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

**FORM 8-K**

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

**March 23, 2017**  
Date of Report (date of earliest event reported)

**MICRON TECHNOLOGY, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of incorporation)

**1-10658**

(Commission File Number)

**75-1618004**

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

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

(Address of principal executive offices)

**(208) 368-4000**

(Registrant's telephone number, including area code)

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

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 2.02. Results of Operations and Financial Condition.**

On March 23, 2017, the Company announced its financial results for the second quarter of fiscal year 2017 ended March 2, 2017. The full text of the press release issued in connection with the announcement and the financial presentation materials accompanying the Company's related webcast are attached as Exhibit 99.1 and Exhibit 99.2, respectively, to this Current Report on Form 8-K.

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

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

(d) Exhibits.

<b>Exhibit No.</b>	<b>Description</b>
99.1	Press Release issued on March 23, 2017
99.2	Financial presentation materials for the second quarter of fiscal year 2017

**SIGNATURE**

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

**MICRON TECHNOLOGY, INC.**

Date: March 23, 2017

By: /s/ Ernest E. Maddock

Name: Ernest E. Maddock

Title: Chief Financial Officer and  
Vice President, Finance

**INDEX TO EXHIBITS FILED WITH  
THE CURRENT REPORT ON FORM 8-K**

<b>Exhibit</b>	<b>Description</b>
99.1	Press Release issued on March 23, 2017
99.2	Financial presentation materials for the second quarter of fiscal year 2017

**FOR IMMEDIATE RELEASE**

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**MICRON TECHNOLOGY, INC., REPORTS RESULTS FOR THE  
SECOND QUARTER OF FISCAL 2017**

**BOISE, Idaho**, March 23, 2017 – Micron Technology, Inc., (NASDAQ: MU) today announced results of operations for its second quarter of fiscal 2017, which ended March 2, 2017. Revenues for the second quarter of fiscal 2017 were \$4.65 billion and were 17 percent higher compared to the first quarter of fiscal 2017 and 58 percent higher compared to the second quarter of fiscal 2016.

"Strong demand and limited industry supply for NAND and DRAM solutions, combined with significant progress on our cost reduction plan, produced excellent results for our second quarter," said Micron CEO Mark Durcan. "I'm proud of the team's execution on critical technology and operational initiatives, which will allow us to continue to capitalize on market trends."

**GAAP Income and Per Share Data** – On a GAAP<sup>(1)</sup> basis, gross margin was 36.7 percent and net income attributable to Micron shareholders was \$894 million, or \$0.77 per diluted share, for the second quarter of fiscal 2017 compared to gross margin of 25.5 percent and net income of \$180 million, or \$0.16 per diluted share, for the first quarter of fiscal 2017 and gross margin of 19.7 percent and a net loss of \$97 million, or (\$0.09) per diluted share, for the second quarter of fiscal 2016.

**Non-GAAP Income and Per Share Data** – On a non-GAAP<sup>(2)</sup> basis, gross margin was 38.5 percent and net income attributable to Micron shareholders was \$1.03 billion, or \$0.90 per diluted share, for the second quarter of fiscal 2017 compared to gross margin of 26.0 percent and net income of \$335 million, or \$0.32 per diluted share, for the first quarter of fiscal 2017 and gross margin of 20.4 percent and net income of \$12 million, or \$0.01 per diluted share, for the second quarter of fiscal 2016. For a reconciliation of GAAP to non-GAAP results, see the accompanying financial tables and footnotes.

The increase in the company's revenues of 17 percent for the second quarter of fiscal 2017 compared to the first quarter of fiscal 2017 was due primarily to a 21 percent increase in DRAM average selling prices and an 18 percent increase in trade NAND sales volumes. The company's overall consolidated GAAP gross margin of 36.7 percent for the second quarter of fiscal 2017 was 11.2 percentage points higher compared to the first quarter of fiscal 2017 primarily due to increases in DRAM average selling prices and manufacturing cost reductions for both NAND and DRAM.

Investments in capital expenditures, net of amounts funded by partners, were \$1.17 billion for the second quarter of fiscal 2017. The company ended the second quarter of fiscal 2017 with cash, marketable investments, and restricted cash of \$4.58 billion.

