parent), or upon a sale of substantially all of the property or stock of the Company to another corporation, each outstanding option will be assumed or an equivalent option substituted by the successor corporation or a Parent or Subsidiary of the successor corporation. In the event that the successor corporation refuses to assume or substitute for the option, the Offering Period with respect to which such option relates will be shortened by setting a New Exercise Date on which such Offering Period shall end. The New Exercise Date will occur before the date of the Company's proposed merger or Change in Control. The Administrator will notify each Participant in writing or electronically prior to the New Exercise Date, that the Exercise Date for the Participant's option has been changed to the New Exercise Date and that the Participant's option will be exercised automatically on the New Exercise Date, unless prior to such date the Participant has withdrawn from the Offering Period as provided in Section 10 hereof.

20. Amendment or Termination.

(a) Subject to any applicable law or government regulation and to the rules of any Exchange or quotation system on which the shares of Common Stock may be listed or quoted, the Plan may be amended, modified, suspended or terminated by the Board without the approval of the shareholders of the Company. Except as provided in Section 19, no amendment may make any change in any option previously granted which adversely affects the rights of any Participant or any beneficiary (as applicable) without the consent of the affected Participant or beneficiary. To the extent necessary to comply with Section 423 of the Code (or any successor rule or provision or any other applicable law, regulation or Exchange rule), the Company shall obtain shareholder approval of any amendment in such a manner and to such a degree as required.

(b) Without shareholder approval and without regard to whether any Participant rights may be considered to have been "adversely affected," the Administrator or its delegate, to the extent permitted under the terms of the Plan, applicable law, the Bylaws of the Company and under the Committee charter, may change the Offering Periods, limit the frequency or number of changes in the amount withheld during an Offering Period, establish the exchange rate applicable to amounts

withheld in a currency other than U.S. dollars, permit payroll withholding in excess of the amount designated by a Participant to adjust for delays or mistakes in the Company's processing of properly completed Contribution elections, establish reasonable waiting and adjustment periods and/or accounting and crediting procedures to ensure that amounts applied toward the purchase of shares of Common Stock for each Participant properly correspond with amounts withheld from the Participant's Compensation, and establish such other limitations or procedures as the Committee deems appropriate.

21. Notices. All notices or other communications by a Participant to the Company under or in connection with the Plan will be deemed to have been duly given when received in the form and manner specified by the Company at the location, or by the person, designated by the Company for the receipt thereof.

22. Conditions Upon Issuance of Shares. Shares of Common Stock will not be issued with respect to an option unless the exercise of such option and the issuance and delivery of such shares pursuant thereto will comply with all applicable provisions of U.S. and non-U.S. law, including, without limitation, the Securities Act, the Exchange Act, the rules and regulations promulgated thereunder, and the requirements of any Exchange, and will be further subject to the approval of counsel for the Company with respect to such compliance. As a condition to the exercise of an option, the Company may require the person exercising such option to represent and warrant at the time of any such exercise that the shares are being purchased only for investment and without any present intention to sell or distribute such shares if, in the opinion of counsel for the Company, such a representation is required by any of the aforementioned applicable provisions of law.

23. Notification of Sale of Shares of Common Stock. Each Participant shall give the Administrator prompt notice of any disposition of Common Stock acquired pursuant to the option granted under the Plan in accordance with such procedures as may be established by the Administrator. The Administrator may require that until such time as a Participant disposes of shares of Common Stock acquired pursuant to the option granted under the Plan, the Participant shall hold all such shares of Common Stock in the Participant's name and with a third-party broker/administrator designated by the Company until the lapse of any time period(s) established by the Administrator.

24. Clawback/Recoupment Policy. Notwithstanding anything contained herein to the contrary, all shares of Common Stock acquired pursuant to the Plan shall be and remain subject to any incentive compensation clawback or recoupment policy currently in effect or as may be adopted by the Board and, in each case, as may be amended from time to time. No such policy adoption or amendment shall in any event require the prior consent of any Participant.

25. Code Section 409A; Tax Qualification.

(a) Options granted under the 423 Component are exempt from the application of Section 409A of the Code. Options granted under the Non-423 Component to U.S. taxpayers are intended to be exempt from the application of Section 409A under the short-term deferral exception and any ambiguities shall be construed and interpreted in accordance with such intent. Subject to Section 23(b), options granted to U.S. taxpayers under the Non-423 Component are subject to such terms and conditions that will permit such options to satisfy the requirements of the short-term deferral exception

available under Section 409A of the Code, including the requirement that the shares of Common Stock subject to an option be delivered within the short-term deferral period. Subject to Section 23(b), in the case of a Participant who would otherwise be subject to Section 409A of the Code, to the extent the Company determines that an option or the exercise, payment, settlement or deferral is subject to Section 409A of the Code, the option shall be granted, exercised, paid, settled or deferred in a manner that will comply with Section 409A of the Code, including Department of Treasury regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the Effective Date. Anything in the foregoing to the contrary notwithstanding, the Company shall have no liability to a Participant or any other party if the option that is intended to be exempt from, or compliant with Section 409A of the Code is not so exempt or compliant or for any action taken by the Company with respect thereto.

(b) Although the Company may endeavor to (i) qualify an option for favorable tax treatment under the laws of the U.S. or jurisdictions outside of the U.S. or (ii) avoid adverse tax treatment (e.g., under Section 409A of the Code), the Company makes no representation to that effect and expressly disavows any covenant to maintain favorable or avoid unfavorable tax treatment, notwithstanding anything to the contrary in this Plan, including Section 26(a). The Company is not constrained in its corporate activities by any potential negative tax impact on Participants under the Plan.

26. Term of Plan. The Plan became effective as of the Effective Date and will continue in effect through the tenth (10th) anniversary thereof, unless sooner terminated under Section 20.

27. Stockholder Approval. The Plan was approved by the stockholders of the Company on January 17, 2018.

28. Governing Law and Jurisdiction. The Plan shall be governed by, and construed in accordance with, the laws of the U.S. State of Delaware (except its choice-of-law provisions). The jurisdiction and venue for any disputes arising under, or any action brought to enforce (or otherwise relating to) this Plan shall be exclusively in the courts in the U.S. State of Idaho, County of Ada including the U.S. federal courts located therein (should federal jurisdiction exist).

29. No Right to Employment. Participation in the Plan by a Participant shall not be construed as giving a Participant the right to be retained as an employee of the Company, a Subsidiary or an Affiliate, as applicable. Furthermore, the Company, a Subsidiary or an Affiliate may dismiss a Participant from employment at any time, free from any liability or any claim under the Plan.

30. Severability. If any provision of the Plan is or becomes or is deemed to be invalid, illegal, or unenforceable for any reason in any jurisdiction or as to any Participant, such invalidity, illegality or unenforceability shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as to such jurisdiction or Participant as if the invalid, illegal or unenforceable provision had not been included.

31. Compliance with Applicable Laws. The terms of this Plan are intended to comply with all Applicable Laws and will be construed accordingly.

**MICRON TECHNOLOGY, INC.  
DEFERRED COMPENSATION PLAN**

Effective March 1, 2017

As Amended Effective January 1, 2022

## **PREAMBLE**

The Plan is intended to be a “plan which is unfunded and is maintained by an employer primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees” within the meaning of Sections 201(2), 301(a)(3) and 401(a)(1) of the Employee Retirement Income Security Act of 1974, as amended, or an “excess benefit plan” within the meaning of Section 3(36) of the Employee Retirement Income Security Act of 1974, as amended, or a combination of both. The Plan is further intended to conform with the requirements of Internal Revenue Code Section 409A and the final regulations issued thereunder and shall be interpreted, implemented and administered in a manner consistent therewith.

## ARTICLE 1 - GENERAL

- 1.1 Purpose.** The purpose of the Plan is to provide Eligible Employees an opportunity to defer to a future date the receipt of base and bonus compensation for services performed for the Employer.
- 1.2 Effective Date.** The Effective Date of the Plan is March 1, 2017.

## ARTICLE 2 - DEFINITIONS

Pronouns used in the Plan are in the masculine gender but include the feminine gender unless the context clearly indicates otherwise. Wherever used herein, the following terms have the meanings set forth below, unless a different meaning is clearly required by the context:

- 2.1 "Account"** means an account established for the purpose of recording amounts credited on behalf of a Participant and any income, expenses, gains, losses or distributions included thereon. The Account shall be a bookkeeping entry only and shall be utilized solely as a device for the measurement and determination of the amounts to be paid to a Participant or to the Participant's Beneficiary pursuant to the Plan.
- 2.2 "Administrator"** means, unless otherwise determined by the Plan Sponsor, the Micron Technology, Inc. Retirement at Micron (RAM) Committee.
- 2.3 "Base Compensation"** means the Participant's base rate of compensation (including regular compensation, holiday, vacation, personal and sick pay) payable for services performed for the Employer for the Plan Year, as adjusted to reflect increases and decreases to the base rate during the Plan Year.
- 2.4 "Beneficiary"** means the persons, trusts, estates or other entities entitled under Section 8.2 to receive benefits under the Plan upon the death of a Participant.
- 2.5 "Board" or "Board of Directors"** means the Board of Directors of the Plan Sponsor.
- 2.6 "Bonus Compensation"** means the Participant's annual bonus or incentive compensation payable for services performed for the Employer for the Plan Year pursuant to, among others designated by the Employer, the Micron Technology, Inc. Executive Incentive Plan, the Micron Technology, Inc. Annual Incentive Plan, and/or the Micron Technology, Inc. Incentive Pay Plan.
- 2.7 "Change in Control"** means the occurrence of an event involving the Plan Sponsor that is described in Section 9.6.
- 2.8 "Code"** means the Internal Revenue Code of 1986, as amended.
- 2.9 "Compensation"** means Base Compensation, Bonus Compensation, Fiscal Year Compensation and/or Performance-Based Compensation.

