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

FORM 10-Q

(Mark One)

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended March 3, 2016

OR

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to

Commission file number 1-10658

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

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

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No o

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

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

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

The number of outstanding shares of the registrant's common stock as of April 1, 2016, was 1,037,043,109.

Definitions of Commonly Used Terms

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

Term	Definition	Term	Definition
2031B Notes	1.875% Convertible Senior Notes due 2031	MMJ	Micron Memory Japan, Inc.
2032 Notes	2032C and 2032D Notes	MMJ Companies	MAI and MMJ
2032C Notes	2.375% Convertible Senior Notes due 2032	MMJ Group	MMJ and its subsidiaries
2032D Notes	3.125% Convertible Senior Notes due 2032	MMT	Micron Memory Taiwan Co., Ltd.
2033 Notes	2033E and 2033F Notes	MP Mask	MP Mask Technology Center, LLC
2033E Notes	1.625% Convertible Senior Notes due 2033	MTI	Micron Technology, Inc.
2033F Notes	2.125% Convertible Senior Notes due 2033	Nanya	Nanya Technology Corporation
2043G Notes	3.00% Convertible Senior Notes due 2043	nm	Nanometer
Elpida	Elpida Memory, Inc.	Photronics	Photronics, Inc.
IMFT	IM Flash Technologies, LLC	PSRAM	Pseudo-static DRAM
Inotera	Inotera Memories, Inc.	Qimonda	Qimonda AG
Intel	Intel Corporation	R&D	Research and Development
Japan Court	Tokyo District Court	RLDRAM	Reduced Latency DRAM
LPDRAM	Mobile Low-Power DRAM	SG&A	Selling, General and Administration
MAI	Micron Akita, Inc.	SSD	Solid-State Drive
MCP	Multi-Chip Package	Tera Probe	Tera Probe, Inc.
Micron	Micron Technology, Inc. (Parent Company)	TLC	Triple-Level Cell
MLC	Multi-Level Cell	VIE	Variable Interest Entity

Additional Information

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

MICRON TECHNOLOGY, INC.

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

	Quarter ended		Six months ended	
	March 3, 2016	**March 5, 2015**	**March 3, 2016**	**March 5, 2015**
Net sales	$ 2,934	$ 4,166	$ 6,284	$ 8,739
Cost of goods sold	2,355	2,761	4,856	5,696
Gross margin	579	1,405	1,428	3,043
Selling, general, and administrative	175	187	354	380
Research and development	403	379	824	755
Other operating (income) expense, net	6	(16)	23	(32)
Operating income (loss)	(5)	855	227	1,940
Interest income	12	8	23	15
Interest expense	(97)	(83)	(193)	(173)
Other non-operating income (expense), net	(6)	(6)	(10)	(55)
	(96)	774	47	1,727
Income tax (provision) benefit	(5)	(47)	(1)	(122)
Equity in net income of equity method investees	5	208	64	332
Net income (loss)	(96)	935	110	1,937
Net (income) loss attributable to noncontrolling interests	(1)	(1)	(1)	—
Net income (loss) attributable to Micron	$ (97)	$ 934	$ 109	$ 1,937
Earnings (loss) per share:				
Basic	$ (0.09)	$ 0.87	$ 0.11	$ 1.81
Diluted	(0.09)	0.78	0.10	1.62
Number of shares used in per share calculations:				
Basic	1,036	1,074	1,035	1,072
Diluted	1,036	1,190	1,072	1,193

See accompanying notes to consolidated financial statements.

MICRON TECHNOLOGY, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in millions)
(Unaudited)

	Quarter ended		Six months ended	
	March 3, 2016	**March 5, 2015**	**March 3, 2016**	**March 5, 2015**
Net income (loss)	$ (96)	$ 935	$ 110	$ 1,937
Other comprehensive income (loss), net of tax:				
Gain (loss) on derivatives, net	3	(2)	(1)	(18)
Foreign currency translation adjustments	1	(50)	(89)	(74)
Pension liability adjustments	1	(1)	(5)	18
Gain (loss) on investments, net	1	(1)	(2)	(1)
Other comprehensive income (loss)	6	(54)	(97)	(75)
Total comprehensive income (loss)	(90)	881	13	1,862
Comprehensive (income) loss attributable to noncontrolling interests	(1)	—	(1)	1
Comprehensive income (loss) attributable to Micron	$ (91)	$ 881	$ 12	$ 1,863

See accompanying notes to consolidated financial statements.

MICRON TECHNOLOGY, INC.

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

As of	March 3, 2016	September 3, 2015
Assets		
Cash and equivalents	$ 3,078	$ 2,287
Short-term investments	957	1,234
Receivables	1,984	2,507
Inventories	2,608	2,340
Other current assets	178	228
Total current assets	8,805	8,596
Long-term marketable investments	1,108	2,113
Property, plant, and equipment, net	11,819	10,554
Equity method investments	1,360	1,379
Intangible assets, net	512	449
Deferred tax assets	668	597
Other noncurrent assets	547	455
Total assets	$ 24,819	$ 24,143
Liabilities and equity		
Accounts payable and accrued expenses	$ 3,087	$ 2,611
Deferred income	199	205
Current debt	1,125	1,089
Total current liabilities	4,411	3,905
Long-term debt	6,494	6,252
Other noncurrent liabilities	636	698
Total liabilities	11,541	10,855
Commitments and contingencies		
Redeemable convertible notes	39	49
Micron shareholders' equity:		
Common stock, $0.10 par value, 3,000 shares authorized; 1,090 shares issued and outstanding (1,084 as of September 3, 2015)	109	108
Additional capital	7,579	7,474
Retained earnings	5,685	5,588
Treasury stock, 53 shares held (45 as of September 3, 2015)	(1,025)	(881)
Accumulated other comprehensive income (loss)	(84)	13
Total Micron shareholders' equity	12,264	12,302
Noncontrolling interests in subsidiaries	975	937
Total equity	13,239	13,239
Total liabilities and equity	$ 24,819	$ 24,143

See accompanying notes to consolidated financial statements.

MICRON TECHNOLOGY, INC.

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

Six months ended	March 3, 2016	March 5, 2015
Cash flows from operating activities		
Net income	$ 110	$ 1,937
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation expense and amortization of intangible assets	1,511	1,284
Amortization of debt discount and other costs	64	71
Stock-based compensation	101	84
Loss on restructure of debt	1	30
Equity in net income of equity method investees	(64)	(332)
Change in operating assets and liabilities		
Receivables	542	153
Inventories	(268)	78
Accounts payable and accrued expenses	(67)	(488)
Deferred income taxes, net	(27)	159
Other	(20)	(133)
Net cash provided by operating activities	1,883	2,843
Cash flows from investing activities		
Expenditures for property, plant, and equipment	(2,209)	(1,522)
Purchases of available-for-sale securities	(679)	(2,222)
Payments to settle hedging activities	(66)	(88)
Proceeds from sales and maturities of available-for-sale securities	1,950	631
Other	(22)	(1)
Net cash provided by (used for) investing activities	(1,026)	(3,202)
Cash flows from financing activities		
Repayments of debt	(519)	(1,149)
Cash paid to acquire treasury stock	(147)	(244)
Proceeds from equipment sale-leaseback transactions	424	254
Proceeds from issuance of debt	174	1,000
Contributions from noncontrolling interests	37	20
Proceeds from issuance of stock under equity plans	24	50
Other	(61)	(75)
Net cash provided by (used for) financing activities	(68)	(144)
Effect of changes in currency exchange rates on cash and equivalents	2	(100)
Net increase (decrease) in cash and equivalents	791	(603)
Cash and equivalents at beginning of period	2,287	4,150
Cash and equivalents at end of period	$ 3,078	$ 3,547

See accompanying notes to consolidated financial statements.

Business and Basis of Presentation

We are a global leader in advanced semiconductor systems. Our broad portfolio of high-performance memory technologies, including DRAM, NAND Flash, and NOR Flash, is the basis for solid-state drives, modules, multi-chip packages, and other system solutions. Our memory solutions enable the world's most innovative computing, consumer, enterprise storage, networking, mobile, embedded, and automotive applications. The accompanying consolidated financial statements include the accounts of MTI and its consolidated subsidiaries and have been prepared in accordance with accounting principles generally accepted in the United States of America consistent in all material respects with those applied in our Annual Report on Form 10-K for the year ended September 3, 2015. In the opinion of our management, the accompanying unaudited consolidated financial statements contain all necessary adjustments, consisting of a normal recurring nature, to fairly state the financial information set forth herein. Certain reclassifications have been made to prior period amounts to conform to current period presentation.

Our fiscal year is the 52 or 53-week period ending on the Thursday closest to August 31. Fiscal year 2016 contains 52 weeks and fiscal year 2015 contained 53 weeks. The first quarter of 53-week years contains 14 weeks. All period references are to our fiscal periods unless otherwise indicated. These interim financial statements should be read in conjunction with the consolidated financial statements and accompanying notes included in our Annual Report on Form 10-K for the year ended September 3, 2015.

Variable Interest Entities

We have interests in entities that are VIEs. If we are the primary beneficiary of a VIE, we are required to consolidate it. To determine if we are the primary beneficiary, we evaluate whether we have the power to direct the activities that most significantly impact the VIE's economic performance and the obligation to absorb losses or the right to receive benefits of the VIE that could potentially be significant to the VIE. Our evaluation includes identification of significant activities and an assessment of our ability to direct those activities based on governance provisions and arrangements to provide or receive product and process technology, product supply, operations services, equity funding, financing, and other applicable agreements and circumstances. Our assessments of whether we are the primary beneficiary of our VIEs require significant assumptions and judgments.