The company will host a conference call Thursday, March 23, 2017 at 2:30 p.m. MT to discuss its financial results. The call, audio, and slides will be available online at <http://edge.media-server.com/m/p/vuwo88xr>. A webcast replay will be available on the company's website until March 23, 2018. A taped audio replay of the conference call will also be available at 1-404-537-3406 or 1-855-859-2056 (conference number: 77440341) beginning at 5:30 p.m. MT, Thursday, March 23, 2017 and continuing through Friday, March 31, 2017. For Investor Relations and other company updates, follow @MicronTech on Twitter at <https://twitter.com/MicronTech>.

Micron Technology is a world leader in innovative memory solutions. Through the company's global brands – Micron<sup>®</sup>, Crucial<sup>®</sup>, Lexar<sup>®</sup>, and Ballistix<sup>®</sup> – the company's broad portfolio of high-performance memory technologies, including DRAM, NAND, NOR Flash, and 3D XPoint<sup>™</sup> memory, is transforming how the world uses information. Backed by more than 35 years of technology leadership, Micron's memory solutions enable the world's most innovative computing, consumer, enterprise storage, data center, mobile, embedded, and automotive applications. Micron's common stock is traded on the Nasdaq under the MU symbol. To learn more about Micron Technology, Inc., visit [www.micron.com](http://www.micron.com).

*The Micron logo and Micron symbol are trademarks of Micron Technology, Inc. All other trademarks are the property of their respective owners.*

*This press release contains forward-looking statements regarding the company's strategic position and financial results. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results to differ materially. Please refer to the documents the company files with the Securities and Exchange Commission, specifically its most recent Form 10-K and Form 10-Q. These*

*documents contain and identify important factors that could cause the company's actual results to differ materially from those contained in its forward-looking statements. These certain factors can be found at <http://www.micron.com/certainfactors>. Although the company believes that the expectations reflected in the forward-looking statements are reasonable, it cannot guarantee future results, levels of activity, performance or achievements. The company is under no duty to update any of the forward-looking statements after the date of this release to conform these statements to actual results.*

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

<sup>(2)</sup> *Non-GAAP represents GAAP excluding the impact of certain activities which the company's management excludes in analyzing the company's operating results and understanding trends in the company's earnings. Non-GAAP also includes the impact on shares used in per share calculations of the company's outstanding capped call transactions and from the exclusion of stock-based compensation. For a reconciliation of GAAP to non-GAAP results, see the accompanying financial tables and footnotes.*

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

	2 <sup>nd</sup> Qtr. March 2, 2017	1 <sup>st</sup> Qtr. December 1, 2016	2 <sup>nd</sup> Qtr. March 3, 2016	Six Months Ended	
	March 2, 2017	December 1, 2016	March 3, 2016	March 2, 2017	March 3, 2016
Net sales	\$ 4,648	\$ 3,970	\$ 2,934	\$ 8,618	\$ 6,284
Cost of goods sold	2,944	2,959	2,355	5,903	4,856
Gross margin	1,704	1,011	579	2,715	1,428
Selling, general, and administrative	187	159	175	346	354
Research and development	473	470	403	943	824
Restructure and asset impairments <sup>(1)</sup>	4	29	1	33	16
Other operating (income) expense, net	(4)	(6)	5	(10)	7
Operating income (loss)	1,044	359	(5)	1,403	227
Interest income (expense), net <sup>(2)</sup>	(153)	(132)	(85)	(285)	(170)
Other non-operating income (expense), net	34	(14)	(6)	20	(10)
Income tax (provision) benefit <sup>(3)</sup>	(38)	(31)	(5)	(69)	(1)
Equity in net income (loss) of equity method investees	7	(2)	5	5	64
Net (income) attributable to noncontrolling interests	—	—	(1)	—	(1)
Net income (loss) attributable to Micron	\$ 894	\$ 180	\$ (97)	\$ 1,074	\$ 109
Earnings (loss) per share					
Basic	\$ 0.81	\$ 0.17	\$ (0.09)	\$ 1.00	\$ 0.11
Diluted	0.77	0.16	(0.09)	0.95	0.10
Number of shares used in per share calculations					
Basic	1,099	1,040	1,036	1,070	1,035
Diluted	1,160	1,091	1,036	1,125	1,072