- 2.10 “Disability”** means a determination by the Administrator that the Participant is either (a) unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or (b) is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or last for a continuous period of not less than twelve months, receiving income replacement benefits for a period of not less than three months under an accident and health plan covering employees of the Employer. A Participant will be considered to have incurred a Disability if he is determined to be totally disabled by the Social Security Administration or the Railroad Retirement Board.
- 2.11 “Discretionary Credits”** has the meaning set forth in Section 5.1 hereof.
- 2.12 “Distribution Date”** means the earliest to occur of: (1) a Specified Payment Date elected by the Participant or (2) the Participant's Separation from Service for any reason (including death or Disability). Notwithstanding the foregoing, in the case of a distribution to a Specified Employee on account of Separation from Service, the Distribution Date shall be the Specified Employee Delayed Payment Date.
- 2.13 “Election Period”** means the period established by the Administrator during which Participant deferral and distribution elections must be made in accordance with the requirements of Code Section 409A. The Election Period for Base Compensation and for Bonus Compensation shall end no later than the last day of the Plan Year immediately preceding the Plan Year in which such Base Compensation or Bonus Compensation is earned. The Election Period for Fiscal Year Compensation that does not qualify as Performance-Based Compensation shall end no later than the last day of the immediately preceding Fiscal Year in which such Fiscal Year Compensation is earned (or such earlier date as the Administrator may prescribe). The Election Period for Performance-Based Compensation shall end no later than six (6) months before the end of the Fiscal Year or other period in which the Performance-Based Compensation is earned (or such earlier date as the Administrator may prescribe); provided, that the Eligible Employee is employed continuously from the later of the beginning of the performance period or the date the performance criteria are established through the date an election is made to defer such Performance-Based Compensation and the amount of such Performance-Based Compensation has not become readily ascertainable as of the date the election is made; and further provided, however, that the Election Period with respect to the first Plan Year in which an Eligible Employee is eligible to participate in the Plan may, to the extent permitted under Code Section 409A, end no later than thirty (30) days after the Eligible Employee first becomes eligible under the Plan and shall apply only to compensation earned after such election is made. A former Eligible Employee who again becomes an Eligible Employee shall be treated as newly eligible to make deferrals under the Plan within thirty (30) days upon return to eligible status if: (i) the former Eligible Employee has received distribution of the full amount of his or her Account balance attributable to deferral contributions and on or before the last such distribution was not eligible to make deferral contributions for periods after the last distribution payment; or (ii) the former Eligible Employee has not been eligible to make deferral contributions at any time during the twenty-four (24)-month period ending on the date he or she again becomes an Eligible Employee. In addition, if an Eligible Employee is or was eligible to participate in another plan that is aggregated with the elective

deferral portion of the Plan under Code Section 409A, participation in such plan shall be treated as participation in the Plan for purposes of determining whether the Eligible Employee is treated as newly eligible under the Plan. Except in the case of the first Plan Year in which an Eligible Employee is eligible to participate in the Plan, including a former Eligible Employee who is treated as newly eligible to make deferrals, the effective date of elections to defer Base or Bonus Compensation shall be the first day of the calendar year following such election, the effective date of elections to defer Fiscal Year Compensation shall be the first day of the Fiscal Year following such election, and in the case of an election to defer Performance-Based Compensation, such election shall be effective with respect to Performance-Based Compensation payable after the end of the applicable performance period.

**2.14 “Eligible Employee”** means an employee of the Employer selected by the Employer for participation in the Plan.

**2.15 “Employer”** means the Plan Sponsor and any other entity which is authorized by the Plan Sponsor to participate in and, in fact, does adopt the Plan.

**2.16 “ERISA”** means the Employee Retirement Income Security Act of 1974, as amended.

**2.17 “Fiscal Year”** means the Employer’s fiscal year, if other than the calendar year.

**2.18 “Fiscal Year Compensation”** means the Participant’s actual bonus or incentive compensation earned for services performed for the Employer for the Fiscal Year, of which no amount is paid or payable during the Fiscal Year, pursuant to, among others designated by the Employer, the Micron Technology, Inc. Executive Incentive Plan, the Micron Technology, Inc. Annual Incentive Plan, and/or the Micron Technology, Inc. Incentive Pay Plan.

**2.19 “Participant”** means an Eligible Employee who commences participation in the Plan in accordance with Article 3.

**2.20 “Performance-Based Compensation”** means any bonus, award or other compensation paid or payable during the Fiscal Year, pursuant to, among others designated by the Employer, the Micron Technology, Inc. Executive Incentive Plan, the Micron Technology, Inc. Annual Incentive Plan, and/or the Micron Technology, Inc. Incentive Pay Plan, the amount of which, or the entitlement to which, is contingent on the satisfaction of pre-established organizational or individual performance criteria relating to a performance period of at least twelve (12) consecutive months. For such bonus or award to be performance-based with respect to a Participant’s deferral election with respect to such bonus or award, the following requirements must be met: (i) the performance criteria must be established in writing no later than ninety (90) days after the beginning of the applicable “performance period”; (ii) the outcome of the performance criteria must be substantially uncertain when the criteria are established; (iii) no bonus or award, or portion of any bonus or award, that will be paid either regardless of performance, or based upon a level of performance that is substantially certain to be met at the time the criteria are established, shall be considered Performance-Based Compensation; (iv) Performance-Based Compensation shall not include payments based upon subjective performance criteria unless: (a) the subjective performance criteria are bona fide and relate to the Participant’s performance, the performance of a



group of employees that includes the Participant, or the performance of a business unit for which the Participant provides services (which may include the entire organization); and (b) the determination that any subjective performance criteria have been met is not made by the Participant or a family member of the Participant (as defined in Code Section 267(c) (4), applied as if the family of an individual includes the spouse of any member of the family), or a person under the effective control of the Participant or such a family member, and no amount of the compensation of the person making such determination is effectively controlled in whole or in part by the Participant or such a family member. A performance-based bonus that otherwise meets the above criteria may provide for payment regardless of satisfaction of the performance criteria upon the Participant's death, disability (defined as a medically determinable physical or mental impairment resulting in the Participant's inability to perform the duties of his or her position or any substantially similar position, where such impairment can be expected to result in death or can be expected to last for a continuous period of not less than six (6) months), or a change in control event (as defined in Treasury Regulations Section 1.409A-3(i)(5)(i)). Any amount that actually becomes payable upon such events without regard to the satisfaction of the performance criteria will not be considered Performance-Based Compensation.

**2.21 "Plan"** means the unfunded plan of deferred compensation set forth herein, as adopted by the Plan Sponsor and as amended from time to time.

**2.22 "Plan Sponsor"** means Micron Technology, Inc. or any successor by merger, consolidation or otherwise.

**2.23 "Plan Year"** means the period commencing January 1 and ending on December 31.

**2.24 "Related Employer"** means the Employer and (a) any corporation that is a member of a controlled group of corporations as defined in Code Section 414(b) that includes the Employer and (b) any trade or business that is under common control as defined in Code Section 414(c) that includes the Employer.

**2.25 "Separation from Service"** means the date that the Participant dies, retires or otherwise has a termination of employment with respect to all entities comprising the Related Employer. A Separation from Service does not occur if the Participant is on military leave, sick leave or other bona fide leave of absence if the period of leave does not exceed six months or such longer period during which the Participant's right to reemployment is provided by statute or contract. If the period of leave exceeds six months and the Participant's right to re-employment is not provided either by statute or contract, a Separation from Service will be deemed to have occurred on the first day following the six-month period. If the period of leave is due to any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than six months, where the impairment causes the Participant to be unable to perform the duties of his or her position of employment or any substantially similar position of employment, a 29 month period of absence may be substituted for the six month period.

Whether a termination of employment has occurred is based on whether the facts and circumstances indicate that the Related Employer and the Participant reasonably anticipated that no further services would be performed after a certain date or that the level of bona fide services the Participant would perform after such date (whether as an employee or as an independent contractor) would permanently decrease to no more than 20 percent of the average level of bona fide services performed (whether as an employee or an independent contractor) over the immediately preceding 36 month period (or the full period of services to the Related Employer if the employee has been providing services to the Related Employer for less than 36 months).

An independent contractor is considered to have experienced a Separation from Service with the Related Employer upon the expiration of the contract (or, in the case of more than one contract, all contracts) under which services are performed for the Related Employer if the expiration constitutes a good-faith and complete termination of the contractual relationship.

If a Participant provides services as both an employee and an independent contractor of the Related Employer, the Participant must separate from service both as an employee and as an independent contractor to be treated as having incurred a Separation from Service. If a Participant ceases providing services as an independent contractor and begins providing services as an employee, or ceases providing services as an employee and begins providing services as an independent contractor, the Participant will not be considered to have experienced a Separation from Service until the Participant has ceased providing services in both capacities.

