

FORM 10-Q

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

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

For the quarterly period ended December 3, 1998

OR

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

-----  
Commission File Number: 1-10658

MICRON TECHNOLOGY, INC.

State or other jurisdiction of incorporation or organization: Delaware

-----  
Internal Revenue Service -- Employer Identification No. 75-1618004

8000 S. Federal Way, Boise, Idaho 83716-9632  
(208) 368-4000  
-----

Indicate by check mark whether the registrant (1) has filed all reports  
required to be filed by Section 13 or 15(d) of the Securities Exchange Act of  
1934 during the preceding 12 months (or for such shorter period that the  
registrant was required to file such reports), and (2) has been subject to such  
filing requirements for the past 90 days.

Yes X No  
--- ---

The number of outstanding shares of the registrant's Common Stock as of  
January 5, 1999, was 247,656,782.

Part I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

MICRON TECHNOLOGY, INC.

Consolidated Balance Sheets  
(Dollars in millions, except for par value data)

As of	December 3, 1998	September 3, 1998
-----		
	(Unaudited)	
ASSETS		
Cash and equivalents	\$ 767.7	\$ 558.8
Liquid investments	1,157.1	90.8
Receivables	481.6	489.5
Inventories	360.4	291.6
Prepaid expenses	15.7	8.5
Deferred income taxes	67.2	61.7
	-----	-----
Total current assets	2,849.7	1,500.9
Product and process technology, net	219.6	84.9
Property, plant and equipment, net	3,602.3	3,035.3
Other assets	116.0	82.4
	-----	-----
Total assets	\$6,787.6	\$4,703.5
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable and accrued expenses	\$ 627.8	\$ 460.7
Short-term debt	11.1	10.1
Deferred income	6.2	7.5
Equipment purchase contracts	113.2	168.8
Current portion of long-term debt	103.4	98.6
	-----	-----
Total current liabilities	861.7	745.7
Long-term debt	1,597.6	758.8
Deferred income taxes	264.5	284.2
Non-current product and process technology	12.0	11.3
Other liabilities	57.7	50.1
	-----	-----
Total liabilities	2,793.5	1,850.1
	-----	-----
Minority interests	157.9	152.1
Commitments and contingencies		
Common stock, \$0.10 par value, authorized 1.0 billion shares, issued and outstanding 247.3 million and 217.1 million shares, respectively	24.7	21.7
Additional capital	1,743.6	565.4
Retained earnings	2,068.1	2,114.3
Accumulated other comprehensive loss	(0.2)	(0.1)
	-----	-----
Total shareholders' equity	3,836.2	2,701.3
	-----	-----
Total liabilities and shareholders' equity	\$6,787.6	\$4,703.5
	=====	=====

Certain fiscal 1998 amounts have been restated as a result of a pooling-of-interests merger.  
See accompanying notes to consolidated financial statements.

MICRON TECHNOLOGY, INC.

Consolidated Statements of Operations  
(Amounts in millions, except for per share data)  
(Unaudited)

For the quarter ended	December 3, 1998	November 27, 1997
Net sales	\$ 793.6	\$ 957.3
Costs and expenses:		
Cost of goods sold	677.7	747.1
Selling, general and administrative	103.0	126.0
Research and development	67.7	67.2
Other operating expense	7.8	4.6
Total costs and expenses	856.2	944.9
Operating income (loss)	(62.6)	12.4
Loss on sale of investments	(0.1)	--
Gain on issuance of subsidiary stock, net	1.1	0.1
Interest expense, net	(7.9)	(1.3)
Income (loss) before income taxes and minority interests	(69.5)	11.2
Income tax benefit (provision)	27.6	(4.5)
Minority interests in net income	(4.3)	(0.2)
Net income (loss)	\$ (46.2)	\$ 6.5
Earnings (loss) per share:		
Basic	\$ (0.19)	\$ 0.03
Diluted	(0.19)	0.03
Number of shares used in per share calculations:		
Basic	245.7	214.7
Diluted	245.7	217.8

Certain fiscal 1998 amounts have been restated as a result of a pooling-of-interests merger.

See accompanying notes to consolidated financial statements.

MICRON TECHNOLOGY, INC.

Consolidated Statements of Cash Flows  
(Dollars in millions)  
(Unaudited)

For the quarter ended	December 3, 1998	November 27, 1997
-----		
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ (46.2)	\$ 6.5
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	189.5	136.3
Change in assets and liabilities, net of effects of acquisition		
Decrease in receivables	112.3	22.3
Increase in inventories	(36.4)	(27.2)
Increase in accounts payable and accrued expenses, net of plant and equipment purchases	65.8	59.1
Other	(29.4)	(14.9)
	-----	-----
Net cash provided by operating activities	255.6	182.1
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditures for property, plant and equipment	(117.5)	(187.9)
Purchase of available-for-sale and held-to-maturity securities	(1,273.5)	(362.0)
Proceeds from sales and maturities of securities	211.5	151.5
Other	(1.5)	(12.4)
	-----	-----
Net cash used for investing activities	(1,181.0)	(410.8)
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received in conjunction with acquisition	681.1	--
Proceeds from issuance of stock rights	500.0	--
Proceeds from issuance of debt	34.0	11.4
Repayments of debt	(28.3)	(49.7)
Proceeds from issuance of common stock	19.1	0.1
Payments on equipment purchase contracts	(73.9)	(12.9)
Other	2.3	2.7
	-----	-----
Net cash provided by (used for) financing activities	1,134.3	(48.4)
	-----	-----
Net increase (decrease) in cash and equivalents	208.9	(277.1)
Cash and equivalents at beginning of period	558.8	619.5
	-----	-----
Cash and equivalents at end of period	\$ 767.7	\$ 342.4
	=====	=====
SUPPLEMENTAL DISCLOSURES		
Interest paid	\$ (6.9)	\$ (6.8)
Income taxes refunded (paid), net	183.2	(3.3)
Noncash investing and financing activities:		
Equipment acquisitions on contracts payable and capital leases	18.3	24.6
Cash received in conjunction with acquisition:		
Fair value of assets acquired	\$ 949.3	\$ --
Liabilities assumed	(138.0)	--
Debt issued	(836.0)	--
Stock issued	(656.4)	--
	-----	-----
	\$ 681.1	\$ --
	=====	=====

Certain fiscal 1998 amounts have been restated as a result of a pooling-of-interests merger.  
See accompanying notes to consolidated financial statements

Notes to Consolidated Financial Statements  
(All tabular dollar amounts are stated in millions)

1. Unaudited interim financial statements

In the opinion of management, the accompanying unaudited consolidated financial statements contain all adjustments (consisting solely of normal recurring adjustments) necessary to present fairly the consolidated financial position of Micron Technology, Inc., and subsidiaries (the "Company" or "MTI"), and their consolidated results of operations and cash flows. The Company has restated its prior period financial statements, as a result of the merger with Rendition, Inc. ("Rendition") which was accounted for as a pooling-of-interests.

These unaudited interim financial statements for the quarter ended December 3, 1998, should be read in conjunction with the consolidated financial statements and accompanying notes included in the Company's Form 10-K for the year ended September 3, 1998.

2. Supplemental balance sheet information

December 3,    September 3,  
1998                    1998

Receivables

Trade receivables	\$ 404.2	\$ 294.4
Income taxes receivable	46.5	191.9
Allowance for returns and discounts	(15.3)	(11.9)
Allowance for doubtful accounts	(6.1)	(6.5)
Other receivables	52.3	21.6
	-----	-----
	\$ 481.6	\$ 489.5
	=====	=====

Inventories

Finished goods	\$ 121.9	\$ 93.3
Work in progress	189.1	139.6
Raw materials and supplies	49.4	58.7
	-----	-----
	\$ 360.4	\$ 291.6
	=====	=====

Product and process technology

Product and process technology, at cost	\$ 304.5	\$ 161.7
Less accumulated amortization	(84.9)	(76.8)
	-----	-----
	\$ 219.6	\$ 84.9
	=====	=====

Property, plant and equipment

Land	\$ 42.4	\$ 34.8
Buildings	1,111.2	915.5
Equipment	3,529.2	3,025.7
Construction in progress	722.1	704.6
	-----	-----
	5,404.9	4,680.6
Less accumulated depreciation and amortization	(1,802.6)	(1,645.3)
	-----	-----
	\$ 3,602.3	\$ 3,035.3
	=====	=====

As of December 3, 1998, property, plant and equipment included unamortized costs of \$706.7 million for the Company's semiconductor memory manufacturing facility in Lehi, Utah, of which \$646.0 million has not been

Notes to Consolidated Financial Statements, continued

placed in service and is not being depreciated. Timing of the completion of the remainder of the Lehi production facilities is dependent upon market conditions. Market conditions which the Company expects to evaluate include, but are not limited to, worldwide market supply and demand of semiconductor products and the Company's operations, cash flows and alternative uses of capital. The Company continues to evaluate the carrying value of the facility and as of December 3, 1998, it was determined to have no impairment.

Depreciation expense was \$181.1 million and \$129.5 million for the first quarter of 1999 and 1998, respectively.

	December 3, 1998	September 3, 1998
-----		
Accounts payable and accrued expenses		
-----		
Accounts payable	\$ 312.4	\$ 235.6
Salaries, wages and benefits	116.0	85.6
Product and process technology payable	68.9	46.4
Taxes payable other than income	49.2	44.5
Interest payable	24.3	7.7
Other	57.0	40.9
	-----	-----
	\$ 627.8	\$ 460.7
	=====	=====

Debt

-----		
Convertible Notes payable, due October 2005, with an effective yield-to-maturity of 8.4%, net of unamortized discount of \$70.8 million	\$ 669.2	\$ --
Convertible Subordinated Notes payable, due July 2004, interest rate of 7%	500.0	500.0
Subordinated Notes payable, due October 2005, with an effective yield-to-maturity of 10.6%, net of unamortized discount of \$41.4 million	168.6	--
Notes payable in periodic installments through July 2015, weighted average interest rate of 7.39% and 7.38%, respectively	325.5	315.2
Capitalized lease obligations payable in monthly installments through August 2004, weighted average interest rate of 7.59% and 7.61%, respectively	39.7	42.2
	-----	-----
	1,701.0	857.4
Less current portion	(103.4)	(98.6)
	-----	-----
	\$ 1,597.6	\$ 758.8
	=====	=====

The convertible notes due October 2005 (the "Convertible Notes") with a yield-to-maturity of 8.4% have a face value of \$740 million, a stated interest rate of 6.5% and are convertible into shares of the Company's common stock at \$60 per share. The notes are not subject to redemption prior to October 2000 and are redeemable from that date through October 2002 only if the common stock price is at least \$78.00 for a specified trading period. The Convertible Notes have not been registered with the Securities and Exchange Commission, however the holder has

registration rights which begin April 1999. (See "Acquisition"). The subordinated notes due October 2005 with a yield-to-maturity of 10.6% have a face value of \$210 million and a stated interest rate of 6.5%.

The 7% convertible subordinated notes due July 2004 are convertible into shares of the Company's common stock at \$67.44 per share. The notes are not subject to redemption prior to July 1999 and are redeemable from that date through July 2001 only if the common stock price is at least \$87.67 for a specified trading period. The notes were offered under a \$1 billion shelf registration statement pursuant to which the Company may issue from time to time up to \$500 million of additional debt or equity securities.

The Company has a \$400 million revolving credit agreement which expires May 2000. The interest rate on borrowed funds is based on various pricing options at the time of borrowing. The agreement contains certain restrictive covenants pertaining to the Company's semiconductor operations, including a maximum debt to equity covenant. As of December 3, 1998, MTI had no borrowings outstanding under the agreement.

Micron Electronics, Inc., an approximately 63% owned subsidiary of the Company ("MEI"), has a \$100 million unsecured credit facility expiring in June 2001 and an additional unsecured revolving credit facility expiring in June 1999 providing for borrowings of up to 1.5 billion Japanese yen (US \$12.6 million at December 3, 1998). Under the credit facilities, MEI is subject to certain financial and other covenants including certain financial ratios and limitations on the amount of dividends paid by MEI. As of December 3, 1998, MEI was eligible to borrow the full amount under its credit agreements and had aggregate borrowings of approximately \$9.3 million outstanding under its credit agreements.

### 3. Income taxes

The effective tax rate approximated 40% for the first quarter of 1999 and 1998. The effective tax rate primarily reflects the statutory corporate income tax rate and the net effect of state taxation. Taxes on earnings of domestic subsidiaries not consolidated for tax purposes may cause the effective tax rate to vary significantly from period to period.

### 4. Earnings (loss) per share

Basic earnings per share is calculated using the average number of common shares outstanding. Diluted earnings per share is computed on the basis of the average number of common shares outstanding plus the effect of outstanding stock options using the "treasury stock method" and convertible debentures using the "if-converted" method.

For the quarter ended	December 3, 1998	November 27, 1997
-----		
Net income (loss) available for common shareholders, Basic and Diluted	\$ (46.2) =====	\$ 6.5 =====
Weighted average common stock outstanding -- Basic	245.7	214.7
Net effect of dilutive stock options	--	3.1
	-----	-----
Weighted average common stock and common stock equivalents -- Diluted	245.7 =====	217.8 =====
Basic earnings (loss) per share	\$ (0.19) =====	\$ 0.03 =====
Diluted earnings (loss) per share	\$ (0.19) =====	\$ 0.03 =====

Earnings per share computations exclude stock options and potential shares for convertible debentures to the extent that their effect would have been antidilutive.

## 5. Comprehensive Income

The Company adopted Statement of Financial Accounting Standards ("SFAS") No. 130, "Reporting Comprehensive Income," as of the first quarter of 1999. SFAS No. 130 establishes new rules for the reporting and display of comprehensive income and its components, however it has no impact on the Company's net income or shareholders' equity.

The components of comprehensive income are as follows:

For the quarter ended	December 3, 1998	November 27, 1997
-----		
Net income (loss)	\$ (46.2)	\$ 6.5
Foreign currency translation adjustments	(0.2)	(0.1)
	-----	-----
Total comprehensive income	\$ (46.4) =====	\$ 6.4 =====

## 6. Acquisition

On September 30, 1998, the Company completed its acquisition (the "Acquisition") of substantially all of the memory operations of Texas Instruments, Inc. ("TI") for a net purchase price of approximately \$832.8 million. The Acquisition was consummated through the issuance of debt and equity securities. In connection with the transaction, the Company issued 28.9 million shares of MTI common stock, \$740 million principal amount of Convertible Notes and \$210 million principal amount of Subordinated Notes. In addition to TI's net memory assets, the Company received \$681.1 million in cash. The Acquisition was accounted for as a business combination using the purchase method of accounting. The purchase price was allocated to the assets acquired and liabilities assumed based on their estimated fair values. The Company and TI also entered into a ten-year, royalty-free, life-of-patents, patent cross license that commenced on January 1, 1999. The Company will make royalty payments to TI under a prior cross license agreement for operations through December 31, 1998.

The following unaudited pro forma information presents the consolidated results of operations of the Company as if the Acquisition had taken place at the beginning of each period presented.

For the quarter ended	December 3, 1998	November 27, 1997
-----		
Net sales	\$ 848.9	\$1,211.2
Net loss	(63.4)	(18.5)
Basic loss per share	(0.23)	(0.08)
Diluted loss per share	(0.23)	(0.08)

These pro forma results of operations have been prepared for comparative purposes only and do not purport to be indicative of the results of operations which actually would have resulted had the Acquisition occurred on the dates indicated, or which may result in the future.

## 7. Merger

On September 14, 1998, the Company completed its merger with Rendition. The Company issued approximately 3.6 million shares of Common Stock in exchange for all of the outstanding stock of Rendition. The merger qualified as a tax-free exchange and was accounted for as a business combination using the "pooling-of-interests" method. Accordingly, the Company's financial statements have been restated to include the results of Rendition for all periods presented. The following table presents a reconciliation of net sales and net income (loss) as previously reported by the Company for the quarter ended November 27, 1997 to those presented in the accompanying consolidated financial statements.

	MTI	Rendition	Combined
Net sales	\$ 954.6	\$ 2.7	\$ 957.3
Net income (loss)	\$ 9.5	\$ (3.0)	\$ 6.5

## 8. Equity investment

On October 19, 1998, the Company issued to Intel Corporation ("Intel") approximately 15.8 million stock rights exchangeable into non-voting Class A Common Stock (upon MTI shareholder approval of such class of stock) or into common stock of the Company for a purchase price of \$500 million. The Rights at the time of issuance represented approximately 6% of the Company's outstanding common stock. The Rights (or Class A Common Stock) will automatically be exchanged for (or converted into) the Company's common stock upon a transfer to a holder other than Intel or a 90% owned subsidiary of Intel. The Company has agreed to seek shareholder approval to amend its Certificate of Incorporation to create the non-voting Class A Common Stock at the Company's next Annual Meeting of Shareholders. In the event the Company's shareholders approve the amendment, the Rights will be automatically exchanged for Class A Common Stock upon the filing in Delaware of the amended Certificate of Incorporation. In the event the Company's shareholders do not approve the amendment, the Rights will remain exchangeable into the Company's common stock. In order to exchange the Rights for the Company's common stock, Intel would be required to provide the Company with written evidence of compliance with the Hart-Scott-Rodino Act ("HSR") filing requirements or that no HSR filings are required. The MTI stock to be issued to Intel has not been registered under the Securities Act of 1933, as amended, and is therefore subject to certain restrictions on resale. The Company and Intel entered into a securities rights and restrictions agreement which provides Intel with certain registration rights and places certain restrictions on Intel's voting rights and other activities with respect to the shares of MTI Class A Common Stock or common stock. Intel's registration rights begin in April 1999. Intel also has the right to designate a nominee acceptable to the Company to the Company's Board of Directors. Proceeds from the issuance of these stock rights are reflected in "Additional Capital" in the Company's balance sheet dated as of December 3, 1998.