## CONSOLIDATED FINANCIAL SUMMARY, Continued

As of	March 2, 2017	December 1, 2016	September 1, 2016
Cash and short-term investments	\$ 3,898	\$ 4,169	\$ 4,398
Receivables	2,891	2,453	2,068
Inventories	3,000	2,750	2,889
Total current assets	9,945	9,504	9,495
Long-term marketable investments	589	155	414
Property, plant, and equipment, net	19,098	15,321	14,686
Total assets	32,355	27,836	27,540
Accounts payable and accrued expenses	3,801	4,155	3,879
Current debt <sup>(2)</sup>	1,117	1,155	756
Total current liabilities	5,207	5,546	4,835
Long-term debt <sup>(2)</sup>	11,308	8,490	9,154
Total Micron shareholders' equity <sup>(4)</sup>	14,287	12,320	12,080
Noncontrolling interests in subsidiaries	848	848	848
Total equity	15,135	13,168	12,928

	Six Months Ended	
	March 2, 2017	March 3, 2016
Net cash provided by operating activities	\$ 2,543	\$ 1,883
Net cash provided by (used for) investing activities	(5,366)	(1,026)
Net cash provided by (used for) financing activities	2,341	(68)
Depreciation and amortization	1,837	1,575
Acquisition of Inotera	(2,634)	—
Investments in capital expenditures	(2,461)	(2,223)
Proceeds from issuance of debt and equipment sale-leaseback transactions	2,961	598
Repayments of debt	(556)	(519)

## Inotera Acquisition

On December 6, 2016, the company acquired the remaining 67% interest in Inotera Memories, Inc. ("Inotera") and began consolidating Inotera's operating results. Cash paid for the Inotera acquisition was funded, in part, with proceeds from the 2021 MSTW Term Loan (defined below) and the sale of shares of the company's common stock to Nanya (the "Micron Shares"). Inotera manufactures DRAM products at its 300mm wafer fabrication facility in Taoyuan City, Taiwan, and sold such products exclusively to the company through supply agreements.

The aggregate fair value of consideration consisted of \$3.11 billion of cash, \$995 million for the fair value of the Micron Shares exchanged for Inotera shares, and \$1.44 billion for the fair value of the company's previously-held equity interest in Inotera, net of \$361 million for payments attributed to intercompany balances with Inotera. The provisional fair values of assets and liabilities acquired include, among other items, cash of \$118 million; inventories of \$285 million; property, plant, and equipment of \$3.78 billion; goodwill of \$1.09 billion; and accounts payable and accrued expenses of (\$232) million, and could change as additional information becomes available. In connection with the acquisition, the company revalued its 33% interest in Inotera from its carrying value to its fair value and recognized a non-operating gain of \$71 million in the second quarter of 2017.

- (1) In the fourth quarter of fiscal 2016, the company initiated a restructure plan in response to business conditions and the need to accelerate focus on its key priorities. As a result, the company incurred charges of \$33 million in the first six months of fiscal 2017 and \$58 million in the fourth quarter of fiscal 2016 and does not expect to incur additional material charges.
- (2) In connection with the Inotera acquisition, on December 6, 2016, the company drew \$2.5 billion under a collateralized, five-year term loan that bears interest at a variable rate equal to the three-month or six-month TAIBOR, at the company's option, plus a margin of 2.05% per annum, payable monthly in arrears (the "2021 MSTW Term Loan"). Principal under the 2021 MSTW Term Loan is payable in six equal semi-annual installments, commencing in June 2019. The 2021 MSTW Term Loan is denominated in New Taiwan dollars.

On November 18, 2016, the company entered into a five-year variable-rate facility agreement to obtain up to \$800 million of financing, collateralized by certain production equipment. On December 2, 2016, the company drew \$450 million under the facility and may utilize the remaining facility in multiple draws until June 10, 2017. Interest is payable quarterly at a rate equal to the three-month LIBOR plus 2.4% per annum. Principal is payable in 16 equal quarterly installments beginning in March 2018.

- (3) Income tax (provision) benefit consisted of the following:

	2 <sup>nd</sup> Qtr. March 2, 2017	1 <sup>st</sup> Qtr. December 1, 2016	2 <sup>nd</sup> Qtr. March 3, 2016	Six Months Ended	
				March 2, 2017	March 3, 2016
Utilization of and other changes in net deferred tax assets of MMJ, MMT, and Inotera	\$ (8)	\$ (13)	\$ (10)	\$ (21)	\$ (32)
U.S. valuation allowance release resulting from business acquisition	—	—	—	—	41
Other income tax (provision) benefit, primarily other non-U.S. operations	(30)	(18)	5	(48)	(10)
	<u>\$ (38)</u>	<u>\$ (31)</u>	<u>\$ (5)</u>	<u>\$ (69)</u>	<u>\$ (1)</u>

The company has a full valuation allowance for its net deferred tax asset associated with its U.S. operations. The (provision) benefit for taxes on U.S. operations for fiscal 2017 and 2016 was substantially offset by changes in the valuation allowance.