If a Participant provides services both as an employee and as a member of the board of directors of a corporate Related Employer (or an analogous position with respect to a noncorporate Related Employer), the services provided as a director are not taken into account in determining whether the Participant has incurred a Separation from Service as an employee for purposes of a nonqualified deferred compensation plan in which the Participant participates as an employee that is not aggregated under Code Section 409A with any plan in which the Participant participates as a director.

If a Participant provides services both as an employee and as a member of the board of directors of a corporate related Employer (or an analogous position with respect to a noncorporate Related Employer), the services provided as an employee are not taken into account in determining whether the Participant has experienced a Separation from Service as a director for purposes of a nonqualified deferred compensation plan in which the Participant participates as a director that is not aggregated under Code Section 409A with any plan in which the Participant participates as an employee.

All determinations of whether a Separation from Service has occurred will be made in a manner consistent with Code Section 409A and the final regulations thereunder.

**2.24 “Specified Employee”** is an employee who on the date of his Separation from Service is a “specified employee” within the meaning given such term under Code Section 409A and the regulations thereunder applying the default criteria.

- 2.25 “Specified Employee Delayed Payment Date”** means the first business day of the seventh month following the date of a Specified Employee’s Separation from Service.
- 2.26 “Specified Payment Date”** means a calendar year elected by the Participant to receive his her deferrals that is after the Plan Year for which the deferrals are made.
- 2.27 “Valuation Date”** means each business day of the Plan Year that the Nasdaq Global Stock Market is open.
- 2.28 “Years of Service”** shall be determined in accordance with the Participant’s Years of Service credited under the Micron Technology, Inc. Retirement at Micron (RAM) Plan.

### **ARTICLE 3 - PARTICIPATION**

- 3.1 Participation.** An Eligible Employee shall commence participation in the Plan upon the effectiveness of his first deferral election in accordance with Section 4.1.
- 3.2 Termination of Participation.** The Administrator may terminate a Participant’s participation in the Plan in a manner consistent with Code Section 409A. If the Employer terminates a Participant’s participation before the Participant experiences a Separation from Service the Participant’s vested Accounts shall be paid in accordance with the provisions of Article 9.

### **ARTICLE 4 - PARTICIPANT ELECTIONS**

- 4.1 Deferral Agreement.** An Eligible Employee may elect during the applicable Election Period, by executing in writing or electronically a deferral agreement on form(s) approved by the Administrator, to defer the receipt of a designated percentage of Base Compensation per payroll period that is earned and payable after the effective date of such election, a designated percentage of Bonus Compensation per payroll period that is earned and payable after the effective date of such election, a designated percentage of Fiscal Year Compensation that is earned and payable after the effective date of such election and a designated percentage of Performance-Based Compensation that is payable after the effective date of such election and have such amount credited to the Participant’s Account pursuant to the terms of the Plan. The Participant shall make a separate deferral election for Base and Bonus Compensation deferrals for each Plan Year and a separate deferral election of Performance-Based Compensation and Fiscal Year Compensation for a Fiscal Year.

A new deferral election must be timely executed for each Plan Year or Fiscal Year, as applicable, during which the Eligible Employee desires to defer Compensation. An Eligible Employee who does not timely execute a deferral election shall be deemed to have elected zero deferrals of Compensation for such Plan Year or Fiscal Year, as applicable.

- 4.2 Revocation/Modification of Deferral Elections.** Except as otherwise provided in Section 9.2, a Participant may not revoke or modify his deferral agreement after the Election Period. The Administrator in its discretion may cancel a deferral election if permitted under Code Section 409A (such as upon disability), provided that the Participant shall not be provided an election with respect to such cancellation. Notwithstanding anything in this Plan to the contrary, if a Participant receives a hardship distribution of elective deferrals from a qualified cash or deferred arrangement maintained by the Employer, then such Participant's deferral election shall be cancelled for the remainder of the calendar year in which he received such hardship distribution, to the extent necessary to satisfy the requirements of Treas. Reg. Section 1.401(k)-1(d)(3).
- 4.3 Amount of Deferrals.** An Eligible Employee is not required to make a deferral election for any Plan Year or Fiscal Year. However, if an Eligible Employee makes a deferral election, the following minimums and maximums apply. These minimums and/or maximums may be modified by the Administrator for a given Plan Year or Fiscal Year on the election forms for such Plan Year or Fiscal Year without the need of a formal plan amendment.
- (a) **Minimum Base Compensation Deferral Election.** The minimum deferral election percentage an Eligible Employee may make for a Plan Year with respect to Base Compensation is 1% of Base Compensation.
  - (b) **Minimum Bonus, Fiscal Year and Performance-Based Compensation Deferral Election.** The minimum deferral election percentage an Eligible Employee may make for a Plan Year or Fiscal Year, as applicable, with respect to Bonus, Fiscal Year or Performance-Based Compensation is 1% of such Eligible Employee's bonus or incentive compensation for a Plan Year or Fiscal Year, as applicable.
  - (c) **Maximum Base Compensation Deferral Election.** The maximum deferral election percentage an Eligible Employee may make for a Plan Year with respect to Base Compensation is 75% of Base Compensation.
  - (d) **Maximum Bonus, Fiscal Year and Performance-Based Compensation Deferral Election.** The maximum deferral election percentage an Eligible Employee may make for a Plan Year or Fiscal Year, as applicable, with respect to Bonus, Fiscal Year or Performance-Based Compensation is 100% of such Eligible Employee's bonus or incentive compensation for a Plan Year or Fiscal Year, as applicable.
- 4.4 Timing of Election to Defer.** Each Eligible Employee who desires to defer Compensation otherwise payable during a Plan Year or Fiscal Year must execute a deferral agreement within the Election Period.

- 4.5 Election of Payment Schedule and Form of Payment.** All elections of a payment schedule and a form of payment will be made in accordance with rules and procedures established by the Administrator. At the time an Eligible Employee completes a deferral agreement during the Election Period, the Eligible Employee must elect a form of payment in which to receive such deferrals in a payment schedule permitted under Section 9.3 and may elect a Specified Payment Date that occurs during the Participant's employment. If an Eligible Employee fails to elect a form of payment permitted under Section 9.3, then he shall be deemed to have elected a lump sum form of payment.
- 4.6 No Deferrals from Severance.** Deferral elections shall not apply to severance or other amounts payable after a Participant's Separation from Service.

#### **ARTICLE 5 - EMPLOYER CONTRIBUTIONS**

- 5.1 Employer Contributions.** The Employer may, in its sole discretion, make discretionary Employer credits ("Discretionary Credits") on behalf of any Eligible Participant. In its sole discretion, the Employer shall determine the Eligible Participants to be credited with any Discretionary Credit, the amount of any such Discretionary Credit and the vesting schedule applicable thereto (including any accelerated vesting thereof and the events of such acceleration). In addition, the Employer may permit the Participant to elect the timing and form of distribution of such Discretionary Credits, provided that any such election shall be made no later than the latest time permitted by Code Section 409A.

#### **ARTICLE 6 - ACCOUNTS AND CREDITS**

- 6.1 Establishment of Account.** For accounting and computational purposes only, the Administrator will establish and maintain an Account on behalf of each Participant which will reflect the credits made pursuant to Section 6.2, distributions or withdrawals, along with the earnings, expenses, gains and losses allocated thereto, attributable to the hypothetical investments made with the amounts in the Account as provided in Article 7. The Administrator will establish and maintain such other records and accounts, as it decides in its discretion to be reasonably required or appropriate to discharge its duties under the Plan.
- 6.2 Credits to Account.** A Participant's Account will be credited with the amount of his elective deferrals under Section 4.1 at the time the amount subject to the deferral election would otherwise have been payable to the Participant and the amount of Employer contributions treated as allocated on his behalf under Article 5.

#### **ARTICLE 7 - INVESTMENT OF CONTRIBUTIONS**

- 7.1 Investment Options.** The amount credited to each Account shall be treated as invested in the investment options selected in advance by the Administrator. The Administrator, in its sole discretion, shall be permitted to add or remove notional investment options from the Plan menu from time to time, provided that any such additions or removals of investment options shall not be effective with respect to any period prior to the effective date of such change.
- 7.2 Investment Allocations.** A Participant's investment allocation constitutes a deemed, not actual, investment among the investment options comprising the investment menu.

At no time shall a Participant have any real or beneficial ownership in any investment option included in the investment menu, nor shall the Employer or any trustee acting on its behalf have any obligation to purchase actual securities as a result of a Participant's investment allocation. A Participant's investment allocation shall be used solely for purposes of adjusting the value of a Participant's Account.

(a) A Participant shall specify an investment allocation for each of his Accounts in accordance with procedures established by the Administrator. Except as otherwise provided by the Administrator, the following provisions of this Section 7.2 shall apply to allocations under the Plan.

(i) Allocation among the investment options must be designated in increments of 1%. The Participant's investment allocation will become effective on the same business day or, in the case of investment allocations received after a time specified by the Administrator, the next business day.