Unconsolidated VIEs

Inotera: Inotera is a VIE because of the terms of its supply agreement with us. We have determined that we do not have the power to direct the activities of Inotera that most significantly impact its economic performance, primarily due to limitations on our governance rights that require the consent of other parties for key operating decisions and due to Inotera's dependence on Nanya for financing and the ability of Inotera to operate in Taiwan. Therefore, we do not consolidate Inotera and we account for our interest under the equity method. (See "Equity Method Investments – Inotera" note.)

EQUVO: EQUVO HK Limited ("EQUVO") is a special purpose entity created to facilitate an equipment sale-leaseback financing transaction between us and a consortium of financial institutions. Neither we nor the financing entities have an equity interest in EQUVO. EQUVO is a VIE because its equity is not sufficient to permit it to finance its activities without additional support from the financing entities and because the third-party equity holder lacks characteristics of a controlling financial interest. By design, the arrangement with EQUVO is merely a financing vehicle and we do not bear any significant risks from variable interests with EQUVO. Therefore, we have determined that we do not have the power to direct the activities of EQUVO that most significantly impact its economic performance and we do not consolidate EQUVO.

SC Hiroshima Energy Corporation: SC Hiroshima Energy Corporation ("SCHE") is an entity created to construct and operate a cogeneration, electrical power plant to support our wafer manufacturing facility in Hiroshima, Japan. We do not have an equity ownership interest in SCHE. SCHE is a VIE due to the nature of its tolling agreements with us and our option to purchase SCHE's assets. We do not control the operation and maintenance of the plant, which we have determined are the activities of SCHE that most significantly impact its economic performance. Therefore, we do not consolidate SCHE.

PTI Xi'an: Powertech Technology Inc. Xi'an ("PTI Xi'an") is a wholly-owned subsidiary of Powertech Technology Inc. ("PTI") and was created to provide assembly services to us at our manufacturing site in Xi'an, China. We do not have an equity ownership interest in PTI Xi'an. PTI Xi'an is a VIE because of the terms of its service agreement with us and its dependency on PTI to finance its operations. We have determined that we do not have the power to direct the activities of PTI Xi'an that most significantly impact its economic performance, primarily because we have no governance rights. Therefore, we do not consolidate PTI Xi'an.

Consolidated VIEs

IMFT: IMFT is a VIE because all of its costs are passed to us and its other member, Intel, through product purchase agreements and because IMFT is dependent upon us or Intel for additional cash requirements. The primary activities of IMFT are driven by the constant introduction of product and process technology. Because we perform a significant majority of the technology development, we have the power to direct its key activities. In addition, IMFT manufactures certain products exclusively for us using our technology. We consolidate IMFT because we have the power to direct the activities of IMFT that most significantly impact its economic performance and because we have the obligation to absorb losses and the right to receive benefits from IMFT that could potentially be significant to it.

MP Mask: MP Mask is a VIE because substantially all of its costs are passed to us and its other member, Photronics, through product purchase agreements and MP Mask is dependent upon us or Photronics for additional cash requirements. We have tie-breaking voting rights over key operating decisions and nearly all key MP Mask activities are driven by our supply needs. We consolidate MP Mask because we have the power to direct the activities of MP Mask that most significantly impact its economic performance and because we have the obligation to absorb losses and the right to receive benefits from MP Mask that could potentially be significant to it.

(See "Equity – Noncontrolling Interests in Subsidiaries" note.)

Recently Adopted Accounting Standards

In November 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2015-17 – *Balance Sheet Classification of Deferred Taxes*, which eliminates the requirement to present deferred tax liabilities and assets as current and noncurrent in a classified balance sheet. We adopted this ASU as of the beginning of our second quarter of 2016 on a prospective basis and did not retrospectively adjust prior periods. As a result of adopting this standard, we presented our deferred tax assets and liabilities as noncurrent. The adoption of this standard did not have a material impact on our financial statements.

In September 2015, the FASB issued ASU 2015-16 – *Simplifying the Accounting for Measurement-Period Adjustments*, which eliminates the requirement to restate prior period financial statements for measurement period adjustments following a business combination. Instead, the cumulative impact of measurement period adjustments, including the impact on prior periods, is required to be recognized in the reporting period in which the adjustment is identified. We adopted this ASU in our second quarter of 2016. The adoption of this standard did not have a material impact on our financial statements.

Recently Issued Accounting Standards

In February 2016, the FASB issued ASU 2016-02 – *Leases*, which amends a number of aspects of lease accounting, including requiring lessees to recognize operating leases with a term greater than one year on their balance sheet as a right-of-use asset and corresponding lease liability, measured at the present value of the lease payments. This ASU will be effective for us beginning in our first quarter of 2020 and early adoption is permitted. This ASU is required to be adopted using a modified retrospective approach. We are evaluating the timing of our adoption and the effects of the adoption of this ASU on our financial statements.

In January 2016, the FASB issued ASU 2016-01 – *Recognition and Measurement of Financial Assets and Financial Liabilities*, which provides guidance for the recognition, measurement, presentation, and disclosure of financial assets and liabilities. This ASU will be effective for us beginning in our first quarter of 2019. We are evaluating the effects of the adoption of this ASU on our financial statements.

In April 2015, the FASB issued ASU 2015-05 – *Customer's Accounting for Fees Paid in a Cloud Computing Arrangement*, which provides additional guidance to customers about whether a cloud computing arrangement includes a software license. Under ASU 2015-05, if a cloud computing arrangement contains a software license, customers should account for the license element of the arrangement in a manner consistent with the acquisition of other software licenses. If the arrangement does not contain a software license, customers should account for the arrangement as a service contract. ASU 2015-05 also removes the requirement to analogize to ASC 840-10 – *Leases*, to determine the asset acquired in a software licensing arrangement. This ASU will be effective for us beginning in our first quarter of 2017 and early adoption is permitted. We are evaluating the timing of our adoption and the effects of the adoption of this ASU on our financial statements.

In February 2015, the FASB issued ASU 2015-02 – *Amendments to the Consolidation Analysis*, which amends the consolidation requirements in Accounting Standards Codification 810 – *Consolidation*. ASU 2015-02 makes targeted amendments to the consolidation guidance for VIEs, which could change consolidation conclusions. This ASU will be effective for us beginning in our first quarter of 2017 and early adoption is permitted. We are evaluating the timing of our adoption and the effects of the adoption of this ASU on our financial statements.

In May 2014, the FASB issued ASU 2014-09 – *Revenue from Contracts with Customers*, which supersedes nearly all existing revenue recognition guidance under generally accepted accounting principles in the U.S. The core principal of this ASU is that an entity should recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This ASU also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. We are required to adopt this ASU beginning in our first quarter of 2019; however, we are permitted to adopt this ASU as early as our first quarter of 2018. This ASU allows for either full retrospective or modified retrospective adoption. We are evaluating the timing of our adoption, the transition method we will elect, and the effects of the adoption of this ASU on our financial statements.

Pending Acquisition of Inotera

In the second quarter of 2016, we entered into agreements to acquire the remaining interest in Inotera for 30 New Taiwan dollars per share in cash (or the equivalent of approximately $0.91 per share, assuming 33.1 New Taiwan dollars per U.S. dollar, the exchange rate as of March 3, 2016). As of March 3, 2016, we held a 33% ownership interest in Inotera, Nanya and certain of its affiliates held a 32% ownership interest, and the remaining ownership interest in Inotera was publicly held. Based on the exchange rate as of March 3, 2016, we estimate the aggregate consideration payable for the 67% of Inotera shares not owned by us would be approximately $4.0 billion. We anticipate financing the acquisition with the proceeds of the 80 billion New Taiwan debt financing referred to below and a combination of cash on hand, additional borrowings under our existing credit agreements, and the issuance of equity and up to $500 million unsecured debt pursuant to the Private Placement (defined below).

On March 29, 2016, the transaction was approved by the shareholders of Inotera, including Nanya and certain of Nanya's affiliates (which held approximately 32% of Inotera's shares and provided such approval pursuant to voting and support agreements entered into in the second quarter of 2016). Under the voting and support agreements, the parties have further agreed not to transfer any of their Inotera shares so long as the voting and support agreements are in effect. These agreements will terminate automatically upon the termination of the agreement to purchase the Inotera shares.

Consummation of the acquisition of Inotera is subject to various conditions, including but not limited to:

- the receipt of necessary regulatory approvals from authorities in Taiwan;
- the consummation and funding of debt financing of at least 80 billion New Taiwan dollars (or the equivalent of approximately $2.4 billion, assuming 33.1 New Taiwan dollars per U.S. dollar), on terms that are satisfactory to us; and
- unless we determine otherwise, the consummation and funding of the Private Placement (described below).

In addition, the agreement to acquire the Inotera shares contains certain termination rights, including:

- termination by either us or Inotera if we have not completed the purchase of the remaining shares of Inotera by November 30, 2016; or
- termination by us if we have not obtained satisfactory debt commitment letters for the debt financing of at least 80 billion New Taiwan dollars by May 16, 2016.