In consideration for Intel's investment, the Company has agreed to commit to the development of direct Rambus DRAM ("RDRAM") and to certain production and capital expenditure milestones and to make available to Intel a certain percentage of its semiconductor memory output over a five-year period, subject to certain limitations. The exchange ratio of the Rights and conversion ratio of the Class A Common Stock is subject to adjustment under certain formulae at the election of Intel in the event the Company fails to meet the production or capital expenditure milestones. No adjustment will occur to the exchange ratio or conversion ratio under such formulae (i) unless the price of the Company's common stock for a twenty day period ending two days prior to such milestone dates is lower than \$31.625 (the market price of the Company's common stock at the time of investment), or (ii) if the Company achieves the production and capital expenditure milestones. In addition, if an adjustment occurs, in no event will the Company be obligated to issue more than: (a) a number of additional shares of Class A Common Stock or common stock having a value exceeding \$150 million, or (b) a number of additional shares exceeding the number of Rights originally issued.

9. Joint ventures

In connection with the Acquisition, the Company acquired a 30% ownership in the TECH Singapore Semiconductor Pte. Ltd. ("TECH") and a 25% ownership in the KTI Semiconductor Limited ("KTI") joint ventures (collectively, the "JVs"), each of which operates wafer fabrication facilities for the manufacture of DRAM products. TECH, which operates in Singapore, is a joint venture between the Company, the Singapore Economic Development Board, Canon Inc., and Hewlett-Packard Company. KTI, which operates in Japan, is a joint venture between the Company and Kobe Steel, Ltd.

The Company has rights and obligations to purchase 100% of the JVs' production meeting the Company's specifications at pricing determined quarterly which generally results in discounts from the Company's average worldwide selling prices. Certain partners of the JVs have product purchase rights with the Company. The Company charges a fee to the joint ventures for its estimated costs to transfer product and manufacturing process technology to the joint ventures. The Company accounts for its investments in these JVs under the equity method.

Product purchases from the JVs aggregated \$46.1 million in the first quarter of 1999. The Company performed assembly/test services for the JVs totaling \$12.9 million for the first quarter of 1999. Receivables from and payables to the JVs were \$11.8 million and \$27.6 million, respectively, as of December 3, 1998.

10. Commitments and contingencies

As of December 3, 1998, the Company had commitments of approximately \$423.9 million for equipment purchases and \$18.5 million for the construction of buildings.

The Company has from time to time received, and may in the future receive, communications alleging that its products or its processes may infringe on product or process technology rights held by others. The Company has accrued a liability and charged operations for the estimated costs of settlement or adjudication of asserted and unasserted claims for alleged infringement prior to the balance sheet date. Determination that the Company's manufacture of products has infringed on valid rights held by others could have a material adverse effect on the Company's financial position, results of operations or cash flows and could require changes in production processes and products.

The Company is currently a party to various other legal actions arising out of the normal course of business, none of which are expected to have a material effect on the Company's financial position or results of operations.

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

### OF OPERATIONS

The following discussion contains trend information and other forward looking statements (including statements regarding future operating results, future capital expenditures and facility expansion, new product introductions, technological developments, acquisitions and the effect thereof and industry trends) that involve a number of risks and uncertainties. The Company's actual results could differ materially from the Company's historical results of operations 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 "Certain Factors." This discussion should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended September 3, 1998. All period references are to the Company's fiscal periods ended December 3, 1998, September 3, 1998, or November 27, 1997, unless otherwise indicated. All per share amounts are presented on a diluted basis unless otherwise stated. All 1998 financial data of the Company has been restated to include the results of operations of Rendition, Inc., which was merged with the Company on September 11, 1998.

### OVERVIEW

Micron Technology, Inc. and its subsidiaries are hereinafter referred to collectively as the "Company" or "MTI." The Company designs, develops, manufactures and markets semiconductor memory products, primarily DRAM, and through its approximately 63% owned subsidiary, Micron Electronics, Inc. ("MEI"), develops, markets, manufactures and supports PC systems.

The semiconductor industry in general, and the DRAM market in particular, experienced severe price declines in recent years. Per megabit prices declined approximately 60% in 1998 following a 75% decline in fiscal 1997 and a 45% decline in fiscal 1996. These extreme market conditions have had an adverse effect on the Company's results of operations. Although the Company experienced an 18% increase in per megabit average selling prices for the first quarter of 1999 as compared to the fourth quarter of 1998, the Company is unable to predict whether such improved pricing is indicative of future periods.

On September 30, 1998, the Company completed the acquisition (the "Acquisition") of substantially all of the semiconductor memory operations of Texas Instruments, Inc. ("TI"). The Company's results of operations for the first quarter of 1999 reflect two months for the acquired operations. On October 19, 1998, the Company also issued to Intel Corporation ("Intel") approximately 15.8 million stock rights (the "Rights") exchangeable into non-voting Class A Common Stock (upon MTI shareholder approval of such class of stock) or into common stock of the Company for an aggregate amount of \$500 million. (See "Significant Transactions")

### RESULTS OF OPERATIONS

Net loss for the first quarter of 1999 was \$46 million, or \$0.19 per share, on net sales of \$794 million. For the first quarter of 1998 net income was \$7 million, or \$0.03 per share, on net sales of \$957 million. For the fourth quarter of 1998, net loss was \$93 million, or \$0.43 per share, on net sales of \$692 million.

#### NET SALES

	First Quarter			
	1999		1998	
	Net sales	%	Net sales	%
Semiconductor memory products	\$ 409.5	51.6	\$ 440.1	46.0
PC systems	352.1	44.4	445.1	46.5
Other	32.0	4.0	72.1	7.5
Total net sales	\$ 793.6	100.0	\$ 957.3	100.0
	=====	=====	=====	=====

Net sales of "Semiconductor memory products" include sales of \$10.3 million and \$12.4 million in the first quarters of 1999 and 1998, respectively, of sales of MTI semiconductor memory products incorporated in MEI PC products. "Other " net sales for the first quarter of 1999 include revenue of \$18.6 million for

test and assembly services performed by the Company. "Other" net sales for the first quarter of 1998 include revenue of approximately \$61 million from MEI's contract manufacturing subsidiary, which was sold in February 1998.

Net sales of semiconductor memory products for the first quarter of 1999 decreased by 7% as compared to the first quarter of 1998, principally due to a 52% decline in average selling price per megabit of memory, partially offset by an 89% increase in megabits shipped. This increase in megabits shipped was due to production increases principally resulting from shifts in the Company's mix of semiconductor memory products to higher average density products, ongoing transitions to successive reduced die size ("shrink") versions of existing memory products and additional output from the acquired operations. The Company's principal memory product in the first quarter of 1999 was the 64 Meg DRAM, which comprised approximately 65% of the net sales of semiconductor memory products. Approximately 87% of the 64 Meg DRAM sales were synchronous DRAM ("SDRAM") products.

Net sales of semiconductor memory products increased by 10% in the first quarter of 1999 as compared to the fourth quarter of 1998 principally due to an approximate 18% increase in average selling price per megabit of memory sold, partially offset by a 10% decline in megabits shipped. During the first quarter of 1999 prices for the Company's 16 Meg DRAM product increased significantly as that device reached the end of its product life cycle and customers sought lifetime-buy arrangements. The average selling price for the 64 Meg SDRAM increased 8% in the first quarter of 1999 as compared to the fourth quarter of 1998. The decrease in megabits shipped was primarily due to backend production constraints associated with the Company's rapid transition to the .21u shrink version of its 64 Meg DRAM product. The effects of these constraints were partially offset by the additional sales of semiconductor memory products arising from the Company's newly acquired operations. These constraints are expected to be resolved in the second quarter of 1999.

Net sales of PC systems were lower in the first quarter of 1999 compared to the first quarter of 1998 primarily as a result of an 18% decline in average selling prices which was partially offset by a 2% increase in unit sales. In addition during the first quarter of 1998, the Company disposed of excess PC component inventories, which also contributed to the comparative decline. Net sales of PC systems for the first quarter of 1999 were 20% higher than for the fourth quarter of 1998 primarily as a result of a 21% increase in unit sales, which was partially offset by a 5% decrease in average selling prices.

#### GROSS MARGIN

	First Quarter		
	1999	% Change	1998
Gross margin	\$ 115.9	(44.9)%	\$ 210.2
as a % of net sales	14.6%		22.0%

The Company's gross margin percentage was lower for the first quarter of 1999 compared to the first quarter of 1998 principally due to lower gross margin percentages on sales of the Company's semiconductor memory products which resulted primarily from a severe decline in average sales prices per megabit.

The Company's gross margin percentage on sales of semiconductor memory products for the first quarter of 1999 was 9%, compared to 32% for the first quarter of 1998. The decrease in gross margin percentage on sales of semiconductor memory products for the first quarter of 1999 compared to the first quarter of 1998 was primarily the result of the 52% decline in average selling prices, and to a lesser extent, the inclusion of two months of results for the acquired operations which have higher per-unit manufacturing costs. These factors were partially offset by decreases in per megabit manufacturing costs during the same period. Comparative decreases in per megabit manufacturing costs were achieved primarily through shifts in the Company's mix of semiconductor memory products to higher average density products and transitions to shrink versions of existing products.

The Company's gross margin percentage for the fourth quarter of 1998 was 6%. The gross margin percentage on sales of semiconductor memory products for the fourth quarter of 1998 was negative 10%. The increase in gross margin percentage for semiconductor memory products sold in the first quarter of 1999 as compared to the fourth quarter of 1998 was primarily the result of the 18% increase in average selling prices per megabit of memory. The Company's cost per megabit of semiconductor memory sold remained unchanged comparing the first quarter of 1999 with the fourth quarter of 1998 as cost improvements achieved by the Company's Boise operations were offset by higher costs per megabit incurred at the acquired operations.

In connection with the Acquisition, the Company acquired the right and obligation to purchase 100% of the production output of two joint ventures, TECH Semiconductor Singapore Pte. Ltd. ("TECH") and KTI Semiconductor Limited ("KTI"), which meets the Company's specifications. The Company purchases assembled and tested components from the joint ventures at prices determined quarterly, which generally results in discounts from the Company's worldwide average sales prices. These discounts are higher than gross margins realized by the Company in recent periods on similar products manufactured in the Company's wholly-owned facilities, but are lower than gross margins historically realized in periods of relatively constrained supply. At any future reporting period, gross margins for semiconductor memory products resulting from the Company's purchase of joint venture products may positively or negatively impact gross margins depending on the then existing relationship of average selling prices to the Company's cost per unit sold for product manufactured in its wholly-owned facilities.

The Company's PC gross margins in the first quarter of 1999 were 15%, compared to 13% in the first quarter of 1998 and 22% in the fourth quarter of 1998. PC gross margins in the first quarter of 1998 were adversely affected by significant losses recognized from disposition of excess PC component inventories. PC gross margins in the fourth quarter of 1998 were favorably affected by revisions of estimates for certain product and process technology costs. In addition, the Company experienced intense price pressure on its PC products resulting in a lower gross margin provided by such products in the first quarter of 1999 when compared to the fourth quarter of 1998. PC gross margins in the first quarter of 1999 were also affected by a more aggressive pricing strategy, particularly on notebook products. The Company expects to continue experiencing significant pressure on its gross margins on sales of its PC systems, particularly for desktop and notebook products, as a result of intense competition in the PC industry and consumer expectations of more powerful PC systems at lower prices.

#### SELLING, GENERAL AND ADMINISTRATIVE

	First Quarter		
	1999	% Change	1998
Selling, general and administrative	\$ 103.0	(18.3)%	\$ 126.0
as a % of net sales	13.0%		13.2%

Selling, general and administrative expenses were lower in the first quarter of 1999 as compared to the first quarter of 1998 primarily as a result of enhanced operational efficiencies and cost reductions at MEI and the sale of 90% of MEI's interest in its contract manufacturing subsidiary in fiscal 1998. Selling, general and administrative expenses for the first quarter of 1999 include approximately \$7 million in expense associated with the acquired semiconductor operations. Selling, general and administrative expenses for the first quarter of 1998 reflect a \$6 million contribution to a university in support of engineering education.

Selling, general and administrative expenses for the first quarter of 1999 increased by 3% as compared to the fourth quarter of 1998, primarily due to increased costs associated with the acquired semiconductor operations. This increase in selling, general and administrative expenses over the immediately preceding quarter was partially offset by a decrease in expense associated with the Company's PC operations.

#### RESEARCH AND DEVELOPMENT

	First Quarter		
	1999	% Change	1998
Research and development	\$ 67.7	(0.7)%	\$ 67.2
as a % of net sales	8.5%		7.0%

Research and development expenses relating to the Company's semiconductor memory operations, which constitute substantially all of the Company's research and development expenses, vary primarily with the number of wafers processed, personnel costs, and the cost of advanced equipment dedicated to new product and process development. Research and development efforts are focused on advanced process technology, which is the primary determinant in transitioning to next generation products. Application of advanced process technology currently is concentrated on shrink versions of the Company's 64 Meg SDRAM and development of the Company's 128 Meg SDRAM and direct Rambus DRAM ("RDRAM"), Double Data Rate ("DDR"), SyncLink DRAM ("SLDRAM"),

Flash and SRAM memory products. Other research and development efforts are currently devoted to the design and development of RIC, flat panel displays, graphics accelerator products and PC systems.

Research and development expenses in the first quarter of 1999 include additional costs of resources obtained in the Acquisition being utilized to broaden the Company's range of DRAM product offerings. The expansion of product offerings is considered necessary to support the customer base associated with the Company's anticipated increased market share.

The Company completed its transition from .25u to .21u at its Boise site in the fourth quarter of calendar 1998 and expects the transition from .21u to .18u to occur at its Boise site in calendar 1999. The Company anticipates that process technology will move to .15u line widths in the next few years as needed for the development of future generation semiconductor products. Transitions to smaller line widths at the acquired operations are expected to lag behind transitions at the Boise site as process development will be conducted primarily in Boise.

#### INCOME TAXES

The effective tax rate approximated 40% for the first quarter of 1999 and 1998. The effective tax rate primarily reflects the statutory corporate income tax rate and the net effect of state taxation. Taxes on earnings of domestic subsidiaries not consolidated for tax purposes may cause the effective tax rate to vary significantly from period to period.

#### RECENTLY ISSUED ACCOUNTING STANDARDS

Recently issued accounting standards include Statement of Financial Accounting Standards ("SFAS") No. 131 "Disclosures about Segments of an Enterprise and Related Information," issued by the FASB in June 1997, Statement of Position ("SOP") 98-1 "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use," issued by the AICPA in March 1998 and SFAS No. 133 "Accounting for Derivative Instruments and Hedging Activities," issued by the FASB in June 1998.

SFAS No. 131 will require the Company to provide additional disclosures for its year end 1999. The Company is currently evaluating the impact of SOP 98-1, required by year end 2000 and SFAS No. 133, which is required for the first quarter of 2000.

#### LIQUIDITY AND CAPITAL RESOURCES

-----

As of December 3, 1998, the Company had cash and liquid investments totaling \$1,925 million, representing an increase of \$1,275 million during the first quarter of 1999. In the first quarter of 1999 the Company received \$681 million in conjunction with the Acquisition and \$500 million from the sale of stock rights. The Company's other principal source of liquidity during the first quarter of 1999 was net cash flow from operations of \$256 million. The principal uses of funds during the first quarter of 1999 were \$118 million for property, plant and equipment expenditures and \$102 million for repayments of equipment contracts and long-term debt.

The Company believes that in order to transition the acquired operations to the Company's product and process technology, develop new product and process technologies, support future growth, achieve operating efficiencies and maintain product quality, it must continue to invest in manufacturing technology, facilities and capital equipment, research and development, and product and process technology. The Company currently estimates it will spend approximately \$1 billion in 1999 for purchases of equipment and construction and improvement of buildings. As of December 3, 1998, the Company had entered into contracts extending into 2000 for approximately \$424 million for equipment purchases and approximately \$18 million for the construction of facilities.

The Company has an aggregate of \$513 million in revolving credit agreements, including a \$400 million agreement expiring in May 2000 which contains certain restrictive covenants pertaining to the Company's semiconductor memory operations, including a maximum total debt to equity ratio. As of December 3, 1998, the Company was in compliance with all covenants under the facilities and had borrowings totaling approximately \$9

million outstanding under the agreements. There can be no assurance that the Company will continue to be able to meet the terms of the covenants and conditions in the agreements, borrow under the agreements or negotiate satisfactory successor agreements.

As of December 3, 1998, approximately \$370 million of the Company's consolidated cash and liquid investments were held by MEI. Cash generated by MEI is not readily available or anticipated to be available to finance operations or other expenditures of MTI's semiconductor memory operations.

#### SIGNIFICANT TRANSACTIONS

- - - - -

#### ACQUISITION

On September 30, 1998, the Company completed its acquisition of substantially all of TI's memory operations. The Acquisition was consummated through the issuance of debt and equity securities. TI received 28.9 million shares of MTI common stock, \$740 million principal amount of Convertible Notes and \$210 million principal amount of Subordinated Notes. In addition to TI's net memory assets, the Company received \$681 million in cash. The Company and TI also entered into a ten-year, royalty-free, life-of-patents, patent cross license that commenced on January 1, 1999.

The MTI common stock and Convertible Notes issued in the transaction have not been registered under the Securities Act of 1933, as amended, and are therefore subject to certain restrictions on resale. The Company and TI entered into a securities rights and restrictions agreement as part of the transaction which provides TI with certain registration rights and places certain restrictions on TI's voting rights and other activities with respect to shares of MTI common stock. TI's registration rights begin in April 1999. The Convertible Notes and the Subordinated Notes issued in the transaction bear interest at the rate of 6.5% and have a term of seven years. The Convertible Notes are convertible into 12.3 million shares of MTI common stock at a conversion price of \$60 per share. The Convertible Notes are not subject to redemption prior to October 2000 and are redeemable from that date through October 2002 only if the common stock price is at least \$78.00 for a specified trading period. The Subordinated Notes are subordinated to the Convertible Notes, the Company's outstanding 7% Convertible Subordinated Notes due July, 2004, and substantially all of the Company's other indebtedness.