- (4) In connection with the company's acquisition of Inotera, in the second quarter of 2017, the company sold 58 million shares of its common stock to Nanya for \$986 million, of which 54 million were issued from treasury stock. As a result, treasury stock decreased by \$1.03 billion, which resulted in a decrease in retained earnings of \$104 million for the difference between the carrying value of the treasury stock and its \$925 million fair value. These shares were issued in a transaction exempt from the registration requirements of the Securities Act of 1933, as amended, and are subject to certain restrictions on transfers.

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

	2 <sup>nd</sup> Qtr. March 2, 2017	1 <sup>st</sup> Qtr. December 1, 2016	2 <sup>nd</sup> Qtr. March 3, 2016
GAAP net income (loss) attributable to Micron	\$ 894	\$ 180	\$ (97)
Non-GAAP adjustments:			
Flow-through of Inotera inventory step up	60	—	—
Stock-based compensation	55	46	55
Inotera acquisition costs	12	1	—
Restructure and asset impairments	4	45	1
Amortization of debt discount and other costs	31	32	31
(Gain) loss from changes in currency exchange rates	28	12	5
(Gain) loss from business acquisition activities	(71)	—	—
Other	11	5	4
Estimated tax effects of above and non-cash changes in deferred taxes	7	14	13
Total non-GAAP adjustments	137	155	109
Non-GAAP net income attributable to Micron	<u>\$ 1,031</u>	<u>\$ 335</u>	<u>\$ 12</u>

Number of shares used in diluted per share calculations:			
GAAP	1,160	1,091	1,036
Effect of capped calls and other adjustments	(14)	(29)	12
Non-GAAP	<u>1,146</u>	<u>1,062</u>	<u>1,048</u>
Diluted earnings (loss) per share:			
GAAP	\$ 0.77	\$ 0.16	\$ (0.09)
Effects of above	0.13	0.16	0.10
Non-GAAP	<u>\$ 0.90</u>	<u>\$ 0.32</u>	<u>\$ 0.01</u>

	2 <sup>nd</sup> Qtr. March 2, 2017		1 <sup>st</sup> Qtr. December 1, 2016		2 <sup>nd</sup> Qtr. March 3, 2016	
Net sales	\$ 4,648		\$ 3,970		\$ 2,934	
Cost of goods sold	2,944		2,959		2,355	
GAAP gross margin	1,704	36.7%	1,011	25.5%	579	19.7%
Non-GAAP adjustments:						
Flow-through of Inotera inventory step up	60		—		—	
Stock-based compensation	23		19		19	
Other	2		2		2	
Total non-GAAP adjustments	85		21		21	
Non-GAAP gross margin	<u>\$ 1,789</u>	38.5%	<u>\$ 1,032</u>	26.0%	<u>\$ 600</u>	20.4%

The tables above set forth non-GAAP net income (loss) attributable to Micron, diluted shares, diluted earnings (loss) per share, and gross margin. The adjustments above may or may not be infrequent or nonrecurring in nature but are a result of periodic or non-core operating activities of the company. The company believes this non-GAAP information is helpful to understanding trends and in analyzing the company's operating results and earnings. The company is providing this information to investors to assist in performing analyses of the company's operating results. When evaluating performance and making decisions on how to allocate company resources, management uses this non-GAAP information and believes investors should have access to similar data when making their investment decisions. The company believes these non-GAAP financial

measures increase transparency by providing investors with useful supplemental information about the financial performance of its business, enabling enhanced comparison of its operating results between periods and with peer companies. The presentation of these adjusted amounts vary from numbers presented in accordance with U.S. GAAP and therefore may not be comparable to amounts reported by other companies. In the first quarter of fiscal 2017, the company began excluding stock-based compensation and amortization of acquisition-related intangible assets from non-GAAP results. Comparative periods have been restated.