We currently anticipate completing the Inotera transaction during the fourth quarter of 2016. Consummation of the Inotera transaction is subject to significant uncertainties, including regulatory approvals and availability of debt financing on terms satisfactory to us, and there can be no assurance that the Inotera transaction will be consummated when anticipated or at all.

Issuance of Micron Shares to Nanya: In the second quarter of 2016, we also entered into an agreement with Nanya pursuant to which we have the option to issue shares of our common stock (the "Micron Shares") to Nanya in an amount equivalent to up to 31.5 billion New Taiwan dollars (or the equivalent of approximately $950 million, assuming 33.1 New Taiwan dollars per U.S. dollar) (the "Private Placement"), which will be used to fund a portion of the consideration for the transaction. The per-share selling price for the Micron Shares will be equal to the New Taiwan dollar equivalent of the average of the closing price of our common stock during the 30 consecutive trading-day period ending 30 days prior to the consummation of the Private Placement and the transaction.

We are currently in discussions about potential changes to the Private Placement commitment, including the possibility of substituting up to $500 million of unsecured notes (including convertible notes) for the corresponding portion of the shares of our common stock that may be purchased pursuant to the Private Placement.

The consummation of the Private Placement is subject to regulatory approval and various other conditions.

Technology Transfer and License Agreements with Nanya

In the second quarter of 2016, we entered into technology transfer and license agreements pursuant to which Nanya has the option to require us to transfer to Nanya certain technology and deliverables related to the next DRAM process node generation (the "1X Process Node") after our 20nm process node and the next DRAM process node generation after the 1X Process Node for Nanya's use. Under the terms of the agreements, Nanya would pay royalties to us for a license to the transferred technology based on revenues from products implementing the technology, subject to an agreed cap, and we would also receive an equity interest in Nanya upon the achievement of certain milestones.

Cash and Investments

Cash and the fair values of available-for-sale investments, which approximated amortized costs, were as follows:

As of	March 3, 2016				September 3, 2015			
	Cash and Equivalents	Short-term Investments	Long-term Marketable Investments[3]	Total Fair Value	Cash and Equivalents	Short-term Investments	Long-term Marketable Investments[3]	Total Fair Value
Cash	$ 2,343	$ —	$ —	$ 2,343	$ 1,684	$ —	$ —	$ 1,684
Level 1[1]								
Money market funds	339	—	—	339	168	—	—	168
Level 2[2]								
Corporate bonds	—	675	673	1,348	2	616	1,261	1,879
Government securities	53	213	97	363	58	391	254	703
Certificates of deposit	331	20	10	361	311	28	23	362
Asset-backed securities	—	6	328	334	—	8	575	583
Commercial paper	12	43	—	55	64	191	—	255
	$ 3,078	$ 957	$ 1,108	$ 5,143	$ 2,287	$ 1,234	$ 2,113	$ 5,634

(1) *The fair value of Level 1 securities is measured based on quoted prices in active markets for identical assets.*

(2) *The fair value of Level 2 securities is measured using information obtained from pricing services, which obtain quoted market prices for similar instruments, non-binding market consensus prices that are corroborated by observable market data, or various other methodologies, to determine the appropriate value at the measurement date. We perform supplemental analysis to validate information obtained from these pricing services. As of March 3, 2016, no adjustments were made to such pricing information.*

(3) *The maturities of long-term marketable investments range from one to four years.*

Proceeds from sales of available-for-sale securities were $585 million and $992 million for the second quarter and first six months of 2016, respectively, and $143 million and $376 million for the second quarter and first six months of 2015, respectively. Gross realized gains and losses from sales of available-for-sale securities were not significant for any period presented. As of March 3, 2016, there were no available-for-sale securities that had been in a loss position for longer than 12 months.

Receivables

As of	March 3, 2016	September 3, 2015
Trade receivables	$ 1,694	$ 2,188
Income and other taxes	93	116
Other	197	203
	$ 1,984	$ 2,507

As of March 3, 2016 and September 3, 2015, other receivables included $98 million and $120 million, respectively, due from Intel for amounts related to product design and process development activities under cost-sharing agreements for NAND Flash memory and 3D XPoint™ memory. (See "Equity – Noncontrolling Interests in Subsidiaries – IMFT" note.)

Inventories

As of	March 3, 2016	September 3, 2015
Finished goods	$ 793	$ 785
Work in process	1,578	1,315
Raw materials and supplies	237	240
	$ 2,608	$ 2,340

Property, Plant, and Equipment

	September 3, 2015	Additions	Retirements and Other	March 3, 2016
Land	$ 88	$ —	$ —	$ 88
Buildings	5,358	340	(4)	5,694
Equipment[1]	21,020	1,994	(276)	22,738
Construction in progress[2]	436	411	(28)	819
Software	373	24	—	397
	27,275	2,769	(308)	29,736
Accumulated depreciation	(16,721)	(1,451)	255	(17,917)
	$ 10,554	$ 1,318	$ (53)	$ 11,819

[1] *Included costs related to equipment not placed into service of $1.07 billion and $928 million as of March 3, 2016 and September 3, 2015, respectively.*
[2] *Included building-related construction and tool installation costs for assets not placed into service.*

Depreciation expense was $745 million and $1.45 billion for the second quarter and first six months of 2016, respectively, and $611 million and $1.22 billion for the second quarter and first six months of 2015, respectively.

Equity Method Investments

As of	March 3, 2016		September 3, 2015	
	Investment Balance	Ownership Percentage	Investment Balance	Ownership Percentage
Inotera[1]	$ 1,303	33%	$ 1,332	33%
Tera Probe	44	40%	38	40%
Other	13	Various	9	Various
	$ 1,360		$ 1,379	

[1] *Entity is a variable interest entity.*

As of March 3, 2016, substantially all of our maximum exposure to loss from our VIEs that were not consolidated was the $1.30 billion carrying value of our investment in Inotera. We may also incur losses in connection with our rights and obligations to purchase all of Inotera's wafer production capacity under our supply agreement with Inotera.

We recognize our share of earnings or losses from our equity method investees generally on a two-month lag. Included in our share of earnings for the second quarter of 2015 was $65 million related to Inotera's full release of its valuation allowance against net deferred tax assets related to its net operating loss carryforward. Equity in net income (loss) of equity method investees, net of tax, included the following:

	Quarter ended		Six months ended	
	March 3, 2016	March 5, 2015	March 3, 2016	March 5, 2015
Inotera	$ 2	$ 206	$ 54	$ 335
Tera Probe	3	1	6	(6)
Other	—	1	4	3
	$ 5	$ 208	$ 64	$ 332

Inotera

We have partnered with Nanya in Inotera, a Taiwan DRAM memory company, since 2009. As of March 3, 2016, we held a 33% ownership interest in Inotera, Nanya and certain of its affiliates held a 32% ownership interest, and the remaining ownership interest in Inotera was publicly held. In the second quarter of 2016 we entered into agreements to acquire the remaining interest in Inotera. (See "Pending Acquisition of Inotera" note.)

As of March 3, 2016, the market value of our equity interest in Inotera was $1.85 billion based on the closing trading price of 28.55 New Taiwan dollars per share in an active market. As of March 3, 2016 and September 3, 2015, there were losses of $76 million and gains of $13 million, respectively, in accumulated other comprehensive income (loss) for cumulative translation adjustments from our equity investment in Inotera.

From January 2013 through December 2015, we purchased all of Inotera's DRAM output under a supply agreement at prices reflecting discounts from market prices for our comparable components. Effective beginning on January 1, 2016, the price for DRAM products sold to us is based on a formula that equally shares margin between Inotera and us. We purchased $326 million and $705 million of DRAM products from Inotera in the second quarter and first six months of 2016, respectively, and $628 million and $1.36 billion in the second quarter and first six months of 2015, respectively. Due to declines in average selling prices, our per gigabit cost of products purchased from Inotera have decreased significantly throughout 2015 and the first six months of 2016 such that, for the second quarter of 2016, our costs for Inotera products approximated our cost for similar products manufactured in our wholly-owned facilities. In 2015 and the first quarter of 2016, our cost of Inotera products was higher than our cost for similar products manufactured in our wholly-owned facilities. The supply agreement with Inotera (as extended in December 2015) has an initial three-year term, followed by a three-year wind-down period. Upon termination of the initial three-year term, the share of Inotera's capacity we would purchase would decline over the wind-down period.

Tera Probe

In 2013, we acquired a 40% interest in Tera Probe, which provides semiconductor wafer testing and probe services to us and others. The initial net carrying value of our investment was less than our proportionate share of Tera Probe's equity and the difference is being amortized as a credit to our earnings through equity in net income of equity method investees (the "Tera Probe Amortization"). As of March 3, 2016, the remaining balance of the Tera Probe Amortization was $21 million and is expected to be amortized over a weighted-average period of eight years. Based on closing trading prices, the market value of our equity interest in Tera Probe was $26 million as of March 3, 2016 and $36 million as of December 31, 2015. We evaluated our investment in Tera Probe and concluded that the decline in the market value below our carrying value did not indicate an other-than-temporary impairment primarily because of the limited amount of time the market value was below carrying value and the historical volatility of Tera Probe's stock price. We incurred manufacturing costs for services performed by Tera Probe of $18 million and $39 million for the second quarter and first six months of 2016, respectively, and $22 million and $47 million for the second quarter and first six months of 2015, respectively.