The assets acquired by the Company in the Acquisition include a wafer fabrication operation in Avezzano, Italy, an assembly/test operation in Singapore, and a wafer fabrication facility in Richardson, Texas. TI closed the Richardson memory manufacturing operation in June 1998. Also included in the Acquisition was TI's interest in two joint ventures and TI's rights and obligations to purchase 100% of the joint venture production meeting the Company's specifications. TECH in Singapore is owned by TI, Canon, Inc., Hewlett-Packard Singapore (Private) Limited, a subsidiary of Hewlett Packard Company, and EDB Investments Pte. Ltd., which is controlled by the Economic Development Board of the Singapore government; and KTI in Japan is owned by TI and Kobe Steel, Ltd. MTI acquired a 30% interest in TECH and a 25% interest in KTI. The Company filed Form 8-K/A on October 16, 1998, which incorporates historical and pro forma financial information with respect to the Acquisition. Pro forma financial information is also included in the notes to the financial statements in this Form 10-Q.

Although the Company believes the Acquisition further leverages its technology, the Company anticipates that the Acquisition will continue to have a near term adverse impact upon the Company's results of operations and cash flows. The Company has begun to transfer its product and process technology into the acquired operations (primarily the wholly-owned fabrication facilities in Avezzano, Italy and the joint-venture facilities, KTI and TECH) and expects the transfer to be substantially complete in the next nine to twelve months. Output of the Company's semiconductor memory products will increase directly as a result of the manufacturing capacity obtained in the Acquisition and should increase further as a result of the transfer of the Company's product and process technology to the acquired operations. Until the Company is able to complete the transfer of its product and process technology into the acquired operations, the Company expects that the per unit costs associated with products manufactured at the acquired operations will continue to significantly exceed the per unit costs of products manufactured at the Company's Boise, Idaho facility, resulting in a near-term adverse impact on the Company's gross margin percentage. The ten-year, royalty-free, life-of-patents, patent cross license entered into with TI will result in a reduction in the Company's royalty expenses beginning January, 1999.

## EQUITY INVESTMENT

On October 19, 1998, the Company issued to Intel approximately 15.8 million Rights exchangeable into non-voting Class A Common Stock (upon MTI shareholder approval of such class of stock) or into common stock of the Company for a purchase price of \$500 million. The Rights at the time of issuance represented approximately 6% of the Company's outstanding common stock. The Rights (or Class A Common Stock) will automatically be exchanged for (or converted into) the Company's common stock upon a transfer to a holder other than Intel or a 90% owned subsidiary of Intel. The Company has agreed to seek shareholder approval to amend its Certificate of Incorporation to create the non-voting Class A Common Stock at the Company's next Annual Meeting of Shareholders. In the event the Company's shareholders approve the amendment, the Rights will be automatically exchanged for Class A Common Stock upon the filing in Delaware of the amended Certificate of Incorporation. In the event the Company's shareholders do not approve the amendment, the Rights will remain exchangeable into the Company's common stock. In order to exchange the Rights for the Company's common stock, Intel would be required to provide the Company with written evidence of compliance with the Hart-Scott-Rodino Act ("HSR") filing requirements or that no HSR filings are required. The MTI stock to be issued to Intel has not been registered under the Securities Act of 1933, as amended, and is therefore subject to certain restrictions on resale. The Company and Intel entered into a securities rights and restrictions agreement which provides Intel with certain registration rights and places certain restrictions on Intel's voting rights and other activities with respect to the shares of MTI Class A Common Stock or common stock. Intel's registration rights begin in April 1999. Intel also has the right to designate a director nominee, acceptable to the Company, to the Company's Board of Directors.

In consideration for Intel's investment, the Company has agreed to commit to the development of RDRAM and to certain production and capital expenditure milestones and to make available to Intel a certain percentage of its semiconductor memory output over a five-year period, subject to certain limitations. The exchange ratio of the Rights and conversion ratio of the Class A Common Stock is subject to adjustment under certain formulae at the election of Intel in the event MTI fails to meet the production or capital expenditure milestones. No adjustment will occur to the exchange ratio or conversion ratio under such formulae (i) unless the price of the Company's common stock for a twenty day period ending two days prior to such milestone dates is lower than \$31.625 (the market price of the Company's common stock at the time of investment), or (ii) if the Company achieves the production and capital expenditure milestones. In addition, if an adjustment occurs, in no event will the Company be obligated to issue more than: (a) a number of additional shares of Class A Common Stock or common stock having a value exceeding \$150 million, or (b) a number of additional shares exceeding the number of Rights originally issued.

## YEAR 2000

- - - - -

Like many other companies, the Year 2000 computer issue creates risks for the Company. If internal systems do not correctly recognize and process date information beyond the year 1999, the Company's operations could be adversely impacted as a result of system failures and business process interruption.

The Company has been addressing the Year 2000 computer issue with a plan that began in early 1996. To manage its Year 2000 program, the Company has divided its efforts into the primary program areas of: (i) information technology ("IT"), which includes computer and network hardware, operating systems, purchased development tools, third-party and internally developed software, files and databases, end-user extracts and electronic interfaces; (ii) manufacturing and facilitation equipment; and (iii) external dependencies, which include relationships with suppliers and customers.

The Company is following four general steps for each of these program areas: "Ownership," wherein each department manager is responsible for assigning ownership for the various Year 2000 issues to be tested; "Identification" of systems and equipment and the collection of Year 2000 data in a centralized place to track results of compliance testing and subsequent remediation; "Compliance Testing," which includes the determination of the specific test routine to be performed on the software or equipment and determination of year 2000 compliance for the item being tested; and "Remediation," which involves implementation of corrective action, verification of successful implementation, finalization of, and, if need be, execution of, contingency plans.

As of December 3, 1998, the Ownership and Identification steps were essentially complete for all three program areas: IT, manufacturing equipment and external dependencies. The Compliance Testing and Remediation steps are substantially complete for the IT area at the Boise site and the Company is evaluating the status of the IT areas for the acquired operations.

Compliance Testing of manufacturing and facilitation equipment is over fifty percent complete. Remediation efforts for equipment thus tested is in excess of sixty percent complete. The Company is currently in the process of assessing embedded technology associated with its PC systems manufacturing equipment and expects the evaluation to be complete in the first calendar quarter 1999. The Company is currently working with suppliers of products and services to determine and monitor their level of compliance and Compliance Testing. Year 2000 readiness of significant customers is also being assessed. The Company's evaluation of Year 2000 compliance as it relates to the Company's external dependencies is expected to be complete by the second calendar quarter of 1999.

The cost of addressing the Company's Year 2000 issues is expected to be immaterial. The Company is executing its Year 2000 readiness plan solely through its employees. Year 2000 Compliance Testing and reprogramming is being done in conjunction with other ongoing maintenance and reprogramming efforts.

With respect to Remediation, the Company has commenced work on various types of contingency plans to address potential problem areas with internal systems and with suppliers and other third parties. Internally, each software and hardware system has been assigned to on-call personnel who are responsible for bringing the system back on line in the event of a failure. Externally, the Company's Year 2000 plan includes identification of alternate sources for providers of goods and services. The Company expects its contingency plans to be complete by the second calendar quarter of 1999.

#### CERTAIN FACTORS

- - - - -

In addition to the factors discussed elsewhere in this Form 10-Q and in the Company's Form 10-K for the fiscal year ended September 3, 1998, the following are important factors which could cause actual results or events to differ materially from those contained in any forward looking statements made by or on behalf of the Company.

The semiconductor memory industry is characterized by rapid technological change, frequent product introductions and enhancements, difficult product transitions, relatively short product life cycles, and volatile market conditions. These characteristics historically have made the semiconductor industry highly cyclical, particularly in the market for DRAMs, which are the Company's primary products. The semiconductor industry has a history of declining average sales prices as products mature. Long-term average decreases in sales prices for semiconductor memory products approximate 30% on an annualized basis; however, significant fluctuations from this rate have occurred from time to time, including in recent periods.

The selling prices for the Company's semiconductor memory products fluctuate significantly with real and perceived changes in the balance of supply and demand for these commodity products. Growth in worldwide supply has outpaced growth in worldwide demand in recent periods, resulting in a significant decrease in average selling prices for the Company's semiconductor memory products. The semiconductor industry in general, and the DRAM market in particular, has experienced a particularly severe downturn. While per megabit prices increased in the first quarter of 1999 as compared to the fourth quarter of 1998, per megabit prices declined approximately 60% in 1998 following a 75% decline in 1997 and a 45% decline in 1996. The increase in per megabit pricing for the first quarter of 1999 may not be indicative of pricing in future periods. In the event that average selling prices decline at a faster rate than the rate at which the Company is able to decrease per unit manufacturing costs, the Company could be materially adversely affected in its operations, cash flows and financial condition. Future consolidation by competitors in the semiconductor memory industry may place the Company at a disadvantage in competing with competitors that have greater capital resources. Competitors are also aggressively seeking improved yields, smaller die size and fewer mask levels in their product designs. These improvements could result in a significant increase in worldwide capacity leading to further downward pressure on prices.

Approximately 72% of the Company's sales of semiconductor memory products during the first quarter of 1999 were directly into the PC or peripheral markets. DRAMs are the most widely used semiconductor memory component in most PC systems. Should the rate of growth of sales of PC systems or the rate of growth in the amount of memory per PC system decrease, the growth rate for sales of semiconductor memory could also decrease, placing further downward pressure on selling prices for the Company's semiconductor memory products. The Company is unable to predict changes in industry supply, major customer inventory management strategies, or end user demand, which are significant factors influencing pricing for the Company's semiconductor memory products.

On September 30, 1998, the Company acquired substantially all of TI's memory operations. The integration and successful operation of the acquired operations is dependent upon a number of factors, including, but not limited to, the Company's ability to transfer its product and process technology in a timely and cost-effective manner into the wholly-owned acquired fabrication facilities in Avezzano, Italy and joint venture facilities in Singapore (TECH ) and Japan (KTI). The Company expects the transfer of its product and process technology into these fabrication facilities to be substantially complete by the end of calendar 1999; however, there can be no assurance that the Company will be able to meet this timeline. Until such time as the Company is able to complete the transfer of its product and process technology into the acquired fabrication facilities, it is expected that the per unit costs associated with the products manufactured at the acquired fabrication facilities will continue to significantly exceed the per unit costs of products manufactured at the Company's Boise, Idaho, facility. As a result, it is expected that the Acquisition will continue to have a near term adverse effect on the Company's results of operations and cash flows.

As the semiconductor industry transitions to higher bandwidth products including RDRAM, DDR and SLDRAM, the Company may encounter difficulties in achieving the semiconductor manufacturing efficiencies that it has historically achieved. The Company's productivity levels, die per wafer yields, and in particular, backend equipment requirements may be affected by a transition to higher bandwidth products. There can be no assurance that the Company will successfully transition to these products or that it will be able to achieve its historical rate of cost per megabit reductions.

As a result of the Acquisition, the Company has substantially increased its share of the worldwide DRAM market and its production capacity, and as a result, the Company's results of operations are further subject to fluctuations in pricing for semiconductor memory products. In addition, if the Company is successful in the transfer of its product and process technology into the acquired facilities, the amount of worldwide semiconductor memory capacity could increase, resulting in further downward pricing pressure on the Company's semiconductor memory products.

The Acquisition is expected to continue to have a significant effect on the Company's future results of operations and cash flows, including, but not limited to: a negative impact on gross margin in the near term due in part to significantly higher per unit manufacturing costs at the acquired operations; costs related to the assimilation of the acquired operations; increased research and development expense associated with the Company's efforts to broaden its range of DRAM product offerings; increased interest expense associated with the Convertible Notes and Subordinated Notes issued in the transaction and increased capital spending relating to the wholly-owned acquired operations in Avezzano, Italy and Singapore.

The Company has limited experience in integrating or operating geographically dispersed manufacturing facilities. It is expected that the integration and operation of the acquired facilities will place strains on the Company's management and information systems resources. Failure by the Company to effectively manage the integration of the acquired facilities could have a material adverse effect on the Company's results of operations.

In connection with the Acquisition, the Company and TI entered into a transition services agreement requiring TI to provide certain services and support to the Company for specified periods following the Acquisition. Among other items, TI is to provide information technology, finance and accounting, human resources, equipment maintenance, facilities and purchasing services under the services agreement. The successful integration and operation of the acquired facilities is partially dependent upon the continued successful provision of services by TI under the services agreement. There can be no assurance that the services and support called for under the services agreement will be provided in a manner sufficient to meet anticipated requirements. The failure to obtain sufficient

services and support could impair the Company's ability to successfully integrate the acquired facilities and could have a material adverse affect on the Company's results of operations.

In accordance with the transition services agreement, the Company will rely in part on TI computer networks and information technology services with respect to certain of the acquired operations. During this period and beyond, the Company will also be utilizing software obtained or licensed from TI to conduct specific portions of the business. Dependency upon TI systems will span calendar years 1999 and 2000, during which period Year 2000 issues may arise. If unforeseen difficulties are encountered in ending the Company's reliance upon TI's software, hardware or services or in segregating the companies' information technology operations or with Year 2000 issues, the Company's results of operations could be materially adversely affected.

International sales comprised approximately 27% of the Company's net sales in the first quarter of 1999 and 20% in 1998. The Company expects international sales to continue to increase in 1999 as a result of the Acquisition. In addition, the Company has significantly expanded its international operations as a result of the Acquisition. International sales and operations are subject to a variety of risks, including those arising from currency fluctuations, export duties, changes to import and export regulations, possible restrictions on the transfer of funds, employee turnover, labor unrest, longer payment cycles, greater difficulty in collecting accounts receivable, the burdens and costs of compliance with a variety of foreign laws and, in certain parts of the world, political instability. While to date these factors have not had a significant adverse impact on the Company's results of operations, there can be no assurance that there will not be such an impact in the future.

In connection with the Acquisition, the Company acquired the rights and obligations to purchase 100% of the production output of the TECH joint venture in Singapore and the KTI joint venture in Japan. The Company purchases assembled and tested components meeting the Company's specifications at prices determined quarterly, which generally results in discounts from the Company's worldwide average sales prices. These discounts are currently higher than gross margins realized by the Company in recent periods on similar products manufactured in the Company's wholly-owned facilities, but are lower than gross margins historically realized in periods of relatively constrained supply. At any future reporting period, gross margins for semiconductor memory products resulting from the Company's right to purchase joint venture products may positively or negatively impact gross margins depending on the then existing relationship of average selling prices to the Company's cost per unit sold for product manufactured in its wholly-owned facilities.

The Company's operating results are significantly impacted by the operating results of its consolidated subsidiaries, particularly MEI. MEI's past operating results have been, and its future operating results may be, subject to seasonality and other fluctuations, on a quarterly and an annual basis, as a result of a wide variety of factors, including, but not limited to, industry competition, the Company's ability to accurately forecast demand and selling prices for its PC products, fluctuating market pricing for PCs and semiconductor memory products, seasonal government purchasing cycles, inventory obsolescence, the Company's ability to effectively manage inventory levels, changes in product mix, manufacturing and production constraints, fluctuating component costs, the effects of product reviews and industry awards, critical component availability, seasonal cycles common in the PC industry, the timing of new product introductions by the Company and its competitors and global market and economic conditions. Changing circumstances, including but not limited to, changes in the Company's core operations, uses of capital, strategic objectives and market conditions, could result in the Company changing its ownership interest in its subsidiaries.

The Company is engaged in ongoing efforts to enhance its production processes to reduce per unit costs by reducing the die size of existing products. The result of such efforts has generally led to significant increases in megabit production. There can be no assurance that the Company will be able to maintain or approximate increases in megabit production at a level approaching that experienced in recent years or that the Company will not experience decreases in manufacturing yield or production as it attempts to implement future technologies. Further, from time to time, the Company experiences volatility in its manufacturing yields, as it is not unusual to encounter difficulties in ramping latest shrink versions of existing devices or new generation devices to commercial volumes. The semiconductor memory industry is characterized by frequent product introductions and enhancements. The Company's ability to reduce per unit manufacturing costs of its semiconductor memory products is largely dependent on its ability to design and develop new generation products and shrink versions of existing products and its ability



to ramp such products at acceptable rates to acceptable yields, of which there can be no assurance. In addition, there can be no assurance that the Company will be able to continue to reduce its per unit manufacturing costs at the rate historically achieved by the Company.

Historically, the Company has reinvested substantially all cash flow from semiconductor memory operations in capacity expansion and enhancement programs. The Company's cash flow from operations depends primarily on average selling prices and per unit manufacturing costs of the Company's semiconductor memory products. If for any extended period of time average selling prices decline faster than the rate at which the Company is able to decrease per unit manufacturing costs, the Company may not be able to generate sufficient cash flows from operations to sustain operations. Cash generated by MEI is not readily available or anticipated to be available to finance the Company's semiconductor operations. The Company has an aggregate of \$513 million in revolving credit agreements, including a \$400 million agreement expiring in May 2000, which contains certain restrictive covenants pertaining to the Company's semiconductor memory operations, including a maximum total debt to equity ratio. There can be no assurance that the Company will continue to be able to meet the terms of the covenants or be able to borrow the full amount of the credit facilities. There can be no assurance that, if needed, external sources of liquidity will be available to fund the Company's operations or its capacity and product and process technology enhancement programs. Failure to obtain financing could hinder the Company's ability to make continued investments in such programs, which could materially adversely affect the Company's business, results of operations and financial condition.

Completion of the Company's semiconductor manufacturing facility in Lehi, Utah was suspended in February 1996, as a result of the decline in average selling prices for semiconductor memory products. As of December 3, 1998, the Company had invested approximately \$707 million in the Lehi facility. Timing of completion of the remainder of the Lehi production facilities is dependent upon market conditions. Market conditions which the Company expects to evaluate include, but are not limited to, worldwide market supply and demand of semiconductor products and the Company's operations, cash flows and alternative uses of capital. There can be no assurance that the Company will be able to fund the completion of the Lehi manufacturing facility. The failure by the Company to complete the facility would likely result in the Company being required to write off all or a portion of the facility's cost, which could have a material adverse effect on the Company's business and results of operations. In addition, in the event that market conditions improve, there can be no assurance that the Company can commence manufacturing at the Lehi facility in a timely, cost effective manner that enables it to take advantage of the improved market conditions.