The company's management excludes the following items in analyzing the company's operating results and understanding trends in the company's earnings:

- Flow-through of Inotera inventory step up;
- Stock-based compensation;
- Inotera acquisition costs;
- Restructure and asset impairments, including charges to impair equity method investments;
- Amortization of debt discount and other costs, including the accretion of non-cash interest expense associated with the company's convertible debt and the MMJ installment debt;
- (Gain) loss from changes in currency exchange rates;
- (Gain) loss from business acquisition activities;
- Amortization of acquisition-related intangible assets; and
- Estimated tax effects of above and non-cash changes in deferred taxes.

The company's outstanding capped call transactions are anti-dilutive in GAAP earnings per share but are expected to mitigate the dilutive effect of the company's convertible notes. In periods with non-GAAP income attributable to Micron, non-GAAP diluted shares include the impact of the capped calls, based on the average share price for the period that the capped calls are outstanding. Non-GAAP shares are also adjusted for the offsetting impact of additional shares resulting from the exclusion of stock-based compensation from non-GAAP income. In addition, in periods with a GAAP loss and non-GAAP income, non-GAAP diluted shares also includes the dilutive effect of equity plans and convertible notes as such amounts would not be included in the corresponding determination of GAAP diluted shares.

# Financial Results

Second Quarter Fiscal 2017

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## Safe Harbor Statement

During the course of this meeting, we may make projections or other forward-looking statements regarding future events or the future financial performance of the Company and the industry. We wish to caution you that such statements are predictions and that actual events or results may differ materially. We refer you to the documents the Company files from time to time with the Securities and Exchange Commission, specifically the Company's most recent Form 10-K and Form 10-Q. These documents contain and identify important factors that could cause the actual results for the Company to differ materially from those contained in our projections or forward-looking statements. These certain factors can be found at <http://www.micron.com/certainfactors>. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. We are under no duty to update any of the forward-looking statements after the date of the presentation to conform these statements to actual results.





Mark Durcan

Chief Executive Officer



## FQ2 2017 Summary

- Revenue of \$4.65 billion
- GAAP results
  - Gross margin of 36.7%
  - Net income of \$894 million
  - Diluted earnings per share of \$0.77
- Non-GAAP results
  - Gross margin of 38.5%
  - Net income of \$1.03 billion
  - Diluted earnings per share of \$0.90
- Operating cash flow of \$1.77 billion



# Business Unit Update

## Compute & Networking

- Revenue growth driven by strength across all market segments
- Began enablement of 1Xnm products
- Extended graphics technology leadership with next-generation GDDR5X

## Mobile

- Broad market tightness resulted in increased ASPs
- Continued focus on MCP strategy with 20+ new designs coming in the next year
- Opportunity to strengthen relationships with key market enablers

## Embedded

- Record Automotive revenue for fourth quarter in a row
- Strong design-in activity for 20nm DDR and LPDDR products

## Storage

- Increased traction for SSD portfolio across OEM, cloud and enterprise markets
- Record SSD shipments during the quarter, driven by OEM
- Enterprise and cloud were fastest-growing segments of SSD portfolio

# Technology Transitions

- Driving deployment of 1Xnm DRAM
  - Meaningful output expected by end of FY-17
- Proliferating 32-layer 3D NAND throughout product lines
- Driving deployment of 64-layer 3D NAND
  - Meaningful output expected by end of FY-17
  - CMOS circuitry under the array to enable industry's smallest die size
- Enabling 3D XPoint™ technology
  - Expect initial revenue in 2017



Ernie Maddock

Chief Financial Officer



## DRAM

REPRESENTED 64% OF MICRON TOTAL REVENUE IN FQ2-17

- Mobile was in the high-20% range
- PC represented 25%
- Server was 25%, up from high-teens the prior quarter
- Specialty DRAM, which includes networking, graphics, automotive and other embedded technologies, was in the low-20s % range





# Trade Non-Volatile

REPRESENTED 30% OF MICRON TOTAL REVENUE IN FQ2-17

- Consumer, which includes memory cards, USB and components, represented approximately 40%
- Mobile was 20%
  - As a reminder, eMCPs are primarily in the Mobile segment
- SSDs were in the mid-20s % range, up from mid-teens in FQ1-17
- Automotive and Industrial Multi-Market Segment and other embedded applications were in the high-teens % range

## Compute and Networking Business Unit (CNBU)

	FQ2-17	FQ1-17
Revenue	\$1.92B	\$1.47B
% of total company revenue	41%	37%
Non-GAAP operating income	\$736M	\$204M
Non-GAAP operating income %	38.4%	13.9%