Intangible Assets and Goodwill

As of	March 3, 2016		September 3, 2015	
	Gross Amount	Accumulated Amortization	Gross Amount	Accumulated Amortization
Amortizing assets				
Product and process technology	$ 824	$ (421)	$ 864	$ (416)
Other	1	—	2	(1)
	825	(421)	866	(417)
Non-amortizing assets				
In-process R&D	108	—	—	—
	$ 933	$ (421)	$ 866	$ (417)
Goodwill[1]	$ 104		$ 23	

(1) *Included in other noncurrent assets.*

During the first six months of 2016 and 2015, we capitalized $16 million and $32 million, respectively, for product and process technology with weighted-average useful lives of ten years and seven years, respectively. Amortization expense was $29 million and $60 million for the second quarter and first six months of 2016, respectively, and $30 million and $60 million for the second quarter and first six months of 2015, respectively. The expected annual amortization expense for intangible assets held as of March 3, 2016 is $119 million for 2016, $105 million for 2017, $93 million for 2018, $45 million for 2019, and $29 million for 2020.

In the first quarter of 2016, we acquired Tidal Systems, Ltd., a developer of PCIe NAND Flash storage controllers, to enhance our NAND Flash controller technology for $148 million. In connection therewith, we recognized $108 million of in-process R&D; $81 million of goodwill, which was derived from expected cost reductions and other synergies and was assigned to our Storage Business Unit; and $41 million of deferred tax liabilities, which, in aggregate, represented substantially all of the purchase price. The in-process R&D was valued using a replacement cost approach, which included inputs of reproduction cost, including developer's profit, and opportunity cost. We will begin amortizing the in-process R&D when development is complete, which is estimated to be in 2017, and will amortize it over its then estimated useful life. The goodwill is not expected to be deductible for tax purposes.

Accounts Payable and Accrued Expenses

As of	March 3, 2016	September 3, 2015
Accounts payable	$ 1,014	$ 1,020
Property, plant, and equipment payables	1,123	577
Salaries, wages, and benefits	372	321
Related party payables	234	338
Income and other taxes	65	85
Other	279	270
	$ 3,087	$ 2,611

As of March 3, 2016 and September 3, 2015, related party payables included $225 million and $327 million, respectively, due to Inotera primarily for the purchase of DRAM products. As of March 3, 2016 and September 3, 2015, related party payables also included $8 million and $11 million, respectively, due to Tera Probe for probe services performed. (See "Equity Method Investments" note.)

Debt

Instrument[1]	Stated Rate	Effective Rate	March 3, 2016 Current	March 3, 2016 Long-Term	March 3, 2016 Total	September 3, 2015 Current	September 3, 2015 Long-Term	September 3, 2015 Total
MMJ creditor installment payments	N/A	6.25%	$ 167	$ 601	$ 768	$ 161	$ 701	$ 862
Capital lease obligations[2]	N/A	N/A	338	762	1,100	326	466	792
1.258% notes	1.258%	1.97%	87	174	261	87	217	304
2022 senior notes	5.875%	6.14%	—	589	589	—	589	589
2023 senior notes	5.250%	5.43%	—	989	989	—	988	988
2024 senior notes	5.250%	5.38%	—	545	545	—	545	545
2025 senior notes	5.500%	5.56%	—	1,139	1,139	—	1,138	1,138
2026 senior notes	5.625%	5.73%	—	446	446	—	446	446
2032C convertible senior notes[3]	2.375%	5.95%	—	200	200	—	197	197
2032D convertible senior notes[3]	3.125%	6.33%	—	152	152	—	150	150
2033E convertible senior notes[3]	1.625%	4.50%	166	—	166	217	—	217
2033F convertible senior notes[3]	2.125%	4.93%	267	—	267	264	—	264
2043G convertible senior notes	3.000%	6.76%	—	650	650	—	644	644
Other notes payable	2.519%	2.70%	100	247	347	34	171	205
			$ 1,125	$ 6,494	$ 7,619	$ 1,089	$ 6,252	$ 7,341

(1) *We have either the obligation or the option to pay cash for the principal amount due upon conversion for all of our convertible notes. Since it is our current intent to settle in cash the principal amount of all of our convertible notes upon conversion, the dilutive effect of such notes on earnings per share is computed under the treasury stock method.*

(2) *Weighted-average imputed rate of 3.3% and 3.7% as of March 3, 2016 and September 3, 2015, respectively.*

(3) *Since the closing price of our common stock for at least 20 trading days in the 30 trading day period ending on December 31, 2015 exceeded 130% of the conversion price per share, holders had the right to convert their notes at any time during the calendar quarter ended March 31, 2016. The closing price of our common stock did not meet the thresholds for the calendar quarter ended March 31, 2016; therefore, these notes are not convertible by the holders after March 31, 2016. The 2033 Notes are classified as current because the terms of these notes also require us to pay cash for the principal amount of any converted notes.*

2016 Debt Restructure

During the first quarter of 2016, we repurchased portions of our 2033E Notes. The liability and equity components of the repurchased notes had previously been stated separately within debt and equity in our consolidated balance sheet. As a result, our accounting for the repurchased notes affected debt and equity. The following table presents the effect of the repurchases:

	Decrease in Principal	Decrease in Carrying Value	Decrease in Cash	Decrease in Equity	Loss[1]
Repurchases of 2033E Notes	$ (57)	$ (54)	$ (94)	$ (38)	$ (1)

(1) *Included in other non-operating expense.*

2015 Debt Restructure

Throughout 2015, we consummated a number of transactions to restructure our debt, including conversions, settlements and repurchases of convertible notes, the issuance of non-convertible senior notes, and the early repayment of a note. The following table presents the effect of each of the actions in the first six months of 2015:

	Increase (Decrease) in Principal	Increase (Decrease) in Carrying Value	Increase (Decrease) in Cash	(Decrease) in Equity	(Loss)[1]
Conversions and settlements	$ (120)	$ (367)	$ (407)	$ (14)	$ (22)
Repurchases	(36)	(30)	(125)	(92)	(3)
Issuance	1,000	988	988	—	—
Early repayment	(121)	(115)	(122)	—	(5)
	$ 723	$ 476	$ 334	$ (106)	$ (30)

[1] *Included in other non-operating expense.*

- *Conversions and Settlements:* Holders of substantially all of our remaining 2031B Notes with an aggregate principal amount of $114 million converted their notes in August 2014. As a result of our election to settle the conversion amounts entirely in cash, the settlement obligations became derivative debt liabilities, increasing the carrying value of the 2031B Notes by $275 million in 2014 before being settled in 2015 for an aggregate of $389 million in cash. Additionally, a holder converted $6 million principal amount of our 2033E Notes and we settled the conversion in cash for $18 million.
- *Repurchases*: Repurchased $36 million in aggregate principal amount of our 2032C and 2032D Notes.
- *Issuance:* Issued $1.00 billion in principal amount of 2023 Notes due August 2023.

Capital Lease Obligations

In the second quarter of 2016, we recorded capital lease obligations aggregating $424 million related to equipment sale-leaseback transactions at a weighted-average effective interest rate of 2.7%, with a weighted-average expected term of four years. In the first six months of 2016, we recorded capital lease obligations aggregating $444 million, including $424 million related to equipment sale-leaseback transactions.

Convertible Senior Notes

As of March 3, 2016, the trading price of our common stock was higher than the initial conversion prices of our 2032 Notes and our 2033 Notes. As a result, the conversion values were in excess of principal amounts for such notes. The following table summarizes our convertible notes outstanding as of March 3, 2016:

	Holder Put Date[1]	Outstanding Principal	Underlying Shares	Conversion Price Per Share	Conversion Price Per Share Threshold[2]	Conversion Value in Excess of Principal[3]
2032C Notes	May 2019	$ 224	23	$ 9.63	$ 12.52	$ 50
2032D Notes	May 2021	177	18	9.98	12.97	32
2033E Notes	February 2018	176	16	10.93	14.21	13
2033F Notes	February 2020	297	27	10.93	14.21	24
2043G Notes[4]	November 2028	1,025	35	29.16	37.91	—
		$ 1,899	119			$ 119

(1) *The terms of our convertible notes give holders the right to require us to repurchase all or a portion of their notes at a date prior to the contractual maturity at a price equal to the principal amount thereof plus accrued interest.*

(2) *Holders have the right to convert all or a portion of their notes at a date prior to the contractual maturity if, during any calendar quarter, the closing price of our common stock for at least 20 trading days in the 30 consecutive trading days ending on the last trading day of the preceding calendar quarter is more than 130% of the conversion price. The closing price of our common stock exceeded the thresholds for the calendar quarter ended December 31, 2015 for our 2032 Notes and 2033 Notes; therefore, those notes were convertible by the holders through March 31, 2016. The closing price of our common stock did not meet the thresholds for the calendar quarter ended March 31, 2016; therefore, these notes are not convertible by the holders after March 31, 2016.*

(3) *Based on our closing share price of $11.79 as of March 3, 2016.*

(4) *The original principal amount of $820 million accretes up to $917 million in November 2028 and $1.03 billion at maturity in 2043.*

Other Facilities

On December 1, 2015, we drew the remaining $174 million under our term loan agreement entered into on May 28, 2015. Amounts drawn are collateralized by certain property, plant, and equipment and are subject to a three-year loan with equal quarterly principal payments beginning December 2015 and accrue interest at a variable rate equal to the three-month LIBOR plus a margin not to exceed 2.2%. As of March 3, 2016, the outstanding balance was $194 million.