The semiconductor and PC industries have experienced a substantial amount of litigation regarding patent and other intellectual property rights. In the future, litigation may be necessary to enforce patents issued to the Company, to protect trade secrets or know-how owned by the Company, or to defend the Company against claimed infringement of the rights of others. The Company has from time to time received, and may in the future receive, communications alleging that its products or its processes may infringe product or process technology rights held by others. The Company has entered into a number of patent and intellectual property license agreements with third parties, some of which require one-time or periodic royalty payments. It may be necessary or advantageous in the future for the Company to obtain additional patent licenses or to renew existing license agreements. The Company is unable to predict whether these license agreements can be obtained or renewed on terms acceptable to the Company. Adverse determinations that the Company's manufacturing processes or products have infringed on the product or process rights held by others could subject the Company to significant liabilities to third parties or require material changes in production processes or products, any of which could have a material adverse effect on the Company's business, results of operations and financial condition.

The Company is dependent upon a limited number of key management and technical personnel. In addition, the Company's future success will depend in part upon its ability to attract and retain highly qualified personnel, particularly as the Company engages in worldwide operations and adds different product types to its product line, which will require parallel design efforts and significantly increase the need for highly skilled technical personnel. The Company competes for such personnel with other companies, academic institutions, government entities and other organizations. The Company has experienced, and expects to continue to experience, increased recruitment of its existing personnel by other employers. The Company's ability to retain key acquired personnel will be a critical factor in the Company's ability to successfully integrate the acquired operations. There can be no assurance that the

Company will be successful in hiring or retaining qualified personnel. Any loss of key personnel or the inability to hire or retain qualified personnel could have a material adverse effect on the Company's business and results of operations.

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

-----

Substantially all of the Company's liquid investments and long-term debt are at fixed interest rates, and therefore the fair value of these instruments is affected by changes in market interest rates. However, substantially all of the Company's liquid investments mature within one year. As a result, the Company believes that the market risk arising from its holdings of financial instruments is minimal. The Company's results of operations and financial position for the first quarter of 1999 reflect a higher volume of foreign currency transactions and account balances than in previous periods related to the foreign operations obtained through the Acquisition. As of December 3, 1998 the Company held aggregate cash and receivables in foreign currency valued at approximately US \$13 million and aggregate foreign currency payables valued at approximately US \$61 (including long-term liabilities denominated in Italian lira valued at approximately US \$21 million). Foreign currency receivables and payables are comprised primarily of Italian lira, Singapore dollars and Japanese yen. The Company is currently evaluating its risk management policy regarding foreign currency exposure.

## PART II. OTHER INFORMATION

### ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS.

#### TEXAS INSTRUMENTS INCORPORATED

On September 30, 1998, the Company completed its acquisition of substantially all of TI's memory operations. The Acquisition was consummated through the issuance of debt and equity securities. TI received 28.9 million shares of Common Stock, \$740 million principal amount of Convertible Notes and \$210 million principal amount of Subordinated Notes. In addition to TI's net memory assets, the Company received \$681 million in cash. The Company and TI also entered into a ten-year, royalty-free, life-of-patents, patent cross license that commenced on January 1, 1999.

The Common Stock and Convertible Notes issued in the transaction were issued pursuant to a Section 4(2), exemption under the Securities Act of 1933, as amended ("the Act"), and are therefore subject to certain restrictions on resale. The Company and TI entered into a securities rights and restrictions agreement as part of the transaction which provides TI with certain registration rights and places certain restrictions on TI's voting rights and other activities with respect to shares of Common Stock. TI's registration rights begin in April 1999. The Convertible Notes and the Subordinated Notes issued in the transaction bear interest at the rate of 6.5% and have a term of seven years. The Convertible Notes are convertible into 12.3 million shares of Common Stock at a conversion price of \$60 per share. The Convertible Notes are not subject to redemption prior to October 2000 and are redeemable from that date through October 2002 only if the Common Stock price is at least \$78.00 for a specified trading period.

#### Conversion Terms

A holder of a Convertible Note has the right, at the holder's option, to convert the Convertible Note into shares of Common Stock at any time on or prior to the close of business on the maturity date, unless previously redeemed or repurchased, at the Conversion Rate, subject to adjustment as described below.

The Conversion Rate is subject to adjustment in certain events, including, without duplication: (a) dividends (and other distributions) payable in Common Stock on shares of Common Stock, (b) the issuance to all holders of Common Stock of rights, options or warrants entitling them to subscribe for or purchase Common Stock at less than the then current market price of such Common Stock (determined as provided in the Indenture for the Convertible Notes) as of the record date for shareholders entitled to receive such rights, options or warrants (provided that the Conversion Rate will be readjusted to the extent any such rights, options or warrants are not exercised prior to the expiration thereof), (c) subdivisions, combinations and reclassifications of Common Stock, (d) distributions to all holders of Common Stock of evidences of indebtedness of the Company, shares of capital stock, cash or assets (including securities (but excluding those dividends, rights, options, warrants and distributions referred to above) dividends, and distributions paid exclusively in cash), (e) distributions consisting exclusively of cash (excluding any cash portion of distributions referred to in (d) above) to all holders of Common Stock in an aggregate amount that, combined together with (i) other such all-cash distributions made within the preceding 12 months in respect of which no adjustment has been made and (ii) any cash and the fair market value of other considerations payable in respect of any tender offer by the Company or any of its subsidiaries for Common Stock concluded within the preceding 12 months in respect of which no adjustment has been made, exceeds 12.5% of the Company's market capitalization (for this purpose being the product of the current market price per share of the Common Stock on the record date for such distribution times the number of shares of Common Stock outstanding) on such date, and (f) the successful completion of a tender offer made by the Company or any of its subsidiaries for Common Stock which involves an aggregate consideration that, together with (i) any cash and other consideration payable in a tender offer by the Company or any of its subsidiaries for Common Stock expiring within the 12 months preceding the expiration of such tender offer in respect of which no adjustment has been made and (ii) the aggregate amount of any such all-cash distributions referred to in (e) above to all holders of Common Stock within the 12 months preceding the expiration

of such tender offer in respect of which no adjustments have been made, exceeds 12.5% of the Company's market capitalization on the expiration of such tender offer.

In case of any consolidation or merger of the Company with or into another person or any merger of another person into the Company (other than a merger which does not result in any reclassification, conversion, exchange or cancellation of the Common Stock), or in case of any sale, transfer or lease of all or substantially all of the assets of the Company, each Convertible Note then outstanding will, without the consent of the holder of any Convertible Note, become convertible only into the kind and amount of securities, cash and other property receivable upon such consolidation, merger, sale, transfer or lease by a holder of the number of shares of Common Stock into which such Convertible Note was convertible immediately prior thereto (assuming such holder of Common Stock failed to exercise any rights of election and that such Convertible Note was then convertible).

#### INTEL CORPORATION

On October 19, 1998, the Company issued to Intel Corporation ("Intel") 15,810,277 stock rights ("Rights") exchangeable into non-voting Class A Common Stock (upon shareholder approval of such class of stock), or if shareholder approval is not obtained, into Common Stock of the Company, for a purchase price of \$500 million. The Rights at the time of issuance represented approximately 6% of the Company's outstanding Common Stock. The Company agreed with Intel to seek shareholder approval of an amendment to its Certificate of Incorporation to provide for the authorization of Class A Common Stock. The Class A Common Stock (or Rights, if shareholder approval is not obtained) will automatically be converted into (or exchanged for) the Company's Common Stock upon a transfer by Intel to a holder other than one of its 90% or more owned subsidiaries. In consideration for Intel's investment, in addition to proceeds received, the Company has agreed to certain goals for the development and production of direct Rambus DRAM ("RDRAM") products and to certain related capital expenditures and to make available to Intel a portion of its semiconductor memory output over a five-year period, subject to certain limitations. The Company and Intel entered into a securities rights and restrictions agreement which provides Intel with certain registration rights and places certain restrictions on Intel's voting rights and other activities with respect to the shares of Class A Common Stock (or Common Stock). Intel's registration rights begin in April 1999. Intel also has the right to designate a nominee to the Company's Board of Directors, provided such nominee is acceptable to the Company. The Rights were issued pursuant to a Section 4(2) exemption under the Act.

#### Conversion Terms of the Rights and Class A Common Stock

The Class A Common Stock, if approved by the Company's shareholders, will be, and the Rights are convertible into shares of Common Stock at a conversion ratio of one-to-one, subject to adjustment upon the occurrence of certain events or circumstances as summarized. An amount equal to the fair market value of one share of Common Stock, as determined in good faith by the Board of Directors, will be paid in lieu of any fractional shares. In the event the Class A Common Stock or the Rights are transferred to a person other than Intel or a 90% owned subsidiary of Intel, each share of Class A Common Stock or each Right will automatically convert into shares of Common Stock at the applicable conversion ratio.

The conversion ratio is subject to adjustment in the event of any subdivision (by stock split, stock dividend or otherwise) of the Common Stock or any combination of the Rights or Class A Common Stock (by reverse stock split or otherwise) or any combination of the Common Stock (by reverse stock split or otherwise) or any subdivision of the Rights or Class A Common Stock (by stock split, stock dividend or otherwise). In addition, the conversion ratio is subject to special adjustments, in accordance with certain specified formulas, in the event the Company fails to meet certain agreed upon capital expenditure goals or RDRAM production goals and the average price of the Company's Common Stock at the time of adjustment is lower than Intel's original price. These goals are subject to adjustment under certain circumstances. The Company may elect to pay cash in an amount equal to the value of the additional shares issuable as a result of a special adjustment in lieu of such special adjustment.

The special conversion rate adjustments will be limited to the extent required to ensure (1) that the value of additional shares of Common Stock and other securities or property and any related payments (including any cash payments in lieu of special adjustments), together with any shares of Common Stock and other securities or property and any related payments as a result of the special conversion rate adjustments with respect to the Rights, does not exceed a maximum aggregate adjustment amount of \$150 million (with the value of

such additional shares, securities

and property measured as set forth in the Amendment); and (2) that the aggregate number of shares of Common Stock issued or issuable upon conversion of Class A Common Stock (or exercise of the Rights) does not exceed the lesser of (i) 19.9% of the shares of Common Stock outstanding on the closing date of the issuance of the Rights and (ii) 31,620,554 shares of Common Stock. No special conversion rate adjustments will occur if (i) the Company achieves the production and capital expenditure goals or (ii) the average price of the Company's Common Stock is higher than \$31.625 (the market price of the Company's Common Stock at the time of the investment) for the twenty day period ending two days prior to the goal achievement date.

The conversion rights are also subject to adjustment in the event of any reorganization, reclassification or change of shares of the Common Stock (other than a change in par value or from par value to no par value as a result of a subdivision or combination), or any consolidation of the Company with one or more corporations or a merger of the Company with another corporation (other than a consolidation or merger in which the Company is the resulting or surviving corporation and which does not result in any reclassification or change of outstanding shares of Common Stock).

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) The following are filed as a part of this report:

Exhibit Number	Description of Exhibit
3.7	Bylaws, as amended
10.139	Purchase Agreement dated September 30, 1998 between the Company and KTI Semiconductor Limited
10.140	Purchase Agreement dated September 30, 1998 between the Company and TECH Semiconductor Singapore Pte. Ltd.
27	Financial Data Schedule

(b) The registrant filed the following reports on Form 8-K or Form 8-K/A during the fiscal quarter ended December 3, 1998:

Form	Date	Item
8-K	October 7, 1998	Item 5, Other Events
8-K	October 14, 1998	Item 2, Acquisition or Disposition of Assets Item 7, Financial Statements
8-K/A	October 16, 1998	Item 7(a), Financial Statements of Business Acquired MMP Business of Texas Instruments Incorporated Item 7(b), Pro Forma Financial Information Unaudited Pro Forma Combined Financial Statements, Micron/MMP Combined Company

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)

Dated: January 13, 1999

/s/ Wilbur G. Stover, Jr.

-----  
Wilbur G. Stover, Jr., Vice President of  
Finance and Chief Financial Officer  
(Principal Financial and Accounting  
Officer)

BYLAWS  
OF  
MICRON TECHNOLOGY, INC.

ARTICLE I

OFFICES

SECTION 1. The registered office shall be 100 West Tenth Street, in the City of Wilmington, County of New Castle, State of Delaware.

SECTION 2. The corporation may also have offices at such other places both within and without the State of Delaware as the Board of Directors may from time to time determine or the business of the corporation may require.

ARTICLE II

MEETINGS OF STOCKHOLDERS

SECTION 1. All meetings of the stockholders shall be held at the principal office of the corporation in the City of Boise, State of Idaho, or at such other place either within or without the State of Delaware as shall be designated in the notice of the meeting or in a duly executed waiver of notice thereof.

SECTION 2. Annual meetings of stockholders shall be held on such day and such hour as shall be designated from time to time by the Board of Directors and stated in the notice of the meeting. At such meeting, the stockholders shall elect a Board of Directors and transact such other business as may properly be brought before the meeting.

SECTION 3. Written notice of the annual meeting stating the place, date and hour of the meeting shall be given to each stockholder entitled to vote at such meeting not less than ten nor more than sixty days before the date of the meeting.

SECTION 4. The officer who has charge of the stock ledger of the corporation shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

SECTION 5. Special meetings of the stockholders, for any purpose or purposes, unless otherwise prescribed by statute or by the Certificate of Incorporation, may be called by the Board of Directors, the Chairman of the Board, the president, or by the holders of shares entitled to cast not less than twenty percent (20%) of the votes at the meeting. Such request shall state the purpose or purposes of the proposed meeting.

SECTION 6. Written notice of a special meeting stating the place, date and hour of the meeting and the purpose or purposes for which the meeting is called, shall be given to each stockholder entitled to vote at such meeting not less than ten nor more than sixty days before the date of the meeting.

SECTION 7. Business transacted at any special meeting of stockholders shall be limited to the purposes stated in the notice.

SECTION 8. The holders of a majority of the stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business except as otherwise provided by statute or by the Certificate of Incorporation. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally notified. If the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

SECTION 9. When a quorum is present at any meeting, the vote of the holders of a majority of the stock having voting power present in person or represented by proxy shall decide any question brought before such meeting, unless the question is one upon which by express provision of the statutes or of the Certificate of Incorporation, a different vote is required in which case such express provision shall govern and control the decision of the question.

SECTION 10. Unless otherwise provided in the Certificate of Incorporation, each stockholder shall at every meeting of the stockholders be entitled to one vote in person or by proxy for each share of the capital stock having voting power held by such stockholder, regardless of class, but no proxy shall be voted on or after three years from its date, unless the proxy provides for a longer period. Vote may be viva voice or by ballot; provided, however, that elections for directors must be by ballot upon demand by a shareholder at the meeting and before the voting begins. At all elections of directors of the corporation each stockholder having voting power shall be entitled to exercise the right of cumulative voting as provided in the Certificate of Incorporation.

SECTION 11. Unless otherwise provided in the Certificate of Incorporation, any action required to be taken at any annual or special meeting of stockholders of the corporation, or any action which may be taken at any annual or special meeting of the stockholders, may be taken without a meeting, without prior notice and without a vote, of a consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing.

### ARTICLE III

#### DIRECTORS

SECTION 1. The authorized number of directors of the corporation shall be nine. The number of directors provided in this Section 1 may be changed by a Bylaw duly adopted by the affirmative vote of a majority of the outstanding shares entitled to vote or by a resolution of the Board of Directors.

SECTION 2. The directors shall be elected at each annual meeting of shareholders, but if any such annual meeting is not held, or the directors are not elected thereat, the directors may be elected at any special meeting of the shareholders held for that purpose. All directors shall hold office until the expiration of the term for which elected and until their respective successors are elected, except in the case of death, resignation or removal of any director. A director need not be a shareholder.

SECTION 3. Any director may resign effective upon giving written notice to the Chairman of the Board, the President, the Secretary or the Board of Directors of the corporation, unless the notice specifies a late time for the effectiveness of such resignation. If the resignation is effective at a future time, a successor may be elected to take office when the resignation becomes effective.

SECTION 4. The entire Board of Directors or any individual director may be removed from office, prior to the expiration of their or his term of office only in the manner and within the limitations provided by the General Corporation Law of Delaware.

No reduction of the authorized number of directors shall have the effect of removing any director prior to the expiration of such director's term of office.

SECTION 5. A vacancy in the Board of Directors shall be deemed to exist in case of the death, resignation or removal of any director, or if the authorized number of directors be increased, or if the shareholders fail at any annual or special meeting of shareholders at which any director or directors are elected to elect the full authorized number of directors to be voted for at that meeting.

Vacancies in the Board of Directors may be filled by a majority of the directors then in office, whether or not less than a quorum, or by a sole remaining director. Each director so elected shall hold office until the expiration of the term for which he was elected and until his successor is elected at an annual or a special meeting of the shareholders, or until his death, resignation or removal.

The shareholders may elect a director or directors at any time to fill any vacancy or vacancies not filled by the directors. Any such election by written consent shall require the consent of a majority of the outstanding shares entitled to vote.

SECTION 6. The business of the corporation shall be managed by or under the direction of its Board of Directors which may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute or by the Certificate of Incorporation or these Bylaws directed or required to be exercised or done by the stockholders.

#### MEETINGS OF THE BOARD OF DIRECTORS

SECTION 7. The Board of Directors of the corporation may hold meetings, both regular and special, either within or without the State of Delaware.