(ii) A Participant may change an investment allocation on any business day, both with respect to future credits to the Plan and with respect to existing Accounts, in accordance with procedures adopted by the Administrator. Changes shall become effective on the same business day or, in the case of investment allocations received after a time specified by the Administrator, the next business day, and shall be applied prospectively.

**7.3 Adjustment of Accounts.** The amount credited to each Account shall be adjusted for hypothetical investment earnings, expenses, gains or losses in an amount equal to the earnings, expenses, gains or losses attributable to the investment options selected by the Participant from among the investment options provided in Section 7.1. A Participant (or the Participant's Beneficiary after the death of the Participant) may, in accordance with rules and procedures established by the Administrator, select the investments from among the options provided in Section 7.1 to be used for the purpose of calculating future hypothetical investment adjustments to the Account or to future credits to the Account under Section 6.2 effective as of the Valuation Date coincident with or next following notice to the Administrator. Each Account shall be adjusted as of each Valuation Date to reflect: (a) the hypothetical earnings, expenses, gains and losses described above; (b) amounts credited pursuant to Section 6.2; and (c) distributions or withdrawals. In addition, each Account may be adjusted for its allocable share of the hypothetical costs and expenses associated with the maintenance of the hypothetical investments provided in Section 7.1.

## **ARTICLE 8 - RIGHT TO BENEFITS**

### **8.1 Vesting.**

(a) A Participant, at all times, has a 100% nonforfeitable interest in the amounts credited to his Account attributable to his elective deferrals made in accordance with Section 4.1.

(b) A Participant's right to the amounts credited to his Account attributable to Discretionary Credits made in accordance with Article 5, if any, shall vest at to 100% of the applicable Discretionary Credit on the date that such Participant achieves two Years of Service (each, an "Employer Contribution Vesting Date"). Upon a Separation from Service prior to an Employer Contribution Vesting Date, the Participant shall forfeit the nonvested portion of his Account. Notwithstanding the foregoing, a Participant's rights to the amounts credited to his Account attributable to Discretionary Credits made in accordance with Article 5, if any, shall vest as to 100% of the applicable Discretionary Credit in the event of such Participant's death or Disability, or upon the occurrence of a Change in Control.

**8.2 Death; Disability.** A Participant may designate a Beneficiary or Beneficiaries, or change any prior designation of Beneficiary or Beneficiaries in accordance with rules and procedures established by the Administrator.

A copy of the death notice or other sufficient documentation must be filed with and approved by the Administrator. If upon the death of the Participant there is, in the opinion of the Administrator, no designated Beneficiary for part or all of the Participant's vested Account, such amount will be paid to his estate (such estate shall be deemed to be the Beneficiary for purposes of the Plan) in accordance with the provisions of Article 9.

## **ARTICLE 9 - DISTRIBUTION OF BENEFITS**

**9.1 Amount of Benefits.** The vested amount credited to a Participant's Account as determined under Articles 6, 7 and 8 shall determine and constitute the basis for the value of benefits payable to the Participant under the Plan.

**9.2 Method and Timing of Distributions.** Except as otherwise expressly provided herein, amounts credited to a Participant's Account shall be paid to the Participant in accordance with the Participant's distribution election under Article 4. Distributions shall commence to be paid to the Participant as soon as administratively feasible following the Distribution Date, but in no event later than the time prescribed by Treas. Reg. Section 1.409A-3(d). A Participant may make a one (1) time change to his or her distribution election for a Plan Year or Fiscal Year, as applicable, to elect a later Specified Payment Date in accordance with this Section 9.2 and may make a one (1) time change to his or her distribution election for a Plan Year or Fiscal Year, as applicable, to elect a different payment schedule in accordance with this Section 9.2; provided, however, that an election to defer payment or change the form of distribution shall not take effect until at least 12 months after the date on which the election is made and shall be effective only if (i) the election is made at least twelve (12) months before the Specified Payment Date or payment schedule would otherwise commence or occur, and (ii) the Participant elects a new Specified Payment Date or payment schedule that delays the Specified Payment Date or payment schedule at least five (5) years. For purposes of this Section 9.2, a series of installment payments is always treated as a single payment and not as a series of separate payments.

**9.3 Form of Distribution.** Vested amounts credited to a Participant's Account shall, at the Participant's election specified in his deferral agreement in accordance with Article 4, be payable to the Participant in a single sum cash payment or in substantially equal annual

cash installments over not less than two (2) years and not more than ten (10) years. Annual installment payments shall be calculated by dividing the Account balance by the remaining annual installments to be made.

**9.4 Payment Election Overrides.** Notwithstanding the Participant's election as to the time and form of payment, upon the Participant's death or Disability, the Participant's entire Account (including any amounts with respect to which installment payments have previously commenced) shall be paid to the Participant or his Beneficiary in a single sum cash payment.

**9.6 Change in Control.** Notwithstanding the Participant's election as to the time and form of payment, in the event of a Change in Control, the Participant's entire Account (including any amounts with respect to which installment payments have previously commenced) shall be paid to the Participant in a single sum cash payment upon the Change in Control.

A Change in Control, for purposes of the Plan, will occur upon a change in the ownership of the Plan Sponsor, a change in the effective control of the Plan Sponsor or a change in the ownership of a substantial portion of the assets of the Plan Sponsor. The Plan Sponsor, for this purpose, includes any corporation identified in this Section 9.6.

If a Participant continues to make deferrals in accordance with Article 4 after he has received a distribution due to a Change in Control, the residual amount payable to the Participant shall be paid at the time and in the form specified in the elections he makes in accordance with Article 4 or upon his death or Disability as provided in Article 8.

Whether a Change in Control has occurred will be determined by the Administrator in accordance with the rules and definitions set forth in this Section 9.6. A distribution to the Participant will be treated as occurring upon a Change in Control if the Plan Sponsor terminates the Plan in accordance with Section 10.2 and distributes the Participant's benefits within twelve months of a Change in Control as provided in Section 10.3.

(a) **Relevant Corporations.** To constitute a Change in Control for purposes of the Plan, the event must relate to (i) the corporation for whom the Participant is performing services at the time of the Change in Control, (ii) the corporation that is liable for the payment of the Participant's benefits under the Plan (or all corporations liable if more than one corporation is liable) but only if either the deferred compensation is attributable to the performance of services by the Participant for such corporation (or corporations) or there is a bona fide business purpose for such corporation (or corporations) to be liable for such payment and, in either case, no significant purpose of making such corporation (or corporations) liable for such payment is the avoidance of federal income tax, or (iii) a corporation that is a majority shareholder of a corporation identified in (i) or (ii), or any corporation in a chain of corporations in which each corporation is a majority shareholder of another corporation in the chain, ending in a corporation identified in (i) or (ii). A majority shareholder is defined as a shareholder owning more than fifty percent (50%) of the total fair market value and voting power of such corporation.

(b) **Stock Ownership.** Code Section 318(a) applies for purposes of determining stock



ownership. Stock underlying a vested option is considered owned by the individual who owns the vested option (and the stock underlying an unvested option is not considered owned by the individual who holds the unvested option). If, however, a vested option is exercisable for stock that is not substantially vested (as defined by Treasury Regulation Section 1.83-3(b) and (j)) the stock underlying the option is not treated as owned by the individual who holds the option.

- (c) **Change in the Ownership of a Corporation.** A change in the ownership of a corporation occurs on the date that any one person or more than one person acting as a group, acquires ownership of stock of the corporation that, together with stock held by such person or group, constitutes more than fifty percent (50%) of the total fair market value or total voting power of the stock of such corporation. If any one person or more than one person acting as a group is considered to own more than fifty percent (50%) of the total fair market value or total voting power of the stock of a corporation, the acquisition of additional stock by the same person or persons is not considered to cause a change in the ownership of the corporation (or to cause a change in the effective control of the corporation as discussed below in Section 9.6(d)). An increase in the percentage of stock owned by any one person, or persons acting as a group, as a result of a transaction in which the corporation acquires its stock in exchange for property will be treated as an acquisition of stock. Section 9.6(c) applies only when there is a transfer of stock of a corporation (or issuance of stock of a corporation) and stock in such corporation remains outstanding after the transaction. For purposes of this Section 9.6(c), persons will not be considered to be acting as a group solely because they purchase or own stock of the same corporation at the same time or as a result of a public offering. Persons will, however, be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the corporation. If a person, including an entity, owns stock in both corporations that enter into a merger, consolidation, purchase or acquisition of stock, or similar transaction, such shareholder is considered to be acting as a group with other shareholders in a corporation only with respect to ownership in that corporation prior to the transaction giving rise to the change and not with respect to the ownership interest in the other corporation.
- (d) **Change in the effective control of a corporation.** A change in the effective control of a corporation occurs on the date that either (i) any one person, or more than one person acting as a group, acquires (or has acquired during the twelve month period ending on the date of the most recent acquisition by such person or persons) ownership of stock of the corporation possessing thirty percent (30%) or more of the total voting power of the stock of such corporation, or (ii) a majority of members of the corporation's board of directors is replaced during any twelve month period by directors whose appointment or election is not endorsed by a majority of the members of the corporation's board of directors prior to the date of the appointment or election, provided that for purposes of this paragraph (ii), the term corporation refers solely to the relevant corporation identified in Section 9.6(a) for which no other

corporation is a majority shareholder for purposes of Section 9.6(a). In the absence of an event described in Section 9.6(d)(i) or (ii), a change in the effective control of a corporation will not have occurred. A change in effective control may also occur in any transaction in which either of the two corporations involved in the transaction has a change in the ownership of such corporation as described in Section 9.6(c) or a change in the ownership of a substantial portion of the assets of such corporation as described in Section 9.6(e). If any one person, or more than one person acting as a group, is considered to effectively control a corporation within the meaning of this Section 9.6(d), the acquisition of additional control of the corporation by the same person or persons is not considered to cause a change in the effective control of the corporation or to cause a change in the ownership of the corporation within the meaning of Section 9.6(c). For purposes of this Section 9.6(d), persons will or will not be considered to be acting as a group in accordance with rules similar to those set forth in Section 9.6(c) with the following exception. If a person, including an entity, owns stock in both corporations that enter into a merger, consolidation, purchase or acquisition of stock, or similar transaction, such shareholder is considered to be acting as a group with other shareholders in a corporation only with respect to the ownership in that corporation prior to the transaction giving rise to the change and not with respect to the ownership interest in the other corporation.