Maturities of Notes Payable and Future Minimum Lease Payments

The following presents, as of March 3, 2016, maturities of notes payable (including the MMJ Creditor Installment Payments) and future minimum lease payments under capital lease obligations. Maturities for the 2033 Notes are presented in 2018 and 2020 based on the earliest date that the holders can put them to us even though they were classified in our accompanying balance sheets as current, which was based on their convertibility.

	Notes Payable	Capital Lease Obligations
Remainder of 2016	$ 97	$ 209
2017	362	298
2018	521	251
2019	530	209
2020	711	101
2021 and thereafter	4,844	124
Unamortized amounts and interest, respectively	(546)	(92)
	$ 6,519	$ 1,100

Subsequent Event

On April 8, 2016, we initiated a syndication process with respect to a new term loan B credit facility (the "Term Loan B Credit Facility"). The new Term Loan B Credit Facility, subject to market conditions and other factors, is expected to be in the aggregate principal amount of $500 million, have a maturity of six years, be secured by a substantial portion of our assets and bear interest at a floating interest based on LIBOR plus an applicable margin. The closing of the Term Loan B Credit Facility is anticipated to be subject to, among other things, successful syndication, negotiation, execution and delivery of definitive loan documentation and various customary closing conditions. In connection with commencement of the Term Loan B Credit Facility syndication process, we indicated that we may also consider, subject to market conditions and other factors, the concurrent issuance of up to $1.00 billion in aggregate principal amount of senior secured notes.

Contingencies

We have accrued a liability and charged operations for the estimated costs of adjudication or settlement of various asserted and unasserted claims existing as of the applicable balance sheet dates, including those described below. We are currently a party to other legal actions arising from the normal course of business, none of which is expected to have a material adverse effect on our business, results of operations, or financial condition.

Patent Matters

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

On November 21, 2014, Elm 3DS Innovations, LLC ("Elm") filed a patent infringement action against Micron, Micron Semiconductor Products, Inc., and Micron Consumer Products Group, Inc. in the U.S. District Court for the District of Delaware. On March 27, 2015, Elm filed an amended complaint against the same entities. The amended complaint alleges that unspecified semiconductor products of ours that incorporate multiple stacked die infringe thirteen U.S. patents and seeks damages, attorneys' fees, and costs.

On December 15, 2014, Innovative Memory Solutions, Inc. filed a patent infringement action against us in the U.S. District Court for the District of Delaware. The complaint alleges that a variety of our NAND Flash products infringe eight U.S. patents and seeks damages, attorneys' fees, and costs.

Among other things, the above lawsuits pertain to certain of our DDR DRAM, DDR2 DRAM, DDR3 DRAM, DDR4 DRAM, SDR SDRAM, PSRAM, RLDRAM, LPDRAM, NAND Flash, and certain other memory products we manufacture, which account for a significant portion of our net sales.

We are unable to predict the outcome of assertions of infringement made against us and therefore cannot estimate the range of possible loss. A determination that our products or manufacturing processes infringe the intellectual property rights of others or entering into a license agreement covering such intellectual property could result in significant liability and/or require us to make material changes to our products and/or manufacturing processes. Any of the foregoing could have a material adverse effect on our business, results of operations, or financial condition.

Qimonda

On January 20, 2011, Dr. Michael Jaffé, administrator for Qimonda insolvency proceedings, filed suit against Micron and Micron Semiconductor B.V., our Netherlands subsidiary ("Micron B.V."), in the District Court of Munich, Civil Chamber. The complaint seeks to void under Section 133 of the German Insolvency Act a share purchase agreement between Micron B.V. and Qimonda signed in fall 2008 pursuant to which Micron B.V. purchased substantially all of Qimonda's shares of Inotera Memories, Inc. (the "Inotera Shares"), which represents approximately 55% of our total shares in Inotera as of March 3, 2016, and seeks an order requiring us to re-transfer those shares to the Qimonda estate. The complaint also seeks, among other things, to recover damages for the alleged value of the joint venture relationship with Inotera and to terminate under Sections 103 or 133 of the German Insolvency Code a patent cross-license between us and Qimonda entered into at the same time as the share purchase agreement.

Following a series of hearings with pleadings, arguments, and witnesses on behalf of the Qimonda estate, on March 13, 2014, the Court issued judgments: (1) ordering Micron B.V. to pay approximately $1 million in respect of certain Inotera shares sold in connection with the original share purchase; (2) ordering Micron B.V. to disclose certain information with respect to any Inotera Shares sold by it to third parties; (3) ordering Micron B.V. to disclose the benefits derived by it from ownership of the Inotera Shares, including in particular, any profits distributed on such shares and all other benefits; (4) denying Qimonda's claims against Micron for any damages relating to the joint venture relationship with Inotera; and (5) determining that Qimonda's obligations under the patent cross-license agreement are canceled. In addition, the Court issued interlocutory judgments ordering, among other things: (1) that Micron B.V. transfer to the Qimonda estate the Inotera Shares still owned by it and pay to the Qimonda estate compensation in an amount to be specified for any Inotera Shares sold to third parties; and (2) that Micron B.V. pay the Qimonda estate as compensation an amount to be specified for benefits derived by it from ownership of the Inotera Shares. The interlocutory judgments have no immediate, enforceable effect on us, and, accordingly, we expect to be able to continue to operate with full control of the Inotera Shares subject to further developments in the case. We have filed a notice of appeal, and the parties have submitted briefs to the appeals court.

We are unable to predict the outcome of the matter and therefore cannot estimate the range of possible loss. The final resolution of this lawsuit could result in the loss of the Inotera Shares or monetary damages, unspecified damages based on the benefits derived by Micron B.V. from the ownership of the Inotera Shares, and/or the termination of the patent cross-license, which could have a material adverse effect on our business, results of operation, or financial condition. As of March 3, 2016, the Inotera Shares had a carrying value in equity method investments of $667 million and a market value of $1.02 billion.

Other

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

Redeemable Convertible Notes

Under the terms of the indentures governing the 2033 Notes, upon conversion, we would be required to pay cash equal to the lesser amount of (1) the aggregate principal amount or (2) the conversion value of the notes being converted. To the extent the conversion value exceeds the principal amount, we could pay cash, shares of common stock, or a combination thereof, at our option, for the amount of such excess. The 2033 Notes were convertible at the option of the holders as of March 3, 2016 and September 3, 2015. Therefore, the 2033 Notes were classified as current debt and the aggregate difference between the principal amount and the carrying value of $39 million as of March 3, 2016 and $49 million as of September 3, 2015 was classified as redeemable convertible notes in the accompanying consolidated balance sheets. The closing price of our common stock did not meet or exceed the thresholds for the calendar quarter ended March 31, 2016; therefore, these notes are not convertible by the holders after March 31, 2016 until the conversion terms or thresholds are met or exceeded or another convertibility condition is met. (See "Debt" note.)

Equity

Micron Shareholders' Equity

Common Stock Repurchases: Our Board of Directors has authorized the discretionary repurchase of up to $1.25 billion of our outstanding common stock, which may be made in open market purchases, block trades, privately-negotiated transactions, or derivative transactions. Through the end of the second quarter of 2016, we had repurchased a total of 49 million shares for $956 million (including commissions) through open-market transactions pursuant to such authorization. During the first six months of 2016, we repurchased 7 million shares for $125 million (including commissions) through open-market transactions, which were recorded as treasury stock. Repurchases are subject to market conditions and our ongoing determination of the best use of available cash.

Issued and Outstanding Capped Calls: We have capped calls (with strike prices that range from $9.80 to $10.93 and cap prices that range from $14.26 to $16.04), which were intended to reduce the effect of potential dilution from our convertible notes. The capped calls provide for our receipt of cash or shares, at our election, from our counterparties if the trading price of our stock is above strike prices on various dates ranging from May 2016 to February 2020, the expiration dates of the capped calls. The amounts receivable vary based on the trading price of our stock, up to cap prices. As of March 3, 2016, the dollar value of the cash or shares that we would receive from the capped calls upon their expiration date ranges from $0 if the trading price of our stock is below the strike prices for all of the capped calls to $747 million if the trading price of our stock is at or above the cap price for all of the capped calls.

Expiration of Capped Calls: Our outstanding 2031 Capped Calls expired in the second quarter of 2016. We elected share settlement and received 2 million shares of our stock, equivalent to approximately $19 million based on the trading stock price at the time of expiration, which were recorded as treasury stock.