SECTION 8. The first meeting of each newly elected Board of Directors shall be held at such time and place as shall be fixed by the vote of the stockholders at the annual meeting and no notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting, provided a quorum shall be present. In the event of the failure of the stockholders to fix the time or place of such first meeting of the newly elected Board of Directors, or in the event such meeting is not held at the time and place so fixed by the stockholders, the meeting may be held at such time and place as shall be specified in a notice given as hereinafter provided for special meetings of the Board of Directors, or as shall be specified in a written waiver signed by all of the directors.

SECTION 9. Regular meetings of the Board of Directors may be held without notice at such time and at such place as shall from time to time be determined by the Board.

SECTION 10. Special meetings of the Board may be called by the president on two days' notice to each director, either personally or by mail or by telegram; special meetings shall be called by the president or secretary in like manner and on like notice on the written request of the Chairman of the Board or two directors.

SECTION 11. At all meetings of the Board a majority of the authorized number of directors shall constitute a quorum for the transaction of business and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors, except as may be otherwise specifically provided by statute or by the Certificate of Incorporation. If a quorum shall not be present at any meeting of the Board of Directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

SECTION 12. Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all members of the Board or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board or committee.

SECTION 13. Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, members of the Board of Directors, or any committee designated by the Board of Directors, may participate in a meeting of the Board of Directors, or any committee, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

#### COMMITTEES OF DIRECTORS

SECTION 14. The Board of Directors may, by resolution passed by a majority of the authorized number of directors, appoint an executive committee consisting of two or more of the directors of the corporation. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. The executive committee, to the extent provided in the resolution of the Board of Directors and subject to any limitation by statute, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the corporation, and may authorize the seal of the corporation to be affixed to all papers which may require it; but it shall not have the power or authority in reference to amending the Certificate of Incorporation, adopting an agreement of merger or consolidation, recommending to the stockholders the sale, lease or exchange of all or substantially all the corporation's property and assets, recommending to the stockholders a dissolution of the corporation or a revocation of a dissolution, or amending the Bylaws of the corporation; and, unless the resolution or the Certificate of Incorporation expressly so provide, it shall not have the power or authority to declare a dividend or to authorize the issuance of stock.

SECTION 15. The Board of Directors may, by resolution adopted by a majority of the authorized number of directors, designate such other committees, each consisting of 2 or more directors, as it may from time to time deem advisable to perform such general or special duties as may from time to time be delegated to any such committee by the Board of Directors, subject to the limitations imposed by statute or by the Certificate of Incorporation or by these Bylaws. The Board may designate one or more directors as alternate members of any committee, who may replace any absent member at any meeting of the committee.

#### COMPENSATION OF DIRECTORS

SECTION 17. Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, the Board of Directors shall have the authority to fix the compensation of directors. The directors may be paid their expenses, if any, of attendance of each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary as director. No such payment shall preclude any director from serving the corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings.

#### ARTICLE IV

##### NOTICES

SECTION 1. Whenever, under the provisions of the statutes or of the Certificate of Incorporation or of these Bylaws, notice is required to be given to any director or stockholder, it shall not be construed to mean personal notice, but such notice may be given in writing, by mail, addressed to such director or stockholder, at his address as it appears on the records of the corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Notice to directors may also be given by telegram.

SECTION 2. Whenever any notice is required to be given under the provisions of the Delaware statutes or of the Certificate of Incorporation or of these Bylaws, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

## ARTICLE V

### OFFICERS

SECTION 1. The officers of the corporation shall be chosen by the Board of Directors, and shall be a president, a vice-president, a secretary, and a treasurer. The Board of Directors may also choose additional vice-presidents, and one or more assistant secretaries and assistant treasurers. Any number of offices may be held by the same person, unless the Certificate of Incorporation or these Bylaws otherwise provide.

SECTION 2. The Board of Directors at its first meeting after each annual meeting of stockholders shall choose a president, one or more vice-presidents, a secretary and a treasurer.

SECTION 3. The Board of Directors may appoint such other officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board.

SECTION 4. The salaries of all officers and agents of the corporation shall be fixed by the Board of Directors.

SECTION 5. The officers of the corporation shall hold office until their successors are chosen and qualify. Any officer elected or appointed by the Board of Directors may be removed at any time by the affirmative vote of a majority of the Board of Directors. Any vacancy occurring in any office of the corporation shall be filled by the Board of Directors.

Any officer may resign at any time by giving written notice to the corporation. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

### THE CHAIRMAN OF THE BOARD

SECTION 6. The Chairman of the Board, if there shall be such an officer, shall, if present, preside at all meetings of the Board of Directors, and exercise and perform such other powers and duties as may be from time to time assigned to him by the Board of Directors or prescribed by these Bylaws.

### THE PRESIDENT

SECTION 7. Subject to such supervisory powers, if any, as may be given by the Board of Directors to the Chairman of the Board, if there be such an officer, the President shall be the general manager of the corporation and shall, subject to the control of the Board of Directors, have general supervision, direction, and control of the business and officers of the corporation. He shall preside at all meetings of the shareholders and in the absence of the Chairman of the Board or if there be none, at all meetings of the Board of Directors. He shall be ex officio a member of all the standing committees, including the executive committee, if any, and shall have the general powers and duties of management usually vested in the office of president of a corporation, and shall have such other powers and duties as may be prescribed by the Board of Directors or by these Bylaws.

SECTION 8. He shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the Board of Directors to some other officer or agent of the corporation.

## THE VICE-PRESIDENTS

SECTION 9. In the absence of the president or in the event of his inability or refusal to act, the vice president (or in the event there be more than one vice president, the vice-presidents in the order designated by the directors, or in the absence of any designation, then in the order of their election) shall perform the duties of the president, and when so acting, shall have all the powers of and be subject to all the restrictions upon the president. The vice-presidents shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

## SECRETARY AND ASSISTANT SECRETARY

SECTION 10. The Secretary shall attend all meetings of the Board of Directors and all meetings of the stockholders and record all the proceedings of the meetings of the corporation and of the Board of Directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or president, under whose supervision he shall be placed. He shall have custody of the corporate seal of the corporation and he, or an assistant secretary, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by his signature or by the signature of such assistant secretary. The Board of Directors may give general authority to any other officer to affix the seal of the corporation and to attest the affixing by his signature.

SECTION 11. The assistant secretary, or if there be more than one, the assistant secretaries in the order determined by the Board of Directors (or if there be no such determination, then in the order of their election) shall, in the absence of the secretary or in the event of his inability or refusal to act, perform the duties and exercise the powers of the secretary and shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

## THE TREASURER AND ASSISTANT TREASURERS

SECTION 12. The treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the Board of Directors.

SECTION 13. He shall disburse the funds of the corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the president and the Board of Directors, at its regular meetings, or when the Board of Directors so requires, an account of all his transactions as treasurer and of the financial condition of the corporation.

SECTION 14. If required by the Board of Directors, he shall give the corporation a bond (which shall be renewed every six years) in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of his office and for the restoration to the corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the corporation.

SECTION 15. If the assistant treasurer, or if there shall be more than one, the assistant treasurers in the order determined by the Board of Directors (or if there be no such determination, then in the order of their election) shall, in the absence of the treasurer or in the event of his inability or refusal to act, perform the duties and exercise the powers of the treasurer and shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

## ARTICLE VI

### CERTIFICATE OF STOCK

SECTION 1. Every holder of stock in the corporation shall be entitled to have a certificate, signed by, or in the name of the corporation by, the chairman or vice chairman of the Board of Directors, or the president or a vice president and the treasurer or an assistant treasurer, or the secretary or an assistant secretary of the corporation, certifying the number of shares owned by him in the corporation.

Certificates may be issued for partly paid shares and in such case upon the face or back of the certificates issued to represent any such partly paid shares, the total amount of the consideration to be paid therefor, and the amount paid thereon shall be specified.

If the corporation shall be authorized to issue more than one class of stock or more than one series of any class, the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualification, limitations or restrictions of such preferences and/or rights shall be set forth in full or summarized on the face or back of the certificate which the corporation shall issue to represent such class or series of stock, provided that, except as otherwise provided in section 202 of the General Corporation Law of Delaware, in lieu of the foregoing requirements, there may be set forth on the face or back of the certificate which the corporation shall issue to represent such class or series of stock, a statement that the corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

SECTION 2. Any or all of the signatures on the certificate may be facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature have been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue.

### LOST CERTIFICATES

SECTION 3. The Board of Directors may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit to that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate or certificates, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate or certificates, or his legal representative, to advertise the same in such manner as it shall require and/or to give the corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

### TRANSFER OF STOCK

SECTION 4. Upon surrender to the corporation or the transfer agent of the corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignation or authority to transfer, it shall be the duty of the corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

### FIXING RECORD DATE

SECTION 5. In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than sixty nor less than ten days before the date of such meeting, nor more than sixty days prior to any such other action. A

determination of shareholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

## REGISTERED STOCKHOLDERS

SECTION 6. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

SECTION 7. The accounting books and records, and minutes of proceedings of the shareholders and the Board of Directors and committees of the Board shall be open to inspection upon written demand made upon the corporation by any shareholder or the holder of a voting trust certificate, at any reasonable time during usual business hours, for a purpose reasonably related to his interest as a shareholder, or as the holder of such voting trust certificate. The record of shareholders shall also be open to inspection by any shareholder or holder of a voting trust certificate at any time during usual business hours upon written demand on the corporation, for a purpose reasonably related to such holder's interest as a shareholder or holder of a voting trust certificate. Such inspection may be made in person or by an agent or attorney, and shall include the right to copy and to make extracts.

## ARTICLE VII

### GENERAL PROVISIONS

#### DIVIDENDS

SECTION 1. Dividends upon the capital stock of the corporation, subject to the provision of the Certificate of Incorporation, if any, may be declared by the Board of Directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the Certificate of Incorporation.

SECTION 2. Before payment of any dividend, there may be set aside out of funds of the corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the directors shall think conducive to the interest of the corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

#### CHECKS

SECTION 3. All checks or demands for money and notes of the corporation shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.

#### FISCAL YEAR

SECTION 4. The fiscal year of the corporation shall be fixed by resolution of the Board of Directors.

#### SEAL

SECTION 5. The corporate seal shall have inscribed thereon the name of the corporation, the year of its organization and the words "Corporate Seal, Delaware." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

## INDEMNIFICATION

SECTION 6. The corporation shall indemnify its officers, directors, employees and agents to the extent permitted by the General Corporation Law of Delaware.

## ARTICLE VIII

### AMENDMENTS

SECTION 1. These Bylaws may be altered, amended or repealed or new Bylaws may be adopted by the stockholders or by the Board of Directors at any regular meeting of the stockholders or of the Board of Directors or at any special meeting of the stockholders or the Board of Directors if notice of such alteration, amendment, repeal or adoption of new Bylaws be contained in the notice of such special meeting. If the power to adopt, amend or repeal Bylaws is conferred upon the Board of Directors by the Certificate of Incorporation it shall not divest or limit the power of the stockholders to adopt, amend or repeal Bylaws.

I, Nancy A. Stanger, the secretary of Micron Technology, Inc., a Delaware corporation, hereby certify:

The foregoing bylaws, comprising 14 pages, were adopted as the bylaws of Micron Technology on May 21, 1984.

DATED: May 25, 1984

Nancy A. Stanger  
Nancy A. Stanger

SEAL

CERTIFICATE OF FIRST AMENDMENT  
TO THE BYLAWS OF  
MICRON TECHNOLOGY, INC.

We, the undersigned, being the President and Secretary, respectively, of MICRON TECHNOLOGY, INC., a corporation organized and existing under the laws of the State of Delaware, do hereby certify that a meeting of the Board of Directors of this Corporation was held on December 17, 1984 and an amendment to the Bylaws of MICRON TECHNOLOGY, INC. was unanimously adopted.

The amendment adopted was pursuant to a Resolution reading as follows:

RESOLVED: The Board hereby approves that the second paragraph of Article II Section 10 of the Bylaws of the Company be amended to read as follows:

"At all elections of directors of the corporation each stockholder having voting power shall be entitled to exercise the right of cumulative voting as provided in the Certificate of Incorporation. However, no stockholder shall be entitled to cumulate votes for a candidate or candidates unless such candidate's name or candidate's names have been placed in nomination prior to the voting and a stockholder has given notice at the meeting prior to the voting of the stockholder's intention to cumulate votes. If any stockholder has given such notice, all stockholders may cumulate their votes for candidates in nomination."

IN WITNESS WHEREOF, we have hereunto set our hands and the seal of the Corporation this 5th day of July, 1985.

MICRON TECHNOLOGY, INC.

BY: Joseph L. Parkinson  
Joseph L. Parkinson, President

(SEAL)

BY: Cathy L. Smith  
Cathy L. Smith, Secretary

STATE OF IDAHO    )  
                          ) ss.  
County of Ada    )

On this 5th day of July, 1985, before me, the undersigned, personally appeared JOSEPH L. PARKINSON and CATHY L. SMITH, known to me to be the President and Secretary, respectively, of MICRON TECHNOLOGY, INC., the corporation that executed the instrument or the persons who executed the instrument on behalf of said corporation, and acknowledged to me that such corporation executed the same.

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

Jill L. Henson  
Notary Public for Idaho Residing at Boise

CERTIFICATE OF SECOND AMENDMENT  
TO THE BYLAWS OF  
MICRON TECHNOLOGY, INC.

I, Cathy L. Smith, Corporate Secretary of Micron Technology, Inc., a Delaware corporation, hereby certify that the following resolution was adopted by the Board of Directors on March 3, 1986:

RESOLVED: Article III Section 1 of the Bylaws of this corporation are hereby amended to read as follows:

SECTION 1. The authorized number of directors of the Corporation shall be ten. The number of directors provided in this Section 1 may be changed by a Bylaw duly adopted by the affirmative vote of a majority of the outstanding shares entitled to vote or by a resolution of the Board of Directors.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the corporate seal of said corporation effective as of the 3rd day of March, 1986.

Cathy L. Smith  
Corporate Secretary

(SEAL)

CERTIFICATE THIRD AMENDMENT  
TO THE BYLAWS OF  
MICRON TECHNOLOGY, INC.

I, Cathy L. Smith, Corporate Secretary of Micron Technology, Inc., a Delaware corporation, hereby certify that the following resolution was adopted by the Board of Directors on November 24, 1986:

RESOLVED: Article III Section 1 of the Bylaws of this corporation are hereby amended to read as follows:

SECTION 1. The authorized number of directors of the Corporation shall be nine. The number of directors provided in this Section 1 may be changed by a Bylaw duly adopted by the affirmative vote of a majority of the outstanding shares entitled to vote or by a resolution of the Board of Directors.

IN WITNESS WHEREOF, I hereunto set my hand and affixed the corporate seal of said corporation effective as of the 24th day of November, 1986.

Cathy L. Smith  
Corporate Secretary

(SEAL)

CERTIFICATE OF FOURTH AMENDMENT  
TO THE BYLAWS OF  
MICRON TECHNOLOGY, INC.

I, Cathy L. Smith, Corporate Secretary of Micron Technology, Inc., a Delaware corporation, hereby certify that the following resolution was adopted by the Board of Directors on September 28, 1987:

RESOLVED: Article III Section 1 of the Bylaws of this corporation are hereby amended to read as follows:

SECTION 1. The authorized number of directors of the Corporation shall be eight. The number of directors provided in this Section 1 may be changed by a Bylaw duly adopted by the affirmative vote of a majority of the outstanding shares entitled to vote or by a resolution of the Board of Directors.

IN WITNESS WHEREOF, I hereunto set my hand and affixed the corporate seal of said corporation effective as of the 28th day of September, 1987.

Cathy L. Smith  
Cathy L. Smith  
Corporate Secretary

(SEAL)

CERTIFICATE OF FIFTH AMENDMENT  
TO THE BYLAWS OF  
MICRON TECHNOLOGY, INC.

I, Cathy L. Smith, Corporate Secretary of Micron Technology, Inc., a Delaware corporation, hereby certify that the following resolution was adopted by the Board of Directors on March 28, 1988:

RESOLVED: Article III Section 1 of the Bylaws of this corporation are hereby amended to read as follows:

SECTION 1. The authorized number of directors of the Corporation shall be nine. The number of directors provided in this Section 1 may be changed by a Bylaw duly adopted by the affirmative vote of a majority of the outstanding shares entitled to vote or by a resolution of the Board of Directors.

IN WITNESS WHEREOF, I hereunto set my hand and affixed the corporate seal of said corporation effective as of the 28th day of March, 1988.

Cathy L. Smith  
Corporate Secretary

(SEAL)

CERTIFICATE OF SIXTH AMENDMENT  
TO THE BYLAWS OF  
MICRON TECHNOLOGY, INC.

I, Cathy L. Smith, Corporate Secretary of Micron Technology, Inc., a Delaware corporation, hereby certify that the following resolution was adopted by the Board of Directors on October 3, 1988:

RESOLVED: Article III Section 1 of the Bylaws of this corporation are hereby amended to read as follows:

SECTION 1. The authorized number of directors of the Corporation shall be ten. The number of directors provided in this Section 1 may be changed by a Bylaw duly adopted by the affirmative vote of a majority of the outstanding shares entitled to vote or by a resolution of the Board of Directors.

IN WITNESS WHEREOF, I hereunto set my hand and affixed the corporate seal of said corporation effective as of the 17th day of October, 1988.

Cathy L. Smith  
Corporate Secretary

(SEAL)

CERTIFICATE OF SEVENTH AMENDMENT  
TO THE BYLAWS OF  
MICRON TECHNOLOGY, INC.

I, Cathy L. Smith, Corporate Secretary of Micron Technology, Inc., a Delaware corporation, hereby certify that the following resolution was adopted by the Board of Directors on September 25, 1989:

RESOLVED: Article III Section 1 of the Bylaws of this corporation are hereby amended to read as follows:

SECTION 1. The authorized number of directors of the Corporation shall be nine. The number of directors provided in this Section 1 may be changed by a Bylaw duly adopted by the affirmative vote of a majority of the outstanding shares entitled to vote or by a resolution of the Board of Directors.