- (e) **Change in the ownership of a substantial portion of a corporation's assets.** A change in the ownership of a substantial portion of a corporation's assets occurs on the date that any one person, or more than one person acting as a group (as determined in accordance with rules similar to those set forth in Section 9.6(d)), acquires (or has acquired during the twelve month period ending on the date of the most recent acquisition by such person or persons) assets from the corporation that have a total gross fair market value equal to or more than forty percent (40%) of the total gross fair market value of all of the assets of the corporation immediately prior to such acquisition or acquisitions. For this purpose, gross fair market value means the value of the assets of the corporation or the value of the assets being disposed of determined without regard to any liabilities associated with such assets. There is no Change in Control event under this Section 9.6(e) when there is a transfer to an entity that is controlled by the shareholders of the transferring corporation immediately after the transfer. A transfer of assets by a corporation is not treated as a change in ownership of such assets if the assets are transferred to (i) a shareholder of the corporation (immediately before the asset transfer) in exchange for or with respect to its stock, (ii) an entity, fifty percent (50%) or more of the total value or voting power of which is owned, directly or indirectly, by the corporation, (iii) a person, or more than one person acting as a group, that owns, directly or indirectly, fifty percent (50%) or more of the total value or voting power of all the outstanding stock of the corporation, or (iv) an entity, at least fifty (50%) of the total value or voting power of which is owned, directly or indirectly, by a person described in Section 9.6(e)(iii). For purposes of the foregoing, and except as otherwise provided, a person's status is determined immediately after the transfer of assets.

## **9.7 Permissible Delays in Payment.**

Distributions may be delayed beyond the date payment would otherwise occur in accordance with the provisions of Articles 8 and 9 in any of the following circumstances as long as the Employer treats all payments to similarly situated Participants on a reasonably consistent basis.

- (a) The Employer may delay payment if it reasonably anticipates that its deduction with respect to such payment would be limited or eliminated by the application of Code Section 162(m). Payment must be made during the Participant's first taxable year in which the Employer reasonably anticipates, or should reasonably anticipate, that if the payment is made during such year the deduction of such payment will not be barred by the application of Code Section 162(m) or during the period beginning with the Participant's Separation from Service and ending on the later of the last day of the Employer's taxable year in which the Participant separates from service or the 15th day of the third month following the Participant's Separation from Service. If a scheduled payment to a Participant is delayed in accordance with this Section 9.7(a), all scheduled payments to the Participant that could be delayed in accordance with this Section 9.7(a) will also be delayed.
- (b) The Employer may also delay payment if it reasonably anticipates that the making of the payment will violate federal securities laws or other applicable laws provided payment is made at the earliest date on which the Employer reasonably anticipates that the making of the payment will not cause such violation.
- (c) The Employer reserves the right to amend the Plan to provide for a delay in payment upon such other events and conditions as the Secretary of the Treasury may prescribe in generally applicable guidance published in the Internal Revenue Bulletin.

**9.8 Permitted Acceleration of Payment.** The Employer may permit acceleration of the time or schedule of any payment or amount scheduled to be paid pursuant to a payment under the Plan provided such acceleration would be permitted by the provisions of Reg. Sec. 1.409A-3(j)(4), including the following events:

- (a) **Domestic Relations Order.** A payment may be accelerated if such payment is made to an alternate payee pursuant to and following the receipt and qualification of a domestic relations order as defined in Code Section 414(p).
- (b) **Compliance with Ethics Agreements and Legal Requirements.** A payment may be accelerated as may be necessary to comply with ethics agreements with the Federal government or as may be reasonably necessary to avoid the violation of Federal, state, local or foreign ethics law or conflicts of laws, in accordance with the requirements of Code Section 409A.

- (c) **FICA Tax.** A payment may be accelerated to the extent required to pay the Federal Insurance Contributions Act tax imposed under Code Sections 3101, 3121(a) and 3121(v)(2) of the Code with respect to compensation deferred under the Plan (the "FICA Amount"). Additionally, a payment may be accelerated to pay the income tax on wages imposed under Code Section 3401 of the Code on the FICA Amount and to pay the additional income tax at source on wages attributable to the pyramiding Code Section 3401 wages and taxes. The total payment under this subsection (d) may not exceed the aggregate of the FICA Amount and the income tax withholding related to the FICA Amount.
- (d) **Section 409A Additional Tax.** A payment may be accelerated if the Plan fails to meet the requirements of Code Section 409A; provided that such payment may not exceed the amount required to be included in income as a result of the failure to comply with the requirements of Code Section 409A.
- (e) **Offset.** A payment may be accelerated in the Employer's discretion as satisfaction of a debt of the Participant to the Employer, where such debt is incurred in the ordinary course of the service relationship between the Participant and the Employer, the entire amount of the reduction in any of the Employer's taxable years does not exceed \$5,000, and the reduction is made at the same time and in the same amount as the debt otherwise would have been due and collected from the Participant.
- (f) **Other Events.** A payment may be accelerated in the Administrator's discretion in connection with such other events and conditions as permitted by Code Section 409A.

## **ARTICLE 10 - AMENDMENT AND TERMINATION**

- 10.1 Amendment by Plan Sponsor.** The Plan Sponsor reserves the right to amend the Plan (for itself and each Employer) through action of its Board of Directors. No amendment can directly or indirectly deprive any current or former Participant or Beneficiary of all or any portion of his Account which had accrued and vested prior to the amendment.
- 10.2 Plan Termination Following Change in Control or Corporate Dissolution.** The Plan Sponsor reserves the right to terminate the Plan and distribute all amounts credited to all Participant Accounts within the 30 days preceding or the twelve months following a Change in Control as determined in accordance with the rules set forth in Section 9.6. For this purpose, the Plan will be treated as terminated only if all agreements, methods, programs and other arrangements sponsored by the Related Employer immediately after the Change in Control which are treated as a single plan under Reg. Sec. 1.409A-1(c)(2) are also terminated so that all participants under the Plan and all similar arrangements are required to receive all amounts deferred under the terminated arrangements within twelve months of the date the Plan Sponsor irrevocably takes all necessary action to terminate the arrangements. In addition, the Plan Sponsor reserves the right to terminate the Plan within twelve months of a corporate dissolution taxed under Code Section 331 or with the approval of a bankruptcy court pursuant to 11 U. S. C. Section 503(b)(1)(A) provided that amounts deferred under the Plan are included in the gross incomes of

Participants in the latest of (a) the calendar year in which the termination and liquidation occurs, (b) the first calendar year in which the amount is no longer subject to a substantial risk of forfeiture, or (c) the first calendar year in which payment is administratively practicable.

- 10.3 Other Plan Terminations.** The Plan Sponsor retains the discretion to terminate the Plan if (a) all arrangements sponsored by the Plan Sponsor that would be aggregated with any terminated arrangement under Code Section 409A and Reg. Sec. 1.409A-1(c)(2) are terminated, (b) no payments other than payments that would be payable under the terms of the arrangements if the termination had not occurred are made within twelve months of the termination of the arrangements, (c) all payments are made within twenty-four months of the date the Plan Sponsor takes all necessary action to irrevocably terminate and liquidate the arrangements, (d) the Plan Sponsor does not adopt a new arrangement that would be aggregated with any terminated arrangement under Code Section 409A and the regulations thereunder at any time within the three year period following the date of termination of the arrangement, and (e) the termination does not occur proximate to a downturn in the financial health of the Plan sponsor. The Plan Sponsor also reserves the right to amend the Plan to provide that termination of the Plan will occur under such conditions and events as may be prescribed by the Secretary of the Treasury in generally applicable guidance published in the Internal Revenue Bulletin.