Accumulated Other Comprehensive Income (Loss): Changes in accumulated other comprehensive income (loss) by component for the six months ended March 3, 2016, were as follows:

	Cumulative Foreign Currency Translation Adjustments	Gains (Losses) on Derivative Instruments, Net	Gains (Losses) on Investments, Net	Pension Liability Adjustments	Total
Balance as of September 3, 2015	$ —	$ (5)	$ (3)	$ 21	$ 13
Other comprehensive income (loss) before reclassifications	(89)	1	(2)	(6)	(96)
Amount reclassified out of accumulated other comprehensive income (loss)	—	(2)	—	(1)	(3)
Tax effects	—	—	—	2	2
Other comprehensive income (loss)	(89)	(1)	(2)	(5)	(97)
Balance as of March 3, 2016	$ (89)	$ (6)	$ (5)	$ 16	$ (84)

Noncontrolling Interests in Subsidiaries

As of	March 3, 2016		September 3, 2015	
	Noncontrolling Interest Balance	Noncontrolling Interest Percentage	Noncontrolling Interest Balance	Noncontrolling Interest Percentage
IMFT[(1)]	$ 866	49%	$ 829	49%
MP Mask[(1)]	93	50%	93	50%
Other	16	Various	15	Various
	$ 975		$ 937	

[(1)] *Entity is a variable interest entity.*

IMFT: Since inception in 2006, we have owned 51% of IMFT, a joint venture between us and Intel to manufacture NAND Flash and 3D XPoint memory products for the exclusive use of the members. IMFT is governed by a Board of Managers, for which the number of managers appointed by each member varies based on the members' respective ownership interests. The IMFT joint venture agreement extends through 2024 and includes certain buy-sell rights. On January 5, 2016, we amended the IMFT joint venture agreement to change the dates of the buy-sell rights. Pursuant to the amendment, commencing in January 2016, Intel can put to us, and commencing in January 2019, we can call from Intel, Intel's interest in IMFT, in either case, for an amount equal to the noncontrolling interest balance attributable to Intel at such time. If Intel exercises its put right, we can elect to set the closing date of the transaction to be any time within two years following such election by Intel and can elect to receive financing of the purchase price from Intel for one to two years from the closing date.

IMFT manufactures memory products using designs and technology we develop with Intel. We generally share with Intel the costs of product design and process development activities for NAND Flash and 3D XPoint memory. Our R&D expenses were reduced by reimbursements from Intel of $53 million and $99 million for the second quarter and first six months of 2016, respectively, and $46 million and $100 million for the second quarter and first six months of 2015, respectively.

Our sales include Non-Trade Non-Volatile Memory, which primarily consists of products sold to Intel through our IMFT joint venture at long-term negotiated prices approximating cost. Non-Trade Non-Volatile sales were $126 million and $252 million for the second quarter and first six months of 2016, respectively, and were $112 million and $232 million for the second quarter and first six months of 2015, respectively.

The following table presents the assets and liabilities of IMFT included in our consolidated balance sheets:

As of	March 3, 2016	September 3, 2015
Assets		
Cash and equivalents	$ 160	$ 134
Receivables	82	79
Inventories	67	65
Other current assets	7	7
Total current assets	316	285
Property, plant, and equipment, net	1,744	1,768
Other noncurrent assets	48	49
Total assets	$ 2,108	$ 2,102
Liabilities		
Accounts payable and accrued expenses	$ 137	$ 182
Deferred income	9	9
Current debt	19	22
Total current liabilities	165	213
Long-term debt	41	49
Other noncurrent liabilities	95	100
Total liabilities	$ 301	$ 362

Amounts exclude intercompany balances that were eliminated in our consolidated balance sheets.

Creditors of IMFT have recourse only to IMFT's assets and do not have recourse to any other of our assets.

The following table presents IMFT's distributions to and contributions from its shareholders:

Six months ended	March 3, 2016	March 5, 2015
IMFT distributions to Micron	$ —	$ 6
IMFT distributions to Intel	—	6
Micron contributions to IMFT	38	21
Intel contributions to IMFT	37	20

MP Mask: In 2006, we formed a joint venture with Photronics to produce photomasks for leading-edge and advanced next generation semiconductors. In March 2015, we notified Photronics of our election to terminate MP Mask effective in May 2016. Upon termination, we have the right to acquire Photronics' interest in MP Mask for an amount equal to the noncontrolling interest balance. Since its inception, we and Photronics have each owned approximately 50% of MP Mask. We purchase a substantial majority of the photomasks produced by MP Mask pursuant to a supply arrangement.

The assets and liabilities of MP Mask included in our consolidated balance sheets were as follows:

As of	March 3, 2016	September 3, 2015
Current assets	$ 24	$ 21
Noncurrent assets (primarily property, plant, and equipment)	161	180
Current liabilities	6	21

Amounts exclude intercompany balances that were eliminated in our consolidated balance sheets.

Creditors of MP Mask have recourse only to MP Mask's assets and do not have recourse to any other of our assets.

Restrictions on Net Assets

As a result of the reorganization proceedings of the MMJ Companies initiated in March 2012, and for so long as such proceedings continue, the MMJ Group is subject to certain restrictions on dividends, loans, and advances. In addition, our ability to access IMFT's cash and other assets through dividends, loans, or advances, including to finance our other operations, is subject to agreement by Intel. As a result, our total restricted net assets (net assets less intercompany balances and noncontrolling interests) as of March 3, 2016 were $3.07 billion for the MMJ Group and $940 million for IMFT, which included cash and equivalents of $903 million for the MMJ Group and $160 million for IMFT.

As of March 3, 2016, our retained earnings included undistributed earnings from our equity method investees of $296 million.

Fair Value Measurements

Accounting standards establish three levels of inputs that may be used to measure fair value: quoted prices in active markets for identical assets or liabilities (referred to as Level 1), inputs other than Level 1 that are observable for the asset or liability either directly or indirectly (referred to as Level 2), and unobservable inputs to the valuation methodology that are significant to the measurement of fair value of assets or liabilities (referred to as Level 3).

All of our marketable debt and equity investments (excluding equity method investments) were classified as available-for-sale and carried at fair value. In addition to the fair value measurements disclosed in "Cash and Investments" as of March 3, 2016 and September 3, 2015, we had certificates of deposit classified as restricted cash (included in other noncurrent assets) of $42 million and $45 million, respectively, valued using Level 2 fair value measurements.

In connection with our repurchases of debt in the first quarter of 2016, we determined the fair value of the debt components of our convertible notes as if they were stand-alone instruments, using interest rates for similar nonconvertible debt issued by entities with credit ratings comparable to ours (Level 2).

Amounts reported as cash and equivalents, receivables, and accounts payable and accrued expenses approximate fair value. The estimated fair value and carrying value of debt instruments (carrying value excludes the equity and mezzanine equity components of our convertible notes) were as follows:

As of	March 3, 2016		September 3, 2015	
	Fair Value	Carrying Value	Fair Value	Carrying Value
Notes and MMJ creditor installment payments	$ 4,751	$ 5,084	$ 5,020	$ 5,077
Convertible notes	1,899	1,435	2,508	1,472

The fair values of our convertible notes were determined based on inputs that were observable in the market or that could be derived from, or corroborated with, observable market data, including the trading price of our convertible notes when available, our stock price, and interest rates based on similar debt issued by parties with credit ratings similar to ours (Level 2). The fair value of our other debt instruments was estimated based on discounted cash flows using inputs that were observable in the market or that could be derived from, or corroborated with, observable market data, including the trading price of our notes, when available, and interest rates based on similar debt issued by parties with credit ratings similar to ours (Level 2).

Derivative Instruments

We use derivative instruments to manage a portion of our exposure to changes in currency exchange rates from our monetary assets and liabilities denominated in currencies other than the U.S. dollar. We have also had convertible note settlement obligations which were accounted for as derivative instruments as a result of our elections to settle conversions in cash. We do not use derivative instruments for speculative purpose.

Derivative Instruments without Hedge Accounting Designation

Currency Derivatives: To hedge our exposures of monetary assets and liabilities to changes in currency exchange rates, we generally utilize a rolling hedge strategy with currency forward contracts that mature within 35 days. At the end of each reporting period, monetary assets and liabilities denominated in currencies other than the U.S. dollar are remeasured in U.S. dollars and the associated outstanding forward contracts are marked-to-market. Currency forward contracts are valued at fair values based on the middle of bid and ask prices of dealers or exchange quotations (Level 2 fair value measurements). To mitigate the risk of the yen strengthening against the U.S. dollar on the MMJ creditor installment payments due in December 2014 and December 2015, we entered into forward contracts to purchase 20 billion yen on November 28, 2014 and 10 billion yen on November 27, 2015. In the first quarters of 2016 and 2015, we paid $21 million and $33 million, respectively, upon settlement of the forward contracts.

The following summarizes our derivative instruments without hedge accounting designation, which consisted of forward contracts to purchase the noted currencies as a hedge of our net position in monetary assets:

		Fair Value of	
	Notional Amount (in U.S. dollars)	Current Assets[1]	Current Liabilities[2]
As of March 3, 2016			
Yen	$ 1,241	$ 3	$ —
Singapore dollar	244	1	—
New Taiwan dollar	88	—	—
Other	93	—	(1)
	$ 1,666	$ 4	$ (1)
As of September 3, 2015			
Yen	$ 928	$ —	$ (24)
Singapore dollar	282	—	—
New Taiwan dollar	89	—	—
Other	107	1	—
	$ 1,406	$ 1	$ (24)

(1) *Included in receivables – other.*
(2) *Included in accounts payable and accrued expenses – other.*

Realized and unrealized gains and losses on currency derivatives without hedge accounting designation as well as the change in the underlying monetary assets and liabilities due to changes in currency exchange rates are included in other non-operating income (expense), net. Net gains (losses) for derivative instruments without hedge accounting designation were as follows:

	Quarter ended		Six months ended	
	March 3, 2016	March 5, 2015	March 3, 2016	March 5, 2015
Foreign exchange contracts	$ 92	$ (15)	$ 71	$ (73)
Convertible notes settlement obligations	—	—	—	6

Derivative Instruments with Cash Flow Hedge Accounting Designation

Currency Derivatives: We utilize currency forward contracts that generally mature within 12 months to hedge our exposure to changes in cash flows from changes in currency exchange rates for certain capital expenditures. Currency forward contracts are measured at fair value based on market-based observable inputs including currency exchange spot and forward rates, interest rate, and credit risk spread (Level 2 fair value measurements).