IN WITNESS WHEREOF, I hereunto set my hand and affixed the corporate seal of said corporation effective as of the 28th day September, 1989.

Cathy L. Smith  
Corporate Secretary

(SEAL)

CERTIFICATE OF EIGHTH AMENDMENT  
TO THE BYLAWS OF  
MICRON TECHNOLOGY, INC.

I, Cathy L. Smith, Corporate Secretary of Micron Technology, Inc., a Delaware corporation, hereby certify that the following resolution was adopted by the Board of Directors on October 30, 1989:

RESOLVED: Article III Section 1 of the Bylaws of this corporation are hereby amended to read as follows:

SECTION 1. The authorized number of directors of the Corporation shall be eight. The number of directors provided in this Section 1 may be changed by a Bylaw duly adopted by the affirmative vote of a majority of the outstanding shares entitled to vote or by a resolution of the Board of Directors.

IN WITNESS WHEREOF, I hereunto set my hand and affixed the corporate seal of said corporation effective as of the 30th day of October, 1989.

Cathy L. Smith  
Corporate Secretary

(SEAL)

CERTIFICATE OF NINTH AMENDMENT  
TO THE BYLAWS OF  
MICRON TECHNOLOGY, INC.

I, Cathy L. Smith, Corporate Secretary of Micron Technology, Inc., a Delaware corporation, hereby certify that the following resolution was adopted by the Board of Directors on August 27, 1990:

RESOLVED: Article III Section 1 of the Bylaws of this corporation are hereby amended to read as follows:

SECTION 1. The authorized number of directors of the Corporation shall be nine. The number of directors provided in this Section 1 may be changed by a Bylaw duly adopted by the affirmative vote of a majority of the outstanding shares entitled to vote or by a resolution of the Board of Directors.

IN WITNESS WHEREOF, I hereunto set my hand and affixed the corporate seal of said corporation effective as of the 27th day of August, 1990.

Cathy L. Smith  
Corporate Secretary

(SEAL)

CERTIFICATE OF TENTH AMENDMENT  
TO THE BYLAWS OF  
MICRON TECHNOLOGY, INC.

I, Cathy L. Smith, Corporate Secretary of Micron Technology, Inc., a Delaware corporation, hereby certify that the following resolution was adopted by the Board of Directors on September 24, 1990:

RESOLVED: Article III, Section 1 of the Bylaws of this corporation are hereby amended to read as follows:

SECTION 1. The authorized number of directors of the Corporation shall be ten. The number of directors provided in this Section 1 may be changed by a Bylaw duly adopted by the affirmative vote of a majority of the outstanding shares entitled to vote or by a resolution of the Board of Directors.

IN WITNESS WHEREOF, I hereunto set my hand and affixed the corporate seal of said corporation effective as of the 24th day of September, 1990.

Cathy L. Smith  
Corporate Secretary

(SEAL)

CERTIFICATE OF ELEVENTH AMENDMENT  
TO THE BYLAWS OF  
MICRON TECHNOLOGY, INC.

I, Cathy L. Smith, Corporate Secretary of Micron Technology, Inc., a Delaware corporation, hereby certify that the following resolution was adopted by the Board of Directors on July 27, 1992:

RESOLVED: Article III Section 1 of the Bylaws of this corporation are hereby amended to read as follows:

SECTION 1. The authorized number of directors of the Corporation shall be eight. The number of directors provided in this Section 1 may be changed by a Bylaw duly adopted by the affirmative vote of a majority of the outstanding shares entitled to vote or by a resolution of the Board of Directors.

IN WITNESS WHEREOF, I hereunto set my hand and affixed the corporate seal of said corporation effective as of the 27th day of July, 1992.

Cathy L. Smith  
Corporate Secretary

(SEAL)

CERTIFICATE OF TWELFTH AMENDMENT  
TO THE BYLAWS OF  
MICRON TECHNOLOGY, INC.

I, Cathy L. Smith, Corporate Secretary of Micron Technology, Inc. a Delaware corporation, hereby certify that the following resolution was adopted by the Board of Directors on May 23, 1994:

RESOLVED: Article III, Section I of the Bylaws of this corporation are hereby amended to read as follows:

SECTION I. The authorized number of directors of the Corporation shall be ten.

The number of directors provided in this Section I may be changed by a Bylaw duly adopted by the affirmative vote of a majority of the outstanding shares entitled to vote or by a resolution of the Board of Directors.

IN WITNESS WHEREOF, I hereunto set my hand and affixed the corporate seal of said corporation effective as of the 23rd day of May, 1994.

Cathy L. Smith  
Corporate Secretary

(SEAL)

CERTIFICATE OF THIRTEENTH AMENDMENT  
TO THE BYLAWS OF  
MICRON TECHNOLOGY, INC.

I, Cathy L. Smith, Corporate Secretary of Micron Technology, Inc. a Delaware corporation, hereby certify that the following resolution was adopted by the Board of Directors on September 1, 1994:

RESOLVED: Article III, Section I of the Bylaws of this corporation are hereby amended to read as follows:

SECTION I. The authorized number of directors of the Corporation shall be eleven. The number of directors provided in this Section I may be changed by a Bylaw duly adopted by the affirmative vote of a majority of the outstanding shares entitled to vote or by a resolution of the Board of Directors.

IN WITNESS WHEREOF, I hereunto set my hand and affixed the corporate seal of said corporation effective as of the 1st day of September, 1994.

Cathy L. Smith  
Corporate Secretary

(SEAL)

CERTIFICATE OF FOURTEENTH AMENDMENT  
TO THE BYLAWS OF  
MICRON TECHNOLOGY, INC.

I, Cathy L. Smith, Corporate Secretary of Micron Technology, Inc. a Delaware corporation, hereby certify that the following resolution was adopted by the Board of Directors on October 27, 1994:

RESOLVED: Article III, Section I of the Bylaws of this corporation are hereby amended to read as follows:

SECTION I. The authorized number of directors of the Corporation shall be ten. The number of directors provided in this Section I may be changed by a Bylaw duly adopted by the affirmative vote of a majority of the outstanding shares entitled to vote or by a resolution of the Board of Directors.

IN WITNESS WHEREOF, I hereunto set my hand and affixed the corporate seal of said corporation effective as of the 27th day of October, 1994.

Cathy L. Smith  
Corporate Secretary

(SEAL)

CERTIFICATE OF FIFTEENTH  
AMENDMENT TO THE BYLAWS OF  
MICRON TECHNOLOGY, INC.

I, Jan R. Reimer, Assistant Secretary of Micron Technology, Inc., a Delaware corporation, hereby certify that the following resolution was adopted by the Board of Directors on February 5, 1996:

RESOLVED, that pursuant to Article VIII, Section 1 of the Company s Bylaws, the Board hereby amends Article V, Section 1 of the Bylaws to read in its entirety as follows:

The officers of the corporation shall be chosen by the Board of Directors, and shall be a president or chief executive officer, a secretary, and a treasurer. The Board of Directors may also choose additional officers, including a president, vice president(s), and one or more assistant secretaries and assistant treasurers. Any number of offices may be held by the same person, unless the Certificate of Incorporation or these Bylaws otherwise provide.

IN WITNESS WHEREOF, I hereunto set my hand and affixed the corporate seal of said corporation effective as of the 7th day of February, 1996.

Jan R. Reimer  
Assistant Secretary

(SEAL)

CERTIFICATE OF SIXTEENTH  
AMENDMENT TO THE BYLAWS OF  
MICRON TECHNOLOGY, INC.

I, Jan R. Reimer, Assistant Secretary of Micron Technology, Inc., a Delaware corporation, hereby certify that the following resolutions were adopted by the Board of Directors on September 30, 1996:

RESOLVED, that Article II, Section 10 of the Bylaws of this Company be amended to read as follows:

SECTION 10. At all elections of directors of the corporation each stockholder having voting power shall be entitled to exercise the right of cumulative voting as provided in the Certificate of Incorporation. However, no stockholder shall be entitled to cumulate votes for a candidate or candidates unless such candidate's name or candidates' names have been placed in nomination prior to the voting and a stockholder has given written notice to Secretary of the corporation of the stockholder's intention to cumulate votes at least 15 days prior to the date of the meeting. If any stockholder has given such notice, all stockholders may cumulate their votes for candidates in nomination.

RESOLVED FURTHER, that Article II of the Bylaws of this Company be amended to add Section 12, which will read in its entirety as follows:

SECTION 12. Advance Notice of Stockholder Nominees and Stockholder Business

(a) To be properly brought before an annual meeting or special meeting, nominations for the election of directors or other business must be (i) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the board of directors, (ii) otherwise properly brought before the meeting by or at the direction of the board of directors or (iii) otherwise properly brought before the meeting by a stockholder.

(b) For business to be properly brought before an annual meeting by a stockholder, the stockholder must have given timely notice thereof in writing to the Secretary of the corporation. To be timely, a stockholder's notice must be delivered to or mailed and received at the principal executive office of the corporation not less than one hundred twenty (120) calendar days in advance of the date specified in the corporation's proxy statement released to stockholders in connection with the previous year's annual meeting of stockholders; provided, however, that in the event that no annual meeting was held in the previous year or the date of the annual meeting has been changed by more than thirty (30) days from the date contemplated at the time of the previous year's proxy statement, notice by the stockholder to be timely must be so received a reasonable time before the solicitation is made. A stockholder's notice to the Secretary shall set forth as to each matter the stockholder proposes to bring before the annual meeting: (i) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (ii) the name and address, as they appear on the corporation's books, of the stockholder proposing such business, (iii) the class and number of shares of the corporation which are beneficially owned by the stockholder, (iv) any material interest of the stockholder in such business and (v) any other information that is required to be provided by the stockholder pursuant to Regulation 14A under the securities Exchange Act of 1934, as amended (the "Exchange Act"), in his capacity as a proponent to a stockholder proposal. Notwithstanding the foregoing, in order to include information with respect to a stockholder proposal in the proxy statement and form of proxy for a stockholders' meeting, stockholders must provide notice as required by the regulations promulgated under the Exchange Act. Notwithstanding anything in these bylaws to the contrary, no business shall be conducted at any annual meeting except in accordance with the procedures set forth in this Section 12. The chairman of the annual meeting shall, if the facts warrant, determine and declare at the meeting that business was not properly brought before the meeting and in accordance with the provisions of this Section 12, and, if he should so determine, he shall so declare at the meeting that any such business not properly brought before the meeting shall not be transacted.

(c) Only persons who are nominated in accordance with the procedures set forth in this paragraph (c) shall be eligible for election as directors. Nominations of persons for election to the Board of Directors of the corporation may be made at a meeting of stockholders by or at the direction of the Board of Directors or by any stockholder of the corporation entitled to vote in the election of directors at the meeting who complies with the notice procedures set forth in this paragraph (c). Such nominations, other than those made by or at the direction of the Board of Directors, shall be made pursuant to timely notice in writing to the Secretary of the corporation in accordance with the provisions of paragraph (b) of this Section 12. Such stockholder's notice shall set forth (i) as to each person, if any, whom the stockholder proposes to nominate for election or re-election as a director: (A) the name, age, business address and residence address of such person, (B) the principal occupation or employment of such person, (C) the class and number of shares of the corporation which are beneficially owned by such person, (D) a description of all arrangements or understandings between the stockholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nominations are to be made by the stockholder and (E) any other information relating to such person that is required to be disclosed in solicitations of proxies for elections of directors, or is otherwise required, in each case pursuant to Regulation 14A under the Exchange Act (including without limitation such person's written consent to being named in the proxy statement, if any, as a nominee and to serving as a director if elected); and (ii) as to such stockholder giving notice, the information required to be provided pursuant to paragraph (b) of this Section 12. At the request of the Board of Directors, any person nominated by a stockholder for election as a director shall furnish to the Secretary of the corporation that information required to be set forth in the stockholder's notice of nomination which pertains to the nominee. No person shall be eligible for election as a director of the corporation unless nominated in accordance with the procedures set forth in this paragraph (c). The chairman of the meeting shall, if the facts warrant, determine and declare at the meeting that a nomination was not made in accordance with the procedures prescribed by these bylaws; and if he should so determine, he shall so declare at the meeting, and the defective nomination shall be disregarded.

RESOLVED FURTHER, that Article III, Section 1 of the Bylaws of this Company be amended to read as follows:

SECTION 1. The authorized number of directors of the Corporation shall be seven. The number of directors provided in this Section 1 may be changed by a Bylaw duly adopted by the affirmative vote of a majority of the outstanding shares entitled to vote or by a resolution of the Board of Directors.

IN WITNESS WHEREOF, I hereunto set my hand and affixed the corporate seal of said corporation effective as of the 30th day of September, 1996.

/s/ Jan R. Reimer  
Assistant Secretary

(SEAL)

CERTIFICATE OF SEVENTEENTH AMENDMENT  
TO THE BYLAWS OF  
MICRON TECHNOLOGY, INC.

I, Jan R. Reimer, Assistant Secretary of Micron Technology, Inc., a Delaware corporation, hereby certify that the following resolutions were adopted by the Board of Directors on June 30, 1997:

RESOLVED, that Article III, Section 1 of the Bylaws of this Company be amended to read as follows:

SECTION 1. The authorized number of directors of the Corporation shall be eight. The number of directors provided in this Section 1 may be changed by a Bylaw duly adopted by the affirmative vote of a majority of the outstanding shares entitled to vote or by a resolution of the Board of Directors.

IN WITNESS WHEREOF, I hereunto set my hand and affix the corporate seal of said corporation effective as of the 30th day of June, 1997.

/s/ Jan R. Reimer  
Assistant Secretary

(SEAL)

CERTIFICATE OF EIGHTEENTH AMENDMENT  
TO THE BYLAWS OF  
MICRON TECHNOLOGY, INC.

I, Jan R. Reimer, Assistant Secretary of Micron Technology, Inc., a Delaware corporation, hereby certify that the following resolutions were adopted by the Board of Directors on April 14, 1998:

RESOLVED, that Article III, Section 1 of the Bylaws of this Company be amended to read as follows:

SECTION 1. The authorized number of directors of the Corporation shall be nine. The number of directors provided in this Section 1 may be changed by a Bylaw duly adopted by the affirmative vote of a majority of the outstanding shares entitled to vote or by a resolution of the Board of Directors.

IN WITNESS WHEREOF, I hereunto set my hand and affix the corporate seal of said corporation effective as of the 20th day of July, 1998.

/s/ Jan R. Reimer  
Assistant Secretary

(SEAL)

CERTIFICATE OF NINETEENTH AMENDMENT  
TO THE BYLAWS OF  
MICRON TECHNOLOGY, INC.

I, Jan R. Reimer, Assistant Secretary of Micron Technology, Inc., a Delaware corporation, hereby certify that the following resolutions were adopted by the Board of Directors on November 23, 1998:

RESOLVED, that Article III, Section 1 of the Bylaws of this Company be amended to read as follows:

SECTION 1. The authorized number of directors of the Corporation shall be eight. The number of directors provided in this Section 1 may be changed by a Bylaw duly adopted by the affirmative vote of a majority of the outstanding shares entitled to vote or by a resolution of the Board of Directors.

IN WITNESS WHEREOF, I hereunto set my hand and affix the corporate seal of said corporation effective as of the 23rd day of November, 1998.

/s/ Jan R. Reimer  
Assistant Secretary

(SEAL)

## PURCHASE AGREEMENT

This Purchase Agreement (the "Agreement") is made this 30th day of September, 1998, by and between Micron Technology, Inc., a Delaware, U.S.A. corporation, with its principal place of business at 8000 South Federal Way, Boise, Idaho 83716-9632, U.S.A. ("Micron"), and KTI Semiconductor Limited, a Japanese corporation, with its headquarters located at 302-2, Hirano-cho, Nishiwaki, Hyogo Prefecture, 677-0063, Japan ("KTI"). Micron and KTI are hereinafter sometimes individually referred to as a "Party" and collectively as the "Parties".

In consideration of the mutual promises and covenants contained herein, the Parties, intending to be legally bound, agree as follows:

1. PURPOSE

- 1.1 This Agreement implements certain provisions of the Shareholders' Agreement dated March 19, 1990, among KTI's shareholders and ratified, joined in and accepted by KTI on May 22, 1990, and amended September 28, 1990 by Amendment #1, amended November 5, 1992 by Amendment #2, amended effective as of June 7, 1993 by Amendment #3, amended July 14, 1993 by Amendment #4, amended December 15, 1993 by Amendment #5, amended March 24, 1994 by Amendment #6, amended June 27, 1994 by Amendment #7, amended effective as of November 1, 1995 by Amendment #8, amended effective as of November 1, 1996 by Amendment #9, amended effective as of January 1, 1998 by Amendment #10, amended March 26, 1998 by Amendment #11, amended June 23, 1998 by Amendment #12, and amended [September 30, 1998] by Amendment #13 to Shareholders' Agreement (as so amended, and as hereafter amended or otherwise modified from time to time, the "Shareholders' Agreement") for the purchase by Micron, and the sale by KTI to Micron, of those Products (as defined in the Shareholders' Agreement) which are more specifically set forth in Attachment 1 which is incorporated herein by this reference (hereinafter "Products").

2. PURCHASE ORDERS

- 2.1 Purchase orders issued by Micron and/or its affiliates (hereinafter individually or collectively ("Micron")) under this Agreement are for administrative, payment and accounting purposes. The terms and conditions of any purchase order so issued which purports to alter, amend or extend provisions or terms of manufacture, sale and delivery of Products as agreed to by Micron, KOBE and KTI in the Shareholders' Agreement and Annexes thereto shall have no force or effect.