- Revenue up 30% Q/Q due to strong demand and robust pricing
- Operating income improvement Q/Q enhanced by reduced costs
- Growth across Cloud, Enterprise, Networking and Graphics

## Mobile Business Unit (MBU)

	FQ2-17	FQ1-17
Revenue	\$1.08B	\$1.03B
% of total company revenue	23%	26%
Non-GAAP operating income	\$170M	\$89M
Non-GAAP operating income %	15.7%	8.6%



- Revenue up 5% Q/Q driven by a stronger pricing environment
- Operating income improvement Q/Q enhanced by reduced costs

## Embedded Business Unit (EBU)

	FQ2-17	FQ1-17
Revenue	\$590M	\$578M
% of total company revenue	13%	15%
Non-GAAP operating income	\$193M	\$178M
Non-GAAP operating income %	32.7%	30.8%



- Revenue up 2% Q/Q
  - Increased Automotive product unit shipments
  - Increased ASPs of DDR3 and NAND in Consumer and Connected Home

# Storage Business Unit (SBU)

	FQ2-17	FQ1-17
Revenue	\$1.04B	\$860M
% of total company revenue	22%	22%
Non-GAAP operating income/(loss)	\$71M	(\$45M)
Non-GAAP operating income/(loss) %	6.8%	(5.2%)



- Revenue up 21% Q/Q, driven by Client and Cloud SSD shipments
- Operating income improvement Q/Q enhanced by lower costs
- 5100 drive well-received and in process of additional qualifications

## Financial Summary

### NON-GAAP

Dollars in millions, except per share	FQ2-17	% of Sales	FQ1-17	% of Sales
Net sales	\$4,648	100%	\$3,970	100%
Gross margin	1,789	38%	1,032	26%
Operating income	1,177	25%	438	11%
Income tax (provision) benefit	(31)		(18)	
Net income attributable to Micron shareholders	1,031	22%	335	8%
Diluted earnings per share	0.90		0.32	
Cash provided by operating activities*	1,766		1,138	
Cash, marketable investments and restricted cash	4,584		4,396	

\* FQ2-17 operating cash flows of \$1,766 million is equal to GAAP operating cash flows of \$1,405 million, plus \$361 million of the Inotera purchase price, which was reflected for GAAP as an operating cash outflow

# FQ3 2017 Guidance

NON-GAAP

	FQ3-17 Guidance
Revenue	\$5.20 – \$5.60 billion
Gross margin	44% – 48%
Operating expenses	\$560 – \$610 million
Operating income	\$1.8 – \$2.0 billion
Diluted EPS*	\$1.43 – \$1.57

\* Based on 1.155 million diluted shares



## Q&A

# Non-GAAP Reconciliations



## Consolidated Results

### NON-GAAP RECONCILIATION

Amounts in millions, except per share amounts	FQ2-17	FQ1-17
GAAP net income attributable to Micron	\$ 894	\$ 180
Non-GAAP adjustments:		
Flow-through of Inotera inventory step up	60	—
Stock-based compensation	55	46
Inotera acquisition costs	12	1
Restructure and asset impairments	4	45
Amortization of debt discount and other costs	31	32
(Gain) loss from changes in currency exchange rates	28	12
(Gain) loss from business acquisition activities	(71)	—
Other	11	5
Estimated tax effects of above and non-cash changes in deferred taxes	7	14
Total non-GAAP adjustments	137	155
Non-GAAP net income attributable to Micron	\$ 1,031	\$ 335
GAAP shares used in diluted EPS calculations	1,160	1,091
Anti-dilutive effect of capped calls and other adjustments	(14)	(29)
Non-GAAP shares used in diluted EPS calculations	1,146	1,062
GAAP diluted earnings per share	\$ 0.77	\$ 0.16
Effects of above	0.13	0.16
Non-GAAP diluted earnings per share	\$ 0.90	\$ 0.32