## **ARTICLE 11 - THE TRUST**

- 11.1 Establishment of Trust.** The Plan Sponsor may but is not required to establish a trust to hold amounts which the Plan Sponsor may contribute from time to time to correspond to some or all amounts credited to Participants under Section 6.2. In the event that the Plan Sponsor wishes to establish a trust to provide a source of funds for the payment of Plan benefits, any such trust shall be constructed to constitute an unfunded arrangement that does not affect the status of the Plan as an unfunded plan for purposes of Title I of ERISA and the Code.
- 11.2 Rabbi Trust.** Any trust established by the Plan Sponsor shall be between the Plan Sponsor and a trustee pursuant to a separate written agreement under which assets are held, administered and managed, subject to the claims of the Plan Sponsor's creditors in the event of the Plan Sponsor's insolvency. The trust is intended to be treated as a rabbi trust in accordance with existing guidance of the Internal Revenue Service, and the establishment of the trust shall not cause the Participant to realize current income on amounts contributed thereto. The Plan Sponsor must notify the trustee in the event of a bankruptcy or insolvency.
- 11.3 Investment of Trust Funds.** Any amounts contributed to the trust by the Plan Sponsor shall be invested by the trustee in accordance with the provisions of the trust and the instructions of the Plan Sponsor. Trust investments need not reflect the hypothetical investments selected by Participants under Section 7.1 for the purpose of adjusting Accounts and the earnings or investment results of the trust need not affect the hypothetical investment adjustments to Participant Accounts under the Plan.

## ARTICLE 12 - PLAN ADMINISTRATION

**12.1 Powers and Responsibilities of the Administrator.** The Administrator has the full power and the full responsibility to administer the Plan in all of its details, subject, however, to the applicable requirements of ERISA. The Administrator's powers and responsibilities include, but are not limited to, the following:

- (a) To make and enforce such rules and procedures as it deems necessary or proper for the efficient administration of the Plan;
- (b) To interpret the Plan, its interpretation thereof to be final, except as provided in Section 12.2, on all persons claiming benefits under the Plan;
- (c) To decide all questions concerning the Plan and the eligibility of any person to participate in the Plan;
- (d) To administer the claims and review procedures specified in Section 12.2;
- (e) To compute the amount of benefits which will be payable to any Participant, former Participant or Beneficiary in accordance with the provisions of the Plan;
- (f) To determine the person or persons to whom such benefits will be paid;
- (g) To authorize the payment of benefits;
- (h) To comply with the reporting and disclosure requirements of Part 1 of Subtitle B of Title I of ERISA;
- (i) To appoint such agents, counsel, accountants, and consultants as may be required to assist in administering the Plan;
- (j) By written instrument, to allocate and delegate its responsibilities, including the formation of an administrative committee to administer the Plan.

## **12.2 Claims and Review Procedures.**

**Claims Procedure.** If any person believes he is being denied any rights or benefits under the Plan, such person may file a claim in writing with the Administrator. If any such claim is wholly or partially denied, the Administrator will notify such person of its decision in writing. Such notification will be given within 90 days (45 days in the case of a claim regarding Disability) after the claim is received by the Administrator. The Administrator may extend the period for providing the notification by 90 days (30 days in the case of a claim regarding Disability) if special circumstances require an extension of time for processing the claim and if written notice of such extension and circumstance is given to such person within the initial 90 day period (45 day period in the case of a claim regarding Disability). If such notification is not given within such period, the claim will be considered denied as of the last day of such period and such person may request a review of his claim. Such notification will contain (i) specific reasons for the denial, (ii) specific reference to pertinent Plan provisions, (iii) a description of any additional material or information necessary for such person to

perfect such claim and an explanation of why such material or information is necessary, and (iv) a description of the Plan's review procedures and the time limits applicable to such procedures, including a statement of the person's right to bring a civil action following an adverse decision on review. In addition, for a claim regarding Disability, such notification will be provided in a culturally and linguistically appropriate manner and will contain (v) a discussion of the decision, including an explanation of the basis for disagreeing with or not following: (a) the views provided by the claimant's health care or vocation professionals who treated and evaluated the claimant; (b) the views of medical or vocational experts whose advice was obtained by the plan, regardless of whether the advice was relied upon in making the benefit determination; and (c) any disability determination made by the Social Security Administration, (vi) if the adverse benefit determination is based on medical necessity, experimental treatment, or similar exclusion or limit, either an explanation of the scientific or clinical judgement for the determination, applying the terms of the plan to the claimant's medical circumstances, or a statement that an explanation will be provided free of charge upon request, (vii) the specific internal rules, guidelines, protocols, standards or other similar criteria (a "Guideline") that were relied upon in making the adverse determination or a statement that such Guideline does not exist, and (viii) a statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claim for benefits.

**Review Procedure.** Within 60 days (180 days in the case of a claim regarding Disability) after the date on which a person receives a written notification of denial of claim (or, if written notification is not provided, within 60 days (180 days in the case of a claim regarding Disability) of the date denial is considered to have occurred), such person (or his duly authorized representative) may (i) file a written request with the Administrator for a review of his denied claim and of pertinent documents and (ii) submit written issues and comments to the Administrator. The decision on review will be made within 60 days (45 days in the case of a claim regarding Disability). The Administrator may extend the period for making the decision on review by 60 days (45 days in the case of a claim regarding Disability) if special circumstances require an extension of time for processing the request such as an election by the Administrator to hold a hearing, and if written notice of such extension and circumstances is given to such person within the initial 60-day period (45 days in the case of a claim regarding Disability). If the decision on review is not made within such period, the claim will be considered denied. In the case of a claim regarding Disability, before a final adverse benefit determination is made, the Administrator will provide the claimant, free of charge, with any new or additional evidence or rationale considered, relied upon, or generated by the plan in connection with the claim as soon as possible and sufficiently in advance of the final notice to give the claimant a reasonable opportunity to respond prior to that date.

The Administrator will notify such person of its decision in writing. Such notification will be written in a manner calculated to be understood by such person and will contain specific reasons for the decision as well as specific references to pertinent Plan provisions. The notification will explain that the person is entitled to receive, upon request and free of charge, reasonable access to and copies of all pertinent documents and has the right to bring a civil action following an adverse decision on

review. In addition, for a claim regarding Disability, the notification will be provided in a culturally and linguistically appropriate manner and will contain (i) a discussion of the decision, including an explanation of the basis for disagreeing with or not following the views provided by the claimant's health care or vocation professionals that treated and evaluated the claimant; the views of medical or vocational experts whose advice was obtained by the plan, regardless of whether the advice was relied upon in making the benefit determination; and any disability determination made by the Social Security Administration, (ii) if the adverse benefit determination is based on medical necessity, experimental treatment, or similar exclusion or limit, either an explanation of the scientific or clinical judgement for the determination, applying the terms of the plan to the claimant's medical circumstances, or a statement that explanation will be provided free of charge upon request, (iii) any Guideline that was relied upon in making the adverse determination or a statement that such Guideline does not exist.

**Exhaustion of Claims Procedures and Right to Bring Legal Claim.** No action at law or equity shall be brought more than one (1) year after the Administrator's affirmation of a denial of a claim, or, if earlier, more than four (4) years after the facts or events giving rising to the claimant's allegation(s) or claim(s) first occurred.

- 12.3 Plan Administrative Costs.** All reasonable costs and expenses (including legal, accounting, and employee communication fees) incurred by the Administrator in administering the Plan shall be paid by the Plan to the extent not paid by the Employer.

### **ARTICLE 13 - MISCELLANEOUS**

- 13.1 Unsecured General Creditor of the Employer.** Participants and their Beneficiaries, heirs, successors and assigns shall have no legal or equitable rights, interests or claims in any property or assets of the Employer. For purposes of the payment of benefits under the Plan, any and all of the Employer's assets shall be, and shall remain, the general, unpledged, unrestricted assets of the Employer. Each Employer's obligation under the Plan shall be merely that of an unfunded and unsecured promise to pay money in the future.
- 13.2 Employer's Liability.** Each Employer's liability for the payment of benefits under the Plan shall be defined only by the Plan and by the deferral elections entered into between a Participant and the Employer. An Employer shall have no obligation or liability to a Participant under the Plan except as provided by the Plan and a deferral election or agreements. An Employer shall have no liability to Participants employed by other Employers.
- 13.3 Limitation of Rights.** Neither the establishment of the Plan, nor any amendment thereof, nor the creation of any fund or account, nor the payment of any benefits, will be construed as giving to the Participant or any other person any legal or equitable right against the Employer, the Plan or the Administrator, except as provided herein; and in no event will the terms of employment or service of the Participant be modified or in any way affected hereby.