### 3. PRODUCTS

- 3.1 KTI agrees to sell to Micron or its designated Affiliate (as that term is defined in the Shareholders Agreement) and Micron or its designated Affiliate agrees to purchase, KTI's entire output (i.e., one hundred percent (100%), of the finished Products subject to the terms, conditions and obligations set forth in the Shareholders' Agreement and the Annexes thereto, including this Agreement. Such terms, conditions and obligations include without limitation SECTIONS 8 (WORK SPECIFICATIONS), 9 (QUALITY INSPECTION, TESTING AND CUSTOMER SERVICE), and 10 (MANUFACTURING CHANGES) of the Technical Assistance Agreement dated as of September 30, 1998 between Micron, Kobe Steel Ltd., a Japanese corporation, with its headquarters located at 3-18, Wakinohama 1-Chrome, Chuyou-Ku, Kobe, Japan, and KTI (as hereafter amended or otherwise modified from time to time, the "Technical Assistance Agreement"). Nothing in this Agreement shall be construed to limit Micron's right or the right of Micron's affiliates to purchase any semiconductor devices similar to the Products from any source other than KTI

### 4. TERM

- 4.1 This Agreement shall be effective as of the Acquisition Closing Date (as defined in Amendment #13 to the Shareholders' Agreement) and shall continue in effect throughout the Term of the Shareholders' Agreement (as defined therein), unless earlier terminated or modified by mutual agreement in writing by Micron and KTI.

### 5. PRICING AND PAYMENT TERMS

- 5.1 KTI shall sell the Products to Micron in accordance with the pricing formula provided in Annex A to the Shareholders' Agreement. KTI shall invoice Micron for Products sold to Micron on a monthly basis in accordance with Section 18.6 of the Shareholders' Agreement and such Annex.
- 5.2 Place of shipment and payment terms are as specified in Sections 18.5, 18.6 and 18.7 of the Shareholders' Agreement.

### 6. DELIVERY

- 6.1 The delivery dates indicated by Micron on its purchase orders for the Products are important elements of shipment and receiving of Products. KTI agrees to take all reasonable efforts so that the Products shall be delivered to Micron's designated delivery point on the dates set forth in the applicable purchase order(s) accepted by KTI, unless the Parties agree otherwise in writing. In the event that any Products are not shipped in accordance with such delivery dates, KTI agrees to ship via air freight (or as directed by Micron) and to pay for all extra costs.

- 6.2 Failure of KTI to meet agreed upon delivery shall be considered a breach of contract. Furthermore, KTI agrees to pay to Micron any penalty and damages imposed upon or incurred by Micron for failure of KTI to deliver any of the Products on such delivery dates.
- 6.3 In addition to the packing and shipping instructions in Paragraph 11 below, the Products shall be packaged in accordance with commercially accepted standards, or to applicable Micron specifications, to ensure safe arrival at Micron's designated delivery point.

## 7. KTI'S WARRANTIES AND REPRESENTATIONS

- 7.1 KTI warrants and represents to Micron that the Products will conform to the Specifications and shall be fit for their intended purpose and use and shall be free from any defects in material and workmanship for a period of two (2) years from the date of each shipment from KTI of the Products, provided that said period may be renegotiated for a longer period of time to conform to the industry standard current at the time of renegotiation. KTI's failure to take corrective actions for the next production lots after written notification of the problem(s) is provided to KTI may be considered by Micron to be a material breach of this Agreement.
- 7.2 In the event Micron determines that the Products are defective in workmanship or otherwise in breach of the warranty set forth in Paragraph 7.1, Micron shall notify KTI immediately in writing of the defect, and KTI shall promptly, at Micron's option, either repair or replace any defective Products at no cost to Micron, or credit to Micron's account Micron's purchase price and all reasonable out of pocket shipping costs incurred with respect to the return of the defective Products; provided, however, in the event such defect is directly attributable to a material error in the Technical Information transmitted by Micron to KTI under the Technical Assistance Agreement, then Micron agrees that during the two (2) year warranty period Micron will indemnify KTI for all direct manufacturing and material costs associated with the repair or replacement of the defective Products manufactured for Micron. MICRON SHALL NOT BE LIABLE FOR ANY CONSEQUENTIAL DAMAGES, COSTS OR LOSSES WITH RESPECT TO BUSINESS INTERRUPTION. A Return Material Authorization ("RMA") form previously issued by KTI must accompany any such returned Products.
- 7.3 Following receipt of each shipment, Micron shall perform an incoming test on each shipment of the Products shipped hereunder. In the event that such Products fail to conform to the Specifications as evidenced by the Micron incoming inspection, Micron shall have the right to return, after confirmation of failures, such Products to KTI for rework or replacement at no cost to Micron. Micron has the right to recommend corrective action to address any such variances from Specifications. Such return shipment shall be made by Micron F.O.B. the destination from which they were originally shipped by KTI.

- 7.4 If the Products fail Micron's incoming inspection tests at the shipping destination as designated on the Micron purchase order, Micron may so advise KTI in writing and receive, at Micron's option, prompt replacement of the Products or credit in that amount against pending or future Micron orders for the Products.
- 7.5 Except as provided in Section 20.5 of the Shareholders' Agreement, KTI will hold Micron harmless from and indemnify Micron against all claims made by third parties arising out of the operations of KTI or the Products manufactured by KTI, including all acts or omissions by KTI's personnel (whether or not such personnel are direct employees of KTI or have been obtained from one of the parties to the Shareholders' Agreement on a seconding or contractual basis).
- 7.6 The warranties in the Shareholders' Agreement and its Annexes, including this agreement, are stated in lieu of all other warranties, express, statutory, or implied, and neither assume nor authorize any other person to assume for the parties any other liabilities in connection with the manufacture or sale of said Products. The warranties shall not apply to any of such Products which have been repaired or altered, except as authorized by KTI, or which shall be subjected to misuse, negligence, accident, or abuse.
- 7.7 The terms "Specifications," "Technical Information," and "Products" as used herein shall have the same definitions as in the Technical Assistance Agreement.

## 8. FORCE MAJEURE

- 8.1 Should any Party be prevented from performing its contractual obligations under this Agreement due to the cause or causes of force majeure such as acts of God, acts of war (declared or undeclared), fire, storm, floods, typhoon or other severe weather conditions, serious earthquake, strikes, boycotts, legal restraints, government or like interference, accidental damage to equipment, as well as any other cause outside the control of that Party, that Party shall not be liable to the other for any delay or failure of performance caused by any of the above events.
- 8.2 The Party prevented from performing by the causes identified in Paragraph 8.1 shall notify the other Party of the occurrence of any of the above events in writing by cable or telex within the shortest possible time.
- 8.3 Should the delay caused by any of the above events continue for more than ninety (90) days, the Parties shall settle the problem of further performance of this Agreement through friendly negotiations as soon as possible. In the event that the Parties cannot meet to negotiate or cannot reach agreement, the Agreement may be terminated by prior written notice of one Party to the other Party.

9. RETURN MATERIAL AUTHORIZATION

- 9.1 Defective material shall be returned freight collect to KTI. Replacement material shall be sent freight prepaid from KTI, which shall absorb the burden of premium transportation when defect or replacement material places critical time or delivery schedule constraints on Micron.
- 9.2 KTI agrees to provide as soon as reasonably possible, but not exceeding five (5) work days, RMAs as contemplated by Paragraph 7.2 herein.

10. OVERSHIPMENTS

- 10.1 KTI shall ship only the quantity(ies) specified in purchase orders placed under this Agreement. However, any deviation caused by conditions of loading, shipping, packing or allowances in manufacturing processes may be accepted by Micron according to the overshipment allowance indicated on the face of Micron purchase orders. If no allowance is shown, no percentage overshipment is allowed. Micron reserves the right to return any overshipment in excess of the allowance at KTI's expense.

11. PACKING AND SHIPPING INSTRUCTIONS

- 11.1 KTI will properly pack and describe shipments in accordance with Micron specifications and applicable carrier regulations. Shipment will be made at the lowest possible freight charges. Micron may assist KTI by providing freight classifications or classifying material. KTI will insure or declare value on shipments except on parcel post, unless Micron specifies otherwise. On shipments where value is declared, KTI will ship prepaid insured for fifty U.S. dollars (US \$50.00) to facilitate tracing. If shipping by air carrier, KTI will ship freight prepaid. KTI shall consolidate the air and surface shipments on single bills of lading insofar as possible so as to avoid premium freight costs unless instructed otherwise by Micron.
- 11.2 In case any shipment does not correspond to normal practice in the industry (e.g., require special handling shipment or air ride suspension, or air shipment over five hundred (500) pounds, or over one hundred twenty (120) inches long or wide or over fifty-six (56) cubic feet, etc.), KTI agrees to notify Micron's appropriate traffic department seventy-two (72) hours prior to shipment for special shipping instructions.
- 11.3 Each box, crate or carton will show Micron's full street address and purchase order number regardless of how shipped. On air carrier shipments, a packing list shall accompany each container and shall describe the contents of such container. On all other shipments, KTI will provide a packing list to accompany each shipment, referencing the appropriate purchase order number. The bill of lading also will reference the purchase order number.

11.4 KTI is responsible for packing shipments correctly based on the carrier/mode utilized. Charges for packing and crating shall be deemed part of the purchase price and no additional charges will be made therefor unless specifically requested by Micron on the purchase order. KTI agrees to ship via the carrier specified by Micron.

## 12. NOTICE OF LABOR DISPUTE

12.1 Whenever any actual or potential labor dispute delays or threatens to delay the timely performance of any purchase order issued hereunder, KTI shall immediately give notice thereof to Micron.

## 13. APPLICABLE LAW

13.1 This Agreement and any purchase order issued hereunder shall not be governed by the United Nations Convention on the International Sale of Goods; rather this Agreement and any purchase order issued hereunder shall be governed by, construed and enforced in accordance with the laws of the State of New York, U.S.A. The Parties hereby submit to the exclusive jurisdiction of the Federal Courts of the United States of America and specifically the U.S. District Court for the Southern District of New York.

13.2 For the purpose of any proceeding before the Federal Courts, the Parties hereby appoint the respective persons set out below as their agents for service of process in New York:

Micron:	CT Corporation System	KTI:	c/o Kobe Steel USA Inc.
	1633 Broadway		535 Madison Avenue
	New York, NY 10019		New York, NY 10022
	USA		USA

## 14. MISCELLANEOUS

14.1 All notices and formal communications required or permitted to be given hereunder shall be served on each Party in writing, via facsimile transmission, registered letter, telex or prepaid cable and shall be valid and sufficient when served on a Party at the following address:

If to KTI:

if to Micron:

President  
KTI Semiconductor Limited  
302-2  
Hirano-cho, Nishiwaki  
Hyogo Prefecture, 677-0063, Japan

General Counsel  
Micron Technology, Inc.  
8000 South Federal Way  
Boise, Idaho 83716-9632

- 14.2 Except as required by law, for governmental approval or as may be reasonably required for the operation of KTI, the parties shall not, without the prior written consent of the other, disclose to any third party, other than the Parties to the Shareholders' Agreement either the existence or contents of this Agreement, or any information of a proprietary nature which it obtains or which becomes available to it as the result of this Agreement or of the operations of KTI.
- 14.3 KTI agrees to comply with all applicable export control laws and to obtain all export licenses required for performance of its obligations hereunder.
- 14.4 Micron may assign this Agreement or any obligation hereunder to any Affiliate (as that term is defined in the Shareholders' Agreement) of Micron upon written notice to KTI. In such event, Micron shall be the controlling Party of such assignee and shall guarantee the obligations of such assignee under this Agreement. KTI shall not assign or transfer this Agreement or any portion hereof, or subcontract any obligation hereunder, without the prior written consent of Micron. Any such attempted assignment, transfer or subcontract by KTI shall be void.
- 14.5 The headings of the Paragraphs of this Agreement are for reference purposes only and shall not be deemed to affect in any way the meaning or interpretation of the Paragraphs to which they refer.
- 14.6 The failure on the part of any Party to exercise or enforce any rights conferred on it hereunder shall not be deemed to constitute a waiver of any rights or operate to bar the exercise or enforcement of any such right at any time or times thereafter.
- 14.7 This Agreement may be executed in one or more counterparts, each of which shall be enforceable against the Parties executing such counterparts, and all of which together shall constitute one instrument.
- 14.8 This Agreement may not be modified, except with the written consent of the Parties.
- 14.9 If any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction or as a result of future legislative action, such holding or action shall be strictly construed and, subject to applicable law, shall not affect the validity or effect of any other provisions hereof.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Parties have signed and dated this Purchase Agreement in the space provided below.

KTI SEMICONDUCTOR LIMITED

MICRON TECHNOLOGY, INC.

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

## PURCHASE AGREEMENT

-----

This Purchase Agreement (the "Agreement") is made, as of October 1, 1998, by and among Micron Technology, Inc., a Delaware, U.S.A. corporation, with its principal place of business at 8000 South Federal Way, Boise, Idaho 83716-9632, U.S.A. ("MICRON"), and TECH Semiconductor Singapore Pte. Ltd., a Republic of Singapore corporation, with its principal place of business at No. 1 Woodlands Industrial Park D, Street 1, Singapore 738799 ("TECH") (hereinafter individually a "Party" and collectively the "Parties").

In consideration of the mutual promises and covenants contained herein, the parties, intending to be legally bound, agree as follows:

## 1. PURPOSE

-----

1.1 This Agreement implements certain provisions of the Shareholders' Agreement dated April 11, 1991, amended effective as of May 31, 1991, by Waiver to Shareholders' Agreement, amended effective as of April 11, 1991 and July 22, 1991, by Amendment Agreement No. 1, amended effective as of February 15, 1993 by Amendment Agreement No. 2, amended as of August 4, 1995 by Amendment Agreement No. 3, and amended as of October 1, 1998 by Amendment Agreement No. 4 by and among MICRON, TECH, the Singapore Economic Development Board (the "EDB"), EDB Investments Pte. Ltd., a corporation established under the laws of Singapore ("EDBI"), Canon Inc., a corporation of Japan ("CANON"), Hewlett-Packard Company ("HP"), a Delaware, U.S.A., corporation, and Hewlett-Packard Singapore (Private) Limited, a corporation established under the laws of the Republic of Singapore ("HPSG") (as amended, the "SHAREHOLDERS' AGREEMENT"), for the purchase by MICRON, and the sale by TECH to MICRON of PRODUCTS. Capitalized terms used herein, but not otherwise defined herein, shall have the meanings ascribed to them in the SHAREHOLDERS' AGREEMENT.

## 2. PURCHASE ORDERS

-----

2.1 Purchase orders issued by MICRON under this Agreement are for administrative, payment and accounting purposes. The terms and conditions of any purchase order so issued which purports to alter, amend or extend provisions or terms of manufacture, sale and delivery of PRODUCTS as agreed to by MICRON, EDB, EDBI, HP, HPSG and CANON and TECH in the SHAREHOLDERS' AGREEMENT and Annexes thereto shall have no force or effect.

## 3. PRODUCTS

-----

3.1 TECH agrees to sell to MICRON and/or MICRON's affiliates (individually or collectively), and MICRON, or its designee, agrees to purchase, TECH's entire output (i.e., one hundred percent (100%)) of the finished PRODUCTS and subject to the terms, conditions and obligations set forth in the SHAREHOLDERS' AGREEMENT and the Annexes thereto, including this

Agreement. Nothing in this Agreement shall be construed to limit MICRON's right or the right of MICRON's affiliates to purchase products from any source other than TECH.

4. TERM  
----

4.1 This Agreement shall be effective as of the ACQUISITION CLOSING DATE and shall continue in effect throughout the TERM of the SHAREHOLDERS' AGREEMENT.

5. PRICING AND PAYMENT TERMS  
-----

5.1 TECH shall sell PRODUCTS to MICRON in accordance with the pricing formula provided in Annex A to the SHAREHOLDERS' AGREEMENT. TECH shall invoice MICRON for PRODUCTS sold to MICRON on a monthly basis in accordance with Article 17.6 of the SHAREHOLDERS' AGREEMENT and said Annex A.

5.2 Place of shipment and payment terms are as specified in Articles 17.5, 17.6 and 17.7 of the SHAREHOLDERS' AGREEMENT.

6. DELIVERY  
-----

6.1 The delivery dates indicated by MICRON on its purchase orders for PRODUCTS are important elements of shipment and receiving of PRODUCTS. TECH agrees to accept any MICRON purchase order, provided that such purchase order: (i) does not exceed TECH's then current capacity, (ii) reasonably reflects MICRON's forecasts as described under Article 17.2 of the SHAREHOLDERS' AGREEMENT, and (iii) does not require delivery within a lead time which is commercially unreasonable. TECH agrees to take all reasonable efforts so that the PRODUCTS shall be delivered to MICRON's designated delivery point on the dates set forth in any purchase order(s), accepted by TECH. In the event that any PRODUCTS are not shipped in accordance with such delivery dates, TECH agrees to ship via air freight (or as directed by MICRON) and to pay for all extra costs; provided, however, that such failure to timely ship is not due to any direct act or omission of MICRON (including without limitation any MICRON employee or agent).

6.2 Material failure to meet agreed upon delivery shall be considered a breach of this Agreement; provided, however, MICRON shall not be entitled to damage and/or specific performance for any such breach where said breach is the direct result of any act of MICRON, its employees or agents. TECH shall not be liable for any penalty or incidental or consequential damages imposed upon or incurred by MICRON as a result of failure of TECH to deliver PRODUCTS on such delivery dates.

6.3 In addition to the packing and shipping instructions in Paragraph 11 below, the PRODUCTS shall be packaged in accordance with commercially accepted standards, or to applicable MICRON specifications, to ensure safe arrival at MICRON's designated delivery point.