For derivative instruments designated as cash flow hedges, the effective portion of the realized and unrealized gain or loss on the derivatives is included as a component of accumulated other comprehensive income (loss). Amounts in accumulated other comprehensive income (loss) are reclassified into earnings in the same line items of the consolidated statements of operations and in the same periods in which the underlying transactions affect earnings. The ineffective or excluded portion of the realized and unrealized gain or loss is included in other non-operating income (expense), net. Total notional amounts and gross fair values for derivative instruments with cash flow hedge accounting designation were as follows:

		Fair Value of	
	Notional Amount (in U.S. Dollars)	Current Assets[1]	Current Liabilities[2]
As of March 3, 2016			
Euro	$ 110	$ —	$ (2)
Yen	86	3	—
	$ 196	$ 3	$ (2)
As of September 3, 2015			
Euro	$ 12	$ —	$ —
Yen	81	3	—
	$ 93	$ 3	$ —

(1) *Included in receivables – other.*
(2) *Included in accounts payable and accrued expenses – other.*

We recognized gains from the effective portion of cash flow hedges in accumulated other comprehensive income (loss) of $5 million and $1 million for the second quarter and first six months of 2016, respectively, and losses of $15 million in the first six months of 2015. The ineffective and excluded portions of cash flow hedges recognized in other non-operating income (expense) were not significant in the second quarters and first six months of 2016 and 2015. We reclassified gains from accumulated other comprehensive income (loss) to earnings of $1 million and $2 million for the second quarter and first six months of 2016, respectively, and $2 million and $4 million for the second quarter and first six months of 2015, respectively.

Equity Plans

As of March 3, 2016, our equity plans permit us to issue an aggregate of up to 153 million shares of common stock, of which 87 million shares were available for future awards.

Stock Options

Stock options granted and assumptions used in the Black-Scholes option valuation model were as follows:

	Quarter ended		Six months ended	
	March 3, 2016	March 5, 2015	March 3, 2016	March 5, 2015
Stock options granted	5	7	7	8
Weighted-average grant-date fair value per share	$ 6.59	$ 15.34	$ 7.01	$ 14.96
Average expected life in years	5.5	5.6	5.5	5.6
Weighted-average expected volatility	47%	44%	47%	45%
Weighted-average risk-free interest rate	1.7%	1.7%	1.7%	1.7%

The expected volatilities utilized were based on implied volatilities from traded options on our stock and on our historical volatility. The expected lives of options granted were based, in part, on historical experience and on the terms and conditions of the options. The risk-free interest rates utilized were based on the U.S. Treasury yield in effect at each grant date. No dividends were assumed in estimated option values.

Restricted Stock and Restricted Stock Units ("Restricted Stock Awards")

As of March 3, 2016, there were 19 million shares of Restricted Stock Awards outstanding, of which 2 million were performance-based or market-based Restricted Stock Awards. For service-based Restricted Stock Awards, restrictions generally lapse in one-fourth increments during each year of employment after the grant date. Vesting for performance-based awards is contingent upon meeting a specified return on assets ("ROA"), as defined, over a three-year performance period and vesting for market-based Restricted Stock Awards is contingent upon achieving total shareholder return ("TSR") relative to the companies included in the S&P 500 over a three-year performance period. At the end of the performance period, the number of actual shares to be awarded varies between 0% and 200% of target amounts, depending upon the achievement level of the specified ROA or TSR. Restricted Stock Awards activity was as follows:

	Quarter ended		Six months ended	
	March 3, 2016	March 5, 2015	March 3, 2016	March 5, 2015
Restricted stock awards granted	6	4	9	6
Weighted-average grant-date fair value per share	$ 14.71	$ 35.85	$ 15.84	$ 34.33

Stock-based Compensation Expense

As of March 3, 2016, $458 million of total unrecognized compensation costs for unvested awards, net of estimated forfeitures, was expected to be recognized through the second quarter of 2020, resulting in a weighted-average period of 1.3 years. Stock-based compensation expense in the below presentation does not reflect any significant income tax benefits, which is consistent with our treatment of income or loss from our U.S. operations:

	Quarter ended		Six months ended	
	March 3, 2016	March 5, 2015	March 3, 2016	March 5, 2015
Stock-based compensation expense by caption				
Cost of goods sold	$ 21	$ 19	$ 38	$ 31
Selling, general, and administrative	19	18	37	33
Research and development	15	12	26	20
	$ 55	$ 49	$ 101	$ 84
Stock-based compensation expense by type of award				
Stock options	$ 22	$ 23	$ 42	$ 41
Restricted stock awards	33	26	59	43
	$ 55	$ 49	$ 101	$ 84

Other Operating (Income) Expense, Net

	Quarter ended		Six months ended	
	March 3, 2016	March 5, 2015	March 3, 2016	March 5, 2015
Restructure and asset impairments	$ 1	$ 1	$ 16	$ 2
(Gain) loss on disposition of property, plant, and equipment	3	(4)	5	(10)
Other	2	(13)	2	(24)
	$ 6	$ (16)	$ 23	$ (32)

In the first quarter of 2016, we recorded $9 million of charges for the restructure of manufacturing activities in Agrate, Italy and $5 million of severance benefits and equipment-related retirement and impairment costs to close our module assembly and test facility in Aguadilla, Puerto Rico. As of March 3, 2016, we do not anticipate incurring significant additional costs for these restructure activities.

Other Non-Operating Income (Expense), Net

	Quarter ended		Six months ended	
	March 3, 2016	March 5, 2015	March 3, 2016	March 5, 2015
Gain (loss) from changes in currency exchange rates	$ (5)	$ (6)	$ (8)	$ (27)
Loss on restructure of debt	—	—	(1)	(30)
Other	(1)	—	(1)	2
	$ (6)	$ (6)	$ (10)	$ (55)

Income Taxes

Income taxes included $10 million and $32 million for the second quarter and first six months of 2016, respectively, and $33 million and $71 million for the second quarter and first six months of 2015, respectively, related to changes in amounts of net deferred tax assets associated with MMJ and MMT. Income taxes for the first quarter of 2016 also included a benefit of $41 million related to a U.S. valuation allowance release resulting from the acquisition of Tidal Systems, Ltd. Remaining taxes for the second quarters and first six months of 2016 and 2015 primarily reflect taxes on our non-U.S. operations.

We have a full valuation allowance for our net deferred tax asset associated with our U.S. operations. Management continues to evaluate future projected financial performance to determine whether such performance is sufficient evidence to support a reduction in or reversal of the valuation allowance. The amount of the deferred tax asset considered realizable could be adjusted if sufficient positive evidence exists. Income taxes on U.S. operations in the second quarters and first six months of 2016 and 2015 were substantially offset by changes in the valuation allowance.

The resolution of tax audits or lapses of statute of limitations could reduce our unrecognized tax benefits. Although the timing of final resolution is uncertain, the estimated potential reduction in our unrecognized tax benefits in the next 12 months ranges from $0 to $62 million, including interest and penalties.

We operate in tax jurisdictions, including Singapore and Taiwan, where our earnings are indefinitely reinvested and are taxed at lower effective tax rates than the U.S. statutory rate. We operate in a number of locations outside the U.S., including Singapore and, to a lesser extent, Taiwan, where we have tax incentive arrangements that are conditional, in part, upon meeting certain business operations and employment thresholds. The effect of tax incentive arrangements, which expire in whole or in part at various dates through 2030, were not significant to our tax provision for the second quarter or the first six months of 2016. These arrangements reduced our tax provision for the second quarter and first six months of 2015 by $97 million (benefitting our diluted earnings per share by $0.08), and $237 million ($0.20 per diluted share), respectively.

Earnings Per Share

	Quarter ended		Six months ended	
	March 3, 2016	March 5, 2015	March 3, 2016	March 5, 2015
Net income (loss) available to Micron shareholders – Basic	$ (97)	$ 934	$ 109	$ 1,937
Dilutive effect related to equity method investment	—	(2)	—	(3)
Net income (loss) available to Micron shareholders – Diluted	$ (97)	$ 932	$ 109	$ 1,934
Weighted-average common shares outstanding – Basic	1,036	1,074	1,035	1,072
Dilutive effect of equity plans and convertible notes	—	116	37	121
Weighted-average common shares outstanding – Diluted	1,036	1,190	1,072	1,193
Earnings (loss) per share				
Basic	$ (0.09)	$ 0.87	$ 0.11	$ 1.81
Diluted	(0.09)	0.78	0.10	1.62

Antidilutive potential common shares that could dilute basic earnings per share in the future were 185 million and 72 million for the second quarter and first six months of 2016, respectively, and 18 million and 14 million for the second quarter and first six months of 2015, respectively.

Segment Information

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

Compute and Networking Business Unit ("CNBU"): Includes memory products sold into compute, networking, graphics, and cloud server markets.
Storage Business Unit ("SBU"): Includes memory products sold into enterprise, client, cloud, and removable storage markets. SBU also includes products sold to Intel through our IMFT joint venture.
Mobile Business Unit ("MBU"): Includes memory products sold into smartphone, tablet, and other mobile-device markets.
Embedded Business Unit ("EBU"): Includes memory products sold into automotive, industrial, connected home, and consumer electronics markets.