- 13.4 Anti-Assignment.** Except as may be necessary to fulfill a domestic relations order within the meaning of Code Section 414(p), none of the benefits or rights of a Participant or any Beneficiary of a Participant shall be subject to the claim of any creditor. In particular, to the fullest extent permitted by law, all such benefits and rights shall be free from attachment, garnishment, or any other legal or equitable process available to any creditor of the Participant and his or her Beneficiary. Neither the Participant nor his or her Beneficiary shall have the right to alienate, anticipate, commute, pledge, encumber, or assign any of the payments which he or she may expect to receive, contingently or otherwise, under the Plan, except the right to designate a Beneficiary to receive death benefits provided hereunder. Notwithstanding the preceding, the benefit payable from a Participant's Account may be reduced, at the discretion of the administrator, to satisfy any debt or liability to the Employer.
- 13.5 Facility of Payment.** If the Administrator determines, on the basis of medical reports or other evidence satisfactory to the Administrator, that the recipient of any benefit payments under the Plan is incapable of handling his affairs by reason of minority, illness, infirmity or other incapacity, the Administrator may direct the Employer to disburse such payments to a person or institution designated by a court which has jurisdiction over such recipient or a person or institution otherwise having the legal authority under State law for the care and control of such recipient. The receipt by such person or institution of any such payments therefore, and any such payment to the extent thereof, shall discharge the liability of the Employer, the Plan and the Administrator for the payment of benefits hereunder to such recipient.
- 13.6 Notices.** Any notice or other communication to the Employer or Administrator in connection with the Plan shall be deemed delivered in writing if addressed to the Plan Sponsor at the following address: 8000 South Federal Way, Boise, ID 83707, and if either actually delivered at said address or, in the case of a letter, 5 business days shall have elapsed after the same shall have been deposited in the United States mails, first-class postage prepaid and registered or certified.
- 13.7 Tax Withholding.** If the Employer concludes that tax is owing with respect to any deferral or payment hereunder, the Employer shall withhold such amounts from any payments due the Participant or from amounts deferred, as permitted by law, or otherwise make appropriate arrangements with the Participant or his Beneficiary for satisfaction of such obligation. Tax, for purposes of this Section 13.7 means any federal, state, local or any other governmental income tax, employment or payroll tax, excise tax, or any other tax or assessment owing with respect to amounts deferred, any earnings thereon, and any payments made to Participants under the Plan.
- 13.8 Indemnification.**
- (a) Each Indemnitee (as defined in Section 13.8(e)) shall be indemnified and held harmless by the Employer for all actions taken by him and for all failures to take action (regardless of the date of any such action or failure to take action), to the fullest extent permitted by the law of the jurisdiction in which the Employer is incorporated, against all expense, liability, and loss (including, without limitation, attorneys' fees, judgments, fines, taxes, penalties, and amounts paid or to be paid in settlement) reasonably incurred or suffered by the Indemnitee in connection with any

Proceeding (as defined in Subsection (e)). No indemnification pursuant to this Section shall be made, however, in any case where (1) the act or failure to act giving rise to the claim for indemnification is determined by a court to have constituted willful misconduct or recklessness or (2) there is a settlement to which the Employer does not consent.

- (b) The right to indemnification provided in this Section shall include the right to have the expenses incurred by the Indemnatee in defending any Proceeding paid by the Employer in advance of the final disposition of the Proceeding, to the fullest extent permitted by the law of the jurisdiction in which the Employer is incorporated; provided that, if such law requires, the payment of such expenses incurred by the Indemnatee in advance of the final disposition of a Proceeding shall be made only on delivery to the Employer of an undertaking, by or on behalf of the Indemnatee, to repay all amounts so advanced without interest if it shall ultimately be determined that the Indemnatee is not entitled to be indemnified under this Section or otherwise.
- (c) Indemnification pursuant to this Section shall continue as to an Indemnatee who has ceased to be such and shall inure to the benefit of his heirs, executors, and administrators. The Employer agrees that the undertakings made in this Section shall be binding on its successors or assigns and shall survive the termination, amendment or restatement of the Plan.
- (d) The foregoing right to indemnification shall be in addition to such other rights as the Indemnatee may enjoy as a matter of law or by reason of insurance coverage of any kind and is in addition to and not in lieu of any rights to indemnification to which the Indemnatee may be entitled pursuant to the by-laws of the Employer.
- (e) For the purposes of this Section, the following definitions shall apply:

- (i) "Indemnatee" shall mean each person serving as an Administrator (or any other person who is an employee, director, or officer of the Employer) who was or is a party to, or is threatened to be made a party to, or is otherwise involved in, any Proceeding, by reason of the fact that he is or was performing administrative functions under the Plan.

- (ii) "Proceeding" shall mean any threatened, pending, or completed action, suit, or proceeding (including, without limitation, an action, suit, or proceeding by or in the right of the Employer), whether civil, criminal, administrative, investigative, or through arbitration.

**13.9 Successors.** The provisions of the Plan shall bind and inure to the benefit of the Plan Sponsor, the Employer and their successors and assigns and the Participant and the Participant's designated Beneficiaries.

**13.10 Disclaimer.** It is the Plan Sponsor's intention that the Plan comply with the requirements of Code Section 409A. Neither the Plan Sponsor nor the Employer shall have any liability to any Participant should any provision of the Plan fail to satisfy the requirements of Code Section 409A.

**13.11 Governing Law.** The Plan will be construed, administered and enforced according to the laws of Delaware.

Executed this 26th day of May, but effective as of January 1, 2022, except as otherwise expressly provided herein.

MICRON TECHNOLOGY, INC.

/s/ April Arnzen

By: April Arnzen

Its: Senior Vice President and Chief People Officer

**Explanatory Note:** As described in the Current Report on Form 8-K of Micron Technology, Inc. (the “Company”) filed on April 8, 2022, and consistent with the past practice of the Company with respect to its named executive officers, set forth below are provisions relating to certain benefits granted to Mr. Mark Murphy upon his appointment as executive vice president and chief financial officer of the Company on April 18, 2022.

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## Section I

Subject to the requirements of this Exhibit A, the following Severance Benefits will be payable to you in connection with your “**Qualifying Separation from Service**” from Micron Technology, Inc. (the “**Company**”).

As soon as administratively practicable after your Qualifying Separation from Service, you will be paid all wages through the date of termination; any amounts owed to you under any Company expense reimbursement program; if not previously paid, an amount equal to the payout earned under the applicable annual incentive plan for the performance period ending immediately prior to the date of the Qualifying Separation from Service; and such employee benefits (including equity compensation and paid time off), if any, to which you may be entitled under the Company’s employee benefit plans.

The following salary continuation and supplemental cash-based Severance Benefits shall be paid bi-weekly during the “**Severance Period**” (as defined in Section II) following your Qualifying Separation from Service in roughly equal installments in accordance with the Company’s normal payroll cycle commencing (or in the case of a “**Change in Control Separation**” (as defined in Section II), in a lump sum) following your Qualifying Separation from Service (payments generally will be made or will commence 60 days after your Qualifying Separation from Service, subject to the exceptions and detail below):

- An amount equal to one times (one and one-half times, in the case of a Change in Control Separation) your base salary in effect as of the date of your Qualifying Separation from Service (for the avoidance of doubt, the total amount paid under this paragraph will not exceed one or one and one-half times your annual base salary, as applicable);
- An amount equal to 12 months (18 months in the case of a Change in Control Separation) of matching contributions under the Company’s qualified retirement plan that you would have otherwise received had you remained employed during the Severance Period based on your contribution rate to the plan at the time of your Qualifying Separation from Service; provided that if such payment would have resulted in you receiving an excess matching contribution under the Company’s qualified retirement plan had such payment been made to that qualified plan during the Severance Period, the payment will be reduced to the extent necessary to prevent such excess deemed contribution; and
- An amount equal to 12 months (18 months in the case of a Change in Control Separation) of COBRA premiums at the benefit level in effect at the time of your Qualifying Separation from Service reduced by the employee portion of the premium for that benefit level in effect as of the time of your Qualifying Separation from Service that you would have paid during the Severance Period.

In addition, upon your Qualifying Separation from Service, you will receive an amount equal to the annual incentive plan bonus that would actually have been earned for the performance period in which your Qualifying Separation from Service occurs, payable at the same time and in the same form as provided under the annual incentive plan; provided in the case of a Change in Control Separation that occurs within the same performance period of a Change in Control, in lieu of an annual bonus payment for the performance period in which your Change in Control Separation occurs, you will receive within 60 days of your Change in Control Separation a payment equal to the target bonus payable for the performance period in which your Change in Control Separation occurs, reduced by any amount previously paid to you under the annual incentive plan for that same performance period as a result of the Change in Control.

In the event of a Change in Control Separation, all "time-based" or "performance-based" equity awards granted to you under the Company's equity plans that have not previously become vested and earned shall be treated as vested and earned under this Exhibit A. Notwithstanding anything contained in those equity plans, the determination as to whether you have become entitled to such accelerated vesting and payouts will be determined under this Exhibit A.

In the event of your Qualifying Separation from Service that does not constitute a Change in Control Separation, you shall be entitled to the following:

- With respect to your "time-based" options, and/or "performance-based" options that have not previously become vested, the continued vesting and exercisability of any granted stock options in accordance with the terms of the applicable stock plan as if your employment as an officer had continued during the Severance Period, provided, however, and for purposes of clarification, the parties agree that you will be entitled to vesting for the completion of "performance-based" goals hereunder if and only if the specified performance goal was achieved prior to or during that Severance Period and any required goal achievement certification for such performance goal has been made by the Board, or a committee thereof, thereafter; and
- With respect to your restricted stock share awards (excluding the New Hire Equity Award), the lapse of any "time-based" and/or "performance-based" restrictions at the same time and in the same amounts as such restrictions would have lapsed, if at all, in accordance with the terms of the applicable stock plan if your employment as an officer had continued during the Severance Period, provided, however, and for purposes of clarification, the parties agree that you will be entitled to the lapse of "performance-based" restrictions hereunder if and only if the specified performance goal was achieved prior to or during the Severance Period and any required goal achievement certification for such performance goal has been made by the Board, or a committee thereof, thereafter.
- With respect to your New Hire Equity Award, the lapse of any time-based restrictions at the same time and in the same amounts as such restrictions would have lapsed, if at all, in accordance with the terms of the applicable stock plan if you had remained employed as an officer throughout the vesting period of the New Hire Equity Award.