7. TECH'S WARRANTIES AND REPRESENTATIONS

- 
- 7.1 TECH warrants and represents to MICRON that the PRODUCTS will conform to the SPECIFICATIONS and shall be free from any defects in material and workmanship for a period of fifteen (15) months from the date of shipment from TECH of the PRODUCTS, provided that said period may be renegotiated for a longer period of time to conform to the industry standard current at the time of renegotiation.
- 7.2 In the event MICRON determines within the 15-month period specified in Paragraph 7.01 above that the PRODUCTS are in breach of the warranty set forth in Paragraph 7.01, MICRON shall notify TECH immediately in writing of the defect, and TECH shall promptly, at MICRON's option, either repair or replace any defective PRODUCTS at no cost to MICRON, or credit to MICRON's account MICRON's purchase price and all reasonable costs incurred with respect to the return of the defective PRODUCTS. A Return Material Authorization ("RMA") form previously issued by TECH must accompany any such returned PRODUCTS. MICRON has the right to recommend corrective action to address variances from the SPECIFICATIONS. Such return shipment shall be made by MICRON, F.O.B. the destination from which they were originally shipped to TECH.
- 7.3 Except as provided in Articles 19.6 and 19.7 of the SHAREHOLDERS' AGREEMENT, and subject to Paragraph 7.04 below, TECH will hold MICRON harmless from and indemnify it against all claims made by third parties arising out of the operations of TECH or the PRODUCTS manufactured by TECH, including all acts or omissions by TECH's personnel (whether or not such personnel are direct employees of TECH or have been obtained from one of the parties to the SHAREHOLDERS' AGREEMENT on a seconding or contractual basis); provided, however, that liability for such claims is not due to any direct act or omission of MICRON (including without limitation any MICRON employee or agent).
- 7.4 (a) THE WARRANTIES IN THE SHAREHOLDERS' AGREEMENT AND ITS ANNEXES, INCLUDING THIS AGREEMENT, ARE EXCLUSIVE AND STATED IN LIEU OF ALL OTHER WARRANTIES, WHETHER EXPRESS, STATUTORY, OR IMPLIED, AND NEITHER ASSUME NOR AUTHORIZE ANY OTHER PERSON TO ASSUME FOR THE PARTIES ANY OTHER LIABILITIES IN CONNECTION WITH THE MANUFACTURE OR SALE OF THE PRODUCTS. THE WARRANTIES SHALL NOT APPLY TO ANY OF THE PRODUCTS WHICH HAVE BEEN REPAIRED OR ALTERED, EXCEPT AS AUTHORIZED BY TECH, OR WHICH SHALL BE SUBJECTED TO MISUSE, NEGLIGENCE, ACCIDENT OR ABUSE.
- (b) The remedies provided in this Agreement are MICRON's sole and exclusive remedies for breach of TECH's warranties herein. Except as explicitly provided herein, TECH shall not be liable for any direct damages therefor. IN NO EVENT (INCLUDING CLAIMS UNDER RIGHTS OF INDEMNIFICATION) SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY FOR INDIRECT, SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES.

(c) The limitation of liability for direct damages described in the previous paragraph shall not apply in the event that any PRODUCTS sold to MICRON under this Agreement are determined by a court of competent jurisdiction to be defective and to have directly caused property damage or bodily injury or death, provided that MICRON provides TECH with a right to participate with MICRON, at TECH's cost, in the defense of the associated action.

7.5 The terms "SPECIFICATIONS," "TECHNICAL INFORMATION" and "PRODUCTS" as used herein shall have the same definitions as in the SHAREHOLDERS' AGREEMENT, and TECHNICAL ASSISTANCE AGREEMENT.

8. FORCE MAJEURE  
-----

8.1 Should any Party be prevented from performing its contractual obligations under this Agreement due to the cause or causes of force majeure such as acts of war (declared or undeclared), fire, storm, floods, typhoon or other severe weather conditions, serious earthquake, legal restraints, government or like interference, judicial action, accidental damage to equipment, as well as any other cause outside the control of that Party, that Party shall not be liable to the other Party for any delay or failure of performance caused by any of the above events. "Force Majeure" shall include the failure to obtain such license(s) and other approvals, including export licenses, as are required by United States law or other applicable law for the equipment, technical information, software, technology and PRODUCTS to be provided pursuant to the terms of this Agreement.

8.2 The Party prevented from performing by the causes identified in Paragraph 8.01 shall notify the other Party of the occurrence of any of the above events in writing by cable or telex within the shortest possible time.

8.3 Should the delay caused by any of the above events continue for more than ninety (90) days, the Parties shall settle the problem of further performance of this Agreement through friendly negotiations as soon as possible with the objective of restructuring the relationship between them such that the effects of such delay are minimized. If the Parties cannot agree on a mutually acceptable solution within six (6) months of any Party's request for such negotiations, any Party may terminate this Agreement by prior written notice to the other Party.

9. RETURN MATERIAL AUTHORIZATION  
-----

9.1 Defective material shall be returned freight collect to TECH. Replacement material shall be sent freight prepaid from TECH, which shall absorb the burden of premium transportation when defect or replacement material places critical time or delivery schedule constraints on MICRON.

9.2 TECH agrees to provide as soon as reasonably possible, but not exceeding five (5) work days, RMAs as contemplated by Paragraph 7.02.

10. OVERSHIPMENTS

-----

- 10.1 TECH shall ship only the quantity(ies) specified in purchase orders placed under this Agreement. However, any deviation caused by conditions of loading, shipping, packing or allowances in manufacturing processes may be accepted by MICRON according to the overshipment allowance indicated on the face of MICRON purchase orders. If no allowance is shown, no percentage overshipment is allowed. MICRON reserves the right to return any overshipment in excess of the allowance at TECH's expense.

11. PACKING AND SHIPPING INSTRUCTIONS

-----

- 11.1 TECH will properly pack and describe shipments in accordance with MICRON specifications and applicable carrier regulations. Shipments will be made at the lowest possible freight charges. MICRON may assist TECH by providing freight classifications or classifying material. TECH will insure or declare value on shipments except on parcel post, unless MICRON specifies otherwise. On shipment where value is declared, TECH will ship prepaid insured for a minimum of the equivalent of fifty U.S. dollars (U.S. \$50.00) to facilitate tracing. If shipping by air carrier, TECH will ship freight prepaid. TECH shall consolidate the air and surface shipments on single bills of lading insofar as possible so as to avoid premium freight costs unless instructed otherwise by MICRON.

- 11.2 In case any shipment does not correspond to normal practice in the industry (e.g., require special handling shipments or air ride suspension, or air shipment over five hundred (500) pounds, or over one hundred twenty (120) inches long or wide or over fifty-six (56) cubic feet, etc.), TECH agrees to notify MICRON's appropriate traffic department seventy-two (72) hours prior to shipment for special shipping instructions.

- 11.3 Each box, crate or carton will show MICRON's full street address and purchase order number regardless of how shipped. On air carrier shipments, a packing list shall accompany each container and shall describe the contents of such container. On all other shipments, TECH will provide a packing list to accompany each shipment, referencing the appropriate purchase order number. The bill of lading also will reference the purchase order number.

- 11.4 TECH is responsible for packing shipments correctly based on the carrier/mode utilized. Charges for packing and crating shall be deemed part of the purchase price and no additional charges will be made therefor unless specifically requested by MICRON on the purchase order. TECH agrees to ship via the carrier specified by MICRON.

12. NOTICE OF LABOR DISPUTE

-----

- 12.1 Whenever any actual or potential labor dispute delays or threatens to delay the timely performance of any purchase order issued hereunder, TECH shall immediately give notice thereof to MICRON.

13. APPLICABLE LAW

-----

- 13.1 During the INVESTMENT PERIOD, this Agreement shall be governed by and construed in accordance with the laws of the Republic of Singapore, except that the validity, scope, interpretation or infringement of MICRON intellectual property rights (including, without limitation, MICRON patents, copyrights, maskwork rights and trade secrets) shall be governed by the laws of Idaho, U.S.A., applicable to contracts made and fully performed within Idaho. In this Section 13.00, the "INVESTMENT PERIOD" shall mean such time as EDB and/or any EDB SUBSIDIARY owns at least ten percent (10%) of the issued ordinary share capital of TECH.
- 13.2 Subject to Paragraph 13.01 alone, this Agreement shall be governed by and construed in accordance with the laws of Idaho, U.S.A., applicable to contracts made and fully performed within Idaho.
- 13.3 For purposes of any litigation relating to this Agreement, the Parties consent to the exclusive jurisdiction of the courts of the Republic of Singapore and Idaho.

14. TERMINATION

-----

- 14.1 If TI (including its successors and assigns and any person subrogated to the rights of TI) shall exercise any remedy under the Reimbursement Agreement or the Guarantor Security Documents (as defined in the Reimbursement Agreement), or if any of the Collateral Agent (as defined in the Credit Agreement), the Agent (as defined in the Credit Agreement) or any other financial institution party thereto (including any of their successors or assigns or any person subrogated to the rights of any such party) shall exercise any remedy under the Credit Agreement or the related loan or collateral documents, in each case other than one or more Permitted Remedies (as defined below) or upon proceedings being commenced or pursued by or against TECH (other than by MICRON or any of its affiliates) for its bankruptcy, winding-up, dissolution, administration or re-organization (other than any such proceeding of a frivolous or vexatious nature discharged within thirty (30) days) or upon the appointment by any person (other than MICRON or any of its affiliates) of a receiver, administrator, trustee, judicial manager or similar officer over TECH or all or a substantial portion of TECH's business, revenues or assets (any such proceedings or appointment, an "Insolvency Event"), then in any such event at the option of MICRON (other than an Insolvency Event, in which case automatically): (A) MICRON's obligations and TECH's rights under the SHAREHOLDERS' AGREEMENT (but subject to the survival of the Articles referred to in Article 21.4 thereof, excluding Article 21.1 (which Article 21.1 shall specifically not survive in such instances as set forth in Article 21.5 thereof)) shall immediately and with no further action on the part of any PARTY thereto terminate; (B) TECH shall immediately and with no further action on the part of any PARTY thereto terminate its manufacture of PRODUCTS and any other use of MICRON TECHNICAL INFORMATION (as defined in the TECHNICAL ASSISTANCE AGREEMENT) or MICRON A/T TECHNICAL INFORMATION; (C) without limiting the generality of the

foregoing, the provisions of Article 21.1 of the SHAREHOLDERS' AGREEMENT shall not apply and no license shall be granted to TECH thereunder or otherwise; (D) TECH shall immediately destroy or return to MICRON as instructed by MICRON in the exercise of its sole discretion, destroy all TECHNICAL DATA (as defined in the TECHNICAL ASSISTANCE AGREEMENT) then in its possession and any mask sets furnished to TECH pursuant to Section 4.04 of the Technical Assistance Agreement or any other agreement or understanding; and (E) neither TECH nor any other person shall thereafter have any claim against or right to any MICRON PATENT (as defined in the TECHNICAL ASSISTANCE AGREEMENT), MICRON COPYRIGHT (as defined in the TECHNICAL ASSISTANCE AGREEMENT), MICRON MASKWORK RIGHT (as defined in the TECHNICAL ASSISTANCE AGREEMENT) or any other tangible or intangible right or asset of MICRON. Following the receipt of a Default Notice (as defined in the letter agreement by TI in favor of MICRON dated October 1, 1998), the shareholders of TECH shall enter into good faith discussions for a period of thirty (30) days in an effort to determine an appropriate course of action for TECH. During such period, unless an Insolvency Event shall have occurred prior to the termination of such thirty (30) day period, MICRON shall refrain from exercising its termination rights pursuant to this section. "Permitted Remedies" shall mean the Bank Permitted Remedies or the TI Permitted Remedies. The "Bank Permitted Remedies" shall be any remedy against the Borrower that does not result in the cancellation or unavailability of all or any part of the commitments under the Credit Agreement (it being understood that the unavailability of commitments under the Credit Agreement due to TECH's inability to meet conditions precedent or make representations or warranties shall not in and of itself constitute a "remedy" for purposes of this section). The "TI Permitted Remedies" shall be (i) sending of any notice or the demanding of any payment by TECH owed under the Reimbursement Agreement or pursuant to Section 5.01(a)(III) of the Reimbursement Agreement, (ii) making of any payment or prepayment by TI to the Agent, the Security Agent or any other financial institution party to the Credit Agreement pursuant to the terms of the Guarantee (as defined in the Reimbursement Agreement), (iii) delivering a statutory demand under Singapore law, (iv) commencing and participating in legal proceedings for the sole purpose of obtaining a monetary judgment and obtaining such a judgment, (v) pursuing, or suffering to exist, remedies under Section 5.01(c) of the Reimbursement Agreement, or (vi) enforcing remedies against operating and deposit accounts, so long as the sum of TECH's total unrestricted cash and cash equivalents plus the aggregate of all Available Revolving Commitments (as defined in the Credit Agreement) then available to TECH under the Credit Agreement is not less than \$50.0 million after giving effect to such remedies.

15. MISCELLANEOUS

-----

- 15.1 For purposes of any litigation in the Republic of Singapore, or appeals arising out of such litigation, the Parties hereby appoint the respective persons set forth below as their agents for service of process in Singapore:

TECH: TECH Semiconductor Singapore Pte. Ltd.  
No. 1 Woodlands Industrial Park D  
Street 1  
Singapore 738799  
Attention: President

MICRON: Micron Semiconductor Asia Pte. Ltd.  
990 Bendemeer Road  
Singapore 339942  
Attention: Site Manager

With copy to: Micron Technology, Inc.  
8000 South Federal Way  
Boise, Idaho 83716-9632  
U.S.A.  
Attention: General Counsel

For purposes of any litigation in the courts in Idaho, or appeals arising out of such litigation, the Parties hereby appoint the respective persons set forth below as their agents for service of process:

TECH: General Counsel  
Micron Technology, Inc.  
8000 South Federal Way  
Boise, Idaho 83716-9632  
U.S.A.

MICRON: General Counsel  
Micron Technology, Inc.  
8000 South Federal Way  
Boise, Idaho 83716-9632  
U.S.A.

With copy to: Site Manager  
Micron Semiconductor Asia Pte. Ltd.  
990 Bendemeer Road  
Singapore 339942

- 15.2 Except as required by law, for governmental approval or as may be reasonably required for the operation of TECH, no Party shall, without the prior written consent of the other Party, disclose (i) to any third party other than Texas Instruments, Inc., its affiliates, any financial institution that is a party to the Credit Facility or lending to TECH thereunder, the PARTIES to the SHAREHOLDERS' AGREEMENT, and their affiliates either the terms or conditions of this

Agreement, or (ii) to any third party any information of a proprietary nature which it obtains or which becomes available to it as the result of this Agreement or of the operations of TECH.

- 15.3 TECH agrees to comply with all applicable export control laws and to obtain all export licenses required for performance of its obligations hereunder.
- 15.4 MICRON may assign this Agreement or any obligation hereunder to any subsidiary of MICRON upon written notice to TECH. In such event, MICRON shall be the controlling party of such assignee and shall guarantee the obligations of such assignee under this Agreement. TECH shall not assign or transfer this Agreement or any portion hereof, or subcontract any obligation hereunder, without the prior written consent of MICRON. Any such attempted assignment, transfer or subcontract by TECH shall be void.
- 15.5 The headings of the paragraphs of this Agreement are for reference purposes only and shall not be deemed to affect in any way the meaning or interpretation of the Paragraphs to which they refer.
- 15.6 The failure on the part of any Party to exercise or enforce any rights conferred on it hereunder shall not be deemed to constitute a waiver of any rights or operate to bar the exercise or enforcement of any such right at any time or times thereafter.
- 15.7 This Agreement may not be modified, except as permitted under Article 7.11(c) of the SHAREHOLDERS' AGREEMENT and with written consent of the Parties.
- 15.8 This Agreement may be executed in one or more counterparts, each of which shall be enforceable against the Parties executing such counterparts, and all of which together shall constitute one instrument.
- 15.9 All notices , requests, demands, and other communications under this Agreement shall be in writing and shall be delivered personally (including by courier) or sent by registered or certified mail (postage prepaid) or given by facsimile transmission (with confirmation in writing) to the parties at the following addresses (or to such address as a party may have specified by notice given to the other pursuant to this provision) and shall be deemed given when so received:

If to MICRON:        Site Manager  
                         Micron Semiconductor Asia Pte. Ltd.  
                         990 Bendemeer Road  
                         Singapore 339942

With copy to:        General Counsel  
                         Micron Technology, Inc.  
                         8000 South Federal Way  
                         Boise, Idaho 83716-9632

If to TECH:       President  
TECH Semiconductor Singapore Pte. Ltd.  
No. 1 Woodlands Industrial Park D  
Street 1  
Singapore 738799  
Fax:   (65) 365-2016

and, to the extent required by Singapore law, on each member of TECH's Board of Directors at their address of record. All such notices, requests, demands, and other communications shall be deemed received on the date of receipt by the recipient thereof if received prior to 5 p.m. in the place of receipt and such day is a business day in the place of receipt. Otherwise, any such notice, request, demand or other communication shall be deemed not to have been received until the next succeeding business day in the place of receipt.

15.10 All correspondence relating to this Agreement shall be in English.

15.11 This Agreement is written and executed in English. No translation of this Agreement into any other language shall have any force or effect in the interpretation of the construction of this Agreement in determination of the intent of the Parties hereto.

15.12 If any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction or as a result of future legislative action, such holding or action shall be strictly construed and, subject to applicable law, shall not affect the validity or effect of any other provisions hereof.

[The remainder of this page is intentionally left blank. Signatures appear on the following page.]

IN WITNESS WHEREOF, the Parties have signed and dated this Purchase Agreement in the space provided below.

TECH SEMICONDUCTOR SINGAPORE  
PTE. LTD.

MICRON TECHNOLOGY, INC.

By:\_\_\_\_\_

By:\_\_\_\_\_

Name:\_\_\_\_\_

Name:\_\_\_\_\_

Title:\_\_\_\_\_

Title:\_\_\_\_\_

Date:\_\_\_\_\_

Date:\_\_\_\_\_



THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE  
 ACCOMPANYING FINANCIAL STATEMENTS AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE  
 TO SUCH FINANCIAL STATEMENTS.

1,000,000

3-MOS

SEP-02-1999

DEC-03-1998

768

1157

503

(21)

360

2850

5405

(1803)

6788

862

0

0

0

25

3811

6788

794

794

678

856

0

0

(8)

(74)

(28)

0

0

0

0

(46)

(0.19)

(0.19)