# Consolidated Statement of Operations

## FQ2 2017 NON-GAAP RECONCILIATION

Amounts in millions	GAAP	Adjustments	Non-GAAP
Net sales	\$ 4,648	\$ —	\$ 4,648
Cost of goods sold	2,944	(85) A,B,H	2,859
Gross margin	1,704	85	1,789
Selling, general and administrative	187	(30) B,C	157
Research and development	473	(14) B	459
Restructure and asset impairments	4	(4) D	—
Other operating (income) expense	(4)	—	(4)
Total operating expenses	660	(48)	612
Operating income	1,044	133	1,177
Interest expense, net	(153)	31 E	(122)
Other non-operating income (expense), net	34	(34) F,G,H	—
Income tax (provision) benefit	925	130	1,055
Equity in net income (loss) of equity method investees	(38)	7 I	(31)
Net income	7	—	7
Net income attributable to noncontrolling interests	894	137	1,031
Net income attributable to Micron	—	—	—
	\$ 894	\$ 137	\$ 1,031

# Consolidated Statement of Operations

## FQ2 2017 NON-GAAP RECONCILIATION (CONTINUED)

Amounts in millions	
A Flow-through of Inotera inventory step up	\$ 60
B Stock-based compensation	55
C Inotera acquisition costs	12
D Restructure and asset impairments	4
E Amortization of debt discount and other costs	31
F (Gain) loss from changes in currency exchange rates	28
G (Gain) loss from business acquisition activities	(71)
H Other	11
I Estimated tax effects of above and non-cash changes in deferred taxes	7
	\$ 137

# Summary Key Data



## Non-GAAP Financial Data and Guidance

% of Revenue	FQ2-17
DRAM	64%
Non-Volatile*	30%

Sales Bit Growth	FQ2-17
DRAM	1%
Non-Volatile*	18%

Average Sales Price	FQ2-17
DRAM	21%
Non-Volatile*	(6%)

Cost / Bit	FQ2-17
DRAM	(6%)
Non-Volatile*	(15%)

Gross Margin	FQ2-17
DRAM	44%
Non-Volatile*	31%

	FQ2-17 Non-GAAP (amounts in millions, except per share)	FQ3-17 Non-GAAP Guidance
Revenue	\$ 4,648	\$5.20 – \$5.60 billion
Gross Margin	38%	44% – 48%
Operating expenses	\$ 612	\$560 – \$610 million
Operating income	\$ 1,177	\$1.8 – \$2.0 billion
Earnings per share	\$ 0.90	\$1.43 – \$1.57

	FQ2-17 Non-GAAP (amounts in millions)	FQ3-17 Non-GAAP Estimates
Net interest expense	\$ 122	~\$125 million
Equity in net income (loss) of equity method investments	\$ 7	-
Diluted shares	1,146	~1,155 million Refer to the Convertible Notes Dilution Overview provided in our Earnings Data File
Tax (provision) benefit	\$ (31)	(\$60 million)
Operating cash flow (a)	\$ 1,766	-
Depreciation and amortization	\$ 1,000	FY-17: ~\$4.0 billion
Capital expenditures (Capital cash flow) (b)	\$ 1,169	FY-17: \$4.8 – \$5.2 billion

See Non-GAAP reconciliations

\* Non-Volatile includes NAND and 3D XPoint and excludes NOR and sales to Intel through IMFT, which are at long-term negotiated prices approximating cost  
(a) FQ2-17 operating cash flows of \$1,766 million is equal to GAAP operating cash flows of \$1,405 million, plus \$361 million of the Inotera purchase price, which was reflected for GAAP as an operating cash outflow  
(b) Net of amounts funded by partners



# Convertible Notes Dilution Overview

FQ2 2017 (Shares in millions)

Stock Price	\$20	\$21	\$22	\$23	\$24	\$25	\$26	\$27	\$28	\$29	\$30
2032 C Notes	12	13	13	14	14	14	15	15	15	16	16
2032 D Notes	9	9	10	10	10	11	11	11	11	12	12
2033 E Notes	7	8	8	8	9	9	9	10	10	10	10
2033 F Notes	12	13	14	14	15	15	16	16	17	17	17
2043 G Notes	0	0	0	0	0	0	0	0	0	0	1
<b>Total dilutive shares</b>	<b>40</b>	<b>43</b>	<b>45</b>	<b>46</b>	<b>48</b>	<b>49</b>	<b>51</b>	<b>52</b>	<b>53</b>	<b>55</b>	<b>56</b>
Benefit from capped calls	-33	-31	-30	-28	-27	-26	-25	-24	-23	-22	-22
<b>Net dilution</b>	<b>7</b>	<b>12</b>	<b>15</b>	<b>18</b>	<b>21</b>	<b>23</b>	<b>26</b>	<b>28</b>	<b>30</b>	<b>33</b>	<b>34</b>