No cash or equity based Severance Benefits will be payable to you until you timely sign, return to the Company, and do not revoke, a release of claims in favor of the Company, its affiliates and their respective officers and directors during the Release Execution Period substantially in the form attached hereto (the "Release"). For this purpose, the **"Release Execution Period"**

shall be the 60-day period commencing on the date of your Qualifying Separation from Service. In the event that such Release Execution Period begins in one tax year and ends in the next tax year, the Severance Benefits will be paid (or commence to be paid) on the later of (i) the last day of the Release Execution Period, (ii) if applicable, the Section 409A Delayed Payment Date, if applicable, or (iii) the payment date otherwise set forth in Section I of this Exhibit A.

Notwithstanding any contrary provision of this offer, the compensation and benefits provided hereunder are contingent upon your continued compliance with the Release, Confidentiality and Intellectual Property Agreement, your Executive Covenant Agreement, the policies of Micron, and the reasonable directives provided by the CEO (including the directive to assist in transitioning your responsibilities) during the period following the Company's notice (or your notice) of termination of employment through the date of your termination of employment. You further agree to be available to provide reasonable transition services during the Severance Period, provided the Company gives you reasonable notice of the need to provide such reasonable services and reimburses you for your reasonable costs associated with providing such reasonable services.

If any amount or benefit that would constitute non-exempt "deferred compensation" for purposes Section 409A of the Internal Revenue Code ("Section 409A") would otherwise be payable or distributable under this Exhibit A by reason of your Qualifying Separation from Service during a period in which you are specified employee (as defined by the Company's specified employee policy), then, subject to any permissible acceleration under Section 409A, such benefit or payment shall be delayed and payable in a lump sum on the first day of the seventh month following your Qualifying Separation from Service (the "Section 409A Delayed Payment Date").

The amounts payable or provided under this Exhibit A are intended to comply with Section 409A or an exemption thereunder and shall be construed and administered in accordance with Section 409A. Notwithstanding any other provision of this Exhibit A, payments provided under this Exhibit A may only be made upon an event and in a manner that complies with Section 409A or an applicable exemption. Any payments under this Exhibit A that may be excluded from Section 409A either as separation pay due to an involuntary separation from service or as a short-term deferral shall be excluded from Section 409A to the maximum extent possible. For purposes of Section 409A, each installment payment provided under this Exhibit A shall be treated as a separate payment. Notwithstanding the foregoing, the Company makes no representations that the payments and benefits provided under this Exhibit A comply with Section 409A, and in no event shall the Company be liable for all or any portion of any taxes, penalties, interest, or other expenses that may be incurred by you on account of non-compliance with Section 409A or any other tax law or regulation.

The Company shall reduce the amounts payable or provided under this Exhibit so that no Section 280G excise tax will apply if such reduction will result in a higher net after-tax benefit to you as reasonably determined by the Company's independent tax accountants and assuming you are in the highest marginal tax brackets for Federal state and local income tax purposes. Any necessary reduction shall be applied in the following order: (a) reduction of cash payments in reverse chronological order (that is, the cash payment owed on the latest date following the occurrence of the event triggering the excise tax will be the first cash payment to be reduced); (b) cancellation of equity awards that were granted "contingent on a change in ownership or control" within the meaning of Section 280G in the reverse order of date of grant of the equity awards (that is, the most recently granted equity awards will be cancelled first); (c) reduction of the accelerated or continued vesting of equity awards in the reverse order of date of grant of the equity awards (that is, the vesting of the most recently granted equity awards will be cancelled first); and (d) reduction of employee benefits in reverse chronological order (that is, the benefit owed on the latest date following the occurrence of the event triggering the Section 280G excise tax will be the first benefit to be reduced). In no event will you have any discretion with respect to the ordering of any reductions. Notwithstanding any contrary provision of this offer, in no

event will the Company provide a tax gross-up to you with respect to the payments and benefits provided to you under this Exhibit A.

## Section II

For the purpose of the Severance Benefits described in Section I, these terms will have the meaning set forth below:

**"Good Reason"** shall mean any of the following, without your consent:

- (a) a material diminution in your base salary (other than an across-the-board reduction in base salary that affects all peer employees);
- (b) a material diminution in your authority, duties, or responsibilities; or
- (c) the relocation of your principal office to a location that is more than twenty-five (25) miles from the location of your principal office on the Effective Date (that is, either Boise, Idaho or San Jose, California, whichever is applicable); provided, however, that Good Reason shall not include (A) any relocation of your principal office which is proposed or initiated by you; (B) any relocation that results in your principal office being closer to your then-current principal residence; or (C) any relocation pursuant to any stay-at-home, travel restriction or similar governmental law, order, request or recommendation.

A termination by you shall not constitute termination for Good Reason unless you shall first have delivered to the Company written notice setting forth with specificity the occurrence deemed to give rise to a right to terminate for Good Reason (which notice must be given no later than ninety (90) days after the initial occurrence of such event) (the "Good Reason Notice"), and the Company has not taken action to correct, rescind or otherwise substantially reverse the occurrence supporting termination for Good Reason as identified by you within thirty (30) days following its receipt of such Good Reason Notice. Your date of termination for Good Reason must occur within a period of three hundred and sixty five (365) days after the initial occurrence of an event of Good Reason.

**"Cause"** shall mean any of the following acts by you, as determined by the Board of the Company or a designated committee:

- (a) the commission by you of, or your pleading guilty or nolo contendere to, a felony or a crime involving moral turpitude (including pleading guilty or nolo contendere to a felony or lesser charge which results from plea bargaining), whether or not such felony, crime or lesser offense is connected with the business of the Company or any of its affiliates;
- (b) your engaging in any other act of dishonesty, fraud, intentional misrepresentation, moral turpitude, illegality or harassment, whether or not such act was committed in connection with the business of the Company or any of its affiliates;
- (c) the willful and repeated failure by you to follow the lawful directives of the Board or your supervisor;
- (d) any material violation by you of the Company's written policies or any fiduciary duty owed to the Company;

(e) any intentional misconduct by you in connection with the Company and any of its affiliate's business or relating to your duties, or any willful violation of any laws, rules or regulations;

(f) your material breach of any employment, severance, non-competition, non-solicitation, confidential information, or restrictive covenant agreement, or similar agreement, with the Company or an affiliate; or

(g) your willful failure (other than due to physical incapacity) to reasonably cooperate with an investigation by a governmental authority or the Company of the Company's business or financial condition.

The determination of the Board (or a designated committee) as to the existence of "Cause" shall be conclusive on you and the Company.

**"Change in Control"** means and includes the occurrence of any one of the following events:

(a) individuals who, as of 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

(b) any person is or becomes a "beneficial owner" (as defined in Rule 13d-3 under the Securities Exchange Act of 1934 (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 (b), 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 (c) below); or

(c) 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

(d) approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

For purposes of the foregoing Change in Control definition, (i) "**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 and (ii) "**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.

Notwithstanding the foregoing, for purposes of changing the form of payment from installments to lump sum under this Exhibit A, a Change in Control shall not be deemed to have occurred unless such transaction constitutes a change in the ownership of the Company, a change in effective control of the Company, or a change in the ownership of a substantial portion of the Company's assets, each within the meaning of Section 409A.

"**Change in Control Separation**" means a Qualifying Separation from Service that occurs on or within 12 months following a Change in Control.

"**Qualifying Separation from Service**" means a termination of your employment with Micron in a manner that constitutes a "separation from service" within the meaning of Section 409A and that is either:

(a) a result of your resignation for "Good Reason" or your involuntary termination by the Company for a reason other than for "Cause" (as these terms are defined in Section II of Exhibit A) in connection with a separation from service that occurs on or within 12 months following a Change in Control; or

(b) a result of your involuntary termination by the Company for a reason other than for "Cause" (as defined in Section II of Exhibit A).

"**Severance Period**" means with respect to a Change in Control Separation, the 18-month period following such Change in Control Separation and with respect to any other Qualifying Separation from Service under this Exhibit A, the 12-month period following such Qualifying Separation from Service.

**RULE 13a-14(a) CERTIFICATION OF  
CHIEF EXECUTIVE OFFICER**

I, Sanjay Mehrotra, 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: June 30, 2022

/s/ Sanjay Mehrotra

Sanjay Mehrotra  
President and Chief Executive Officer and Director

**RULE 13a-14(a) CERTIFICATION OF  
CHIEF FINANCIAL OFFICER**

I, Mark Murphy, 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: June 30, 2022

/s/ Mark Murphy

Mark Murphy  
Executive Vice President and Chief Financial Officer

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER  
PURSUANT TO 18 U.S.C. 1350**

I, Sanjay Mehrotra, 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 June 2, 2022, 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: June 30, 2022

/s/ Sanjay Mehrotra

Sanjay Mehrotra

President and Chief Executive Officer and Director

**CERTIFICATION OF CHIEF FINANCIAL OFFICER  
PURSUANT TO 18 U.S.C. 1350**

I, Mark Murphy, 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 June 2, 2022, 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: June 30, 2022

/s/ Mark Murphy

Mark Murphy  
Executive Vice President and Chief Financial Officer