Certain operating expenses directly associated with the activities of a specific segment are charged to that segment. Other indirect operating expenses (income) are generally allocated to segments based on their respective percentage of cost of goods sold or forecasted wafer production.

We do not identify or report internally our assets or capital expenditures by segment, nor do we allocate gains and losses from equity method investments, interest, other non-operating income or expense items, or taxes to segments. There are no differences in the accounting policies for segment reporting and our consolidated results of operations.

	Quarter ended		Six months ended	
	March 3, 2016	**March 5, 2015**	**March 3, 2016**	**March 5, 2015**
Net sales				
CNBU	$ 1,053	$ 1,822	$ 2,192	$ 3,910
SBU	901	954	1,785	1,938
MBU	503	856	1,337	1,796
EBU	460	502	939	1,041
All Other	17	32	31	54
	$ 2,934	$ 4,166	$ 6,284	$ 8,739
Operating income (loss)				
CNBU	$ (56)	$ 493	$ (42)	$ 1,116
SBU	(18)	(36)	(51)	(10)
MBU	(21)	262	114	568
EBU	87	115	200	233
All Other	3	21	6	33
	$ (5)	$ 855	$ 227	$ 1,940

Certain Concentrations

Customer concentrations included net sales to Intel of 13% for the first six months of 2016.

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

The following discussion contains trend information and other forward-looking statements that involve a number of risks and uncertainties. Forward-looking statements include, but are not limited to, statements such as those made in "Overview" regarding timing of our acquisition of the remaining shares of Inotera; "Results of Operations" regarding the expansion of memory demand across smartphone categories and growth in MBU in the fourth quarter of 2016 and regarding future costs of restructure activities; "Liquidity and Capital Resources" regarding our pursuit of additional financing and debt restructuring including expected funding of the Inotera acquisition, regarding the sufficiency of our cash and investments, cash flows from operations, and available financing to meet our requirements for at least the next 12 months, regarding capital spending in 2016, and regarding the timing of payments for certain contractual obligations; and in "Recently Issued Accounting Standards" regarding the impact of adopting new standards. Our actual results could differ materially from our historical results and those discussed in the forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to, those identified in "Part II Other Information – Item 1A. Risk Factors." This discussion should be read in conjunction with the consolidated financial statements and accompanying notes for the year ended September 3, 2015. All period references are to our fiscal periods unless otherwise indicated. Our fiscal year is the 52 or 53-week period ending on the Thursday closest to August 31. Our fiscal 2016 contains 52 weeks and the second and first quarters of fiscal 2016 contained 13 weeks. Our fiscal 2015 contained 53 weeks and the second and first quarters contained 13 and 14 weeks, respectively. All production data includes the production of IMFT and Inotera. All tabular dollar amounts are in millions except per share amounts.

Our Management's Discussion and Analysis ("MD&A") is provided in addition to the accompanying consolidated financial statements and notes to assist readers in understanding our results of operations, financial condition, and cash flows. MD&A is organized as follows:

- ***Overview:*** Overview of our operations, business, and highlights of key events.
- ***Results of Operations:*** An analysis of our financial results consisting of the following:
  - Consolidated results;
  - Operating results by business segment;
  - Operating results by product; and
  - Operating expenses and other.
- ***Liquidity and Capital Resources:*** An analysis of changes in our balance sheet and cash flows and discussion of our financial condition and potential sources of liquidity.
- ***Recently Adopted and Issued Accounting Standards***

Overview

We are a global leader in advanced semiconductor systems. Our broad portfolio of high-performance memory technologies, including DRAM, NAND Flash, and NOR Flash, is the basis for solid-state drives, modules, multi-chip packages, and other system solutions. Our memory solutions enable the world's most innovative computing, consumer, enterprise storage, networking, mobile, embedded, and automotive applications. We market our products through our internal sales force, independent sales representatives, and distributors, primarily to OEMs and retailers located around the world. Our success is largely dependent on the market acceptance of our diversified portfolio of semiconductor products, efficient utilization of our manufacturing infrastructure, successful ongoing development of advanced product and process technologies, and generating a return on R&D investments.

We obtain products for sale to our customers from our wholly-owned manufacturing facilities and our joint ventures. In recent years, we have increased our manufacturing scale and product diversity through strategic acquisitions and various partnering arrangements.

We make significant investments to develop the proprietary product and process technologies that are implemented in our worldwide manufacturing facilities and our joint ventures. These investments enable our production of semiconductor products with increasing functionality and performance at lower costs. We generally reduce the manufacturing cost of each generation of product through advancements in product and process technologies, such as our leading-edge line-width process technology. We continue to introduce new generations of products that offer improved performance characteristics, such as higher data transfer rates, reduced package size, lower power consumption, improved read/write reliability, and increased memory density. To leverage our significant investments in R&D, we have formed, and may continue to form, strategic joint ventures that allow us to share the costs of developing memory product and process technologies with joint venture partners. In addition, from time to time, we also sell and/or license technology to other parties. We continue to pursue additional opportunities to monetize our investment in intellectual property through partnering and other arrangements.

Pending Acquisition of Inotera

In the second quarter of 2016, we entered into agreements to acquire the remaining interest in Inotera for 30 New Taiwan dollars per share in cash (or the equivalent of approximately $0.91 per share, assuming 33.1 New Taiwan dollars per U.S. dollar, the exchange rate as of March 3, 2016). As of March 3, 2016, we held a 33% ownership interest in Inotera, Nanya and certain of its affiliates held a 32% ownership interest, and the remaining ownership interest in Inotera was publicly held. Based on the exchange rate as of March 3, 2016, we estimate the aggregate consideration payable for the 67% of Inotera shares not owned by us would be approximately $4.0 billion.

On March 29, 2016, the transaction was approved by the shareholders of Inotera, including Nanya and certain of Nanya's affiliates (which held approximately 32% of Inotera's shares and provided such approval pursuant to voting and support agreements entered into in the second quarter of 2016). Consummation of the acquisition of Inotera is subject to various conditions, including regulatory approvals and the consummation of debt financing. We currently anticipate completing the Inotera transaction during the fourth quarter of 2016.

In the second quarter of 2016, we also entered into an agreement with Nanya pursuant to which we have the option to issue shares of our common stock to Nanya in an amount of up to 31.5 billion New Taiwan dollars (or the equivalent of approximately $950 million, assuming 33.1 New Taiwan dollars per U.S. dollar) (the "Private Placement"), to fund a portion of the consideration for the transaction. We are currently in discussions about potential changes to the Private Placement commitment, including the possibility of substituting up to $500 million of unsecured notes (including convertible notes) for the corresponding portion of the shares of our common stock that may be purchased pursuant to the Private Placement. (See "Item 1. Financial Information – Notes to Consolidated Financial Statements – Pending Acquisition of Inotera.")

Technology Transfer and License Agreement with Nanya

In the second quarter of 2016, we entered into technology transfer and license agreements pursuant to which Nanya has the option to require us to transfer to Nanya certain technology and deliverables related to the 1X Process Node and the next DRAM process node generation after the 1X Process Node for Nanya's use. Under the terms of the agreements, Nanya would pay royalties to us for a license to the transferred technology based on revenues from products implementing the technology, subject to an agreed cap, and we would also receive an equity interest in Nanya upon the achievement of certain milestones.

Business Segments

We have the following four business units, which are our reportable segments:

Compute and Networking Business Unit ("CNBU"): Includes memory products sold into compute, networking, graphics, and cloud server markets.
Storage Business Unit ("SBU"): Includes memory products sold into enterprise, client, cloud, and removable storage markets. SBU also includes products sold to Intel through our IMFT joint venture.
Mobile Business Unit ("MBU"): Includes memory products sold into smartphone, tablet, and other mobile-device markets.
Embedded Business Unit ("EBU"): Includes memory products sold into automotive, industrial, connected home, and consumer electronics markets.

Results of Operations

Consolidated Results

	Second Quarter				First Quarter		Six Months			
	2016	% of Net Sales	2015	% of Net Sales	2016	% of Net Sales	2016	% of Net Sales	2015	% of Net Sales
Net sales	$ 2,934	100 %	$ 4,166	100 %	$ 3,350	100 %	$ 6,284	100 %	$ 8,739	100 %
Cost of goods sold	2,355	80 %	2,761	66 %	2,501	75 %	4,856	77 %	5,696	65 %
Gross margin	579	20 %	1,405	34 %	849	25 %	1,428	23 %	3,043	35 %
SG&A	175	6 %	187	4 %	179	5 %	354	6 %	380	4 %
R&D	403	14 %	379	9 %	421	13 %	824	13 %	755	9 %
Other operating (income) expense, net	6	— %	(16)	— %	17	1 %	23	— %	(32)	— %
Operating income (loss)	(5)	— %	855	21 %	232	7 %	227	4 %	1,940	22 %
Interest income (expense), net	(85)	(3)%	(75)	(2)%	(85)	(3)%	(170)	(3)%	(158)	(2)%
Other non-operating income (expense), net	(6)	— %	(6)	— %	(4)	— %	(10)	— %	(55)	(1)%
Income tax (provision) benefit	(5)	— %	(47)	(1)%	4	— %	(1)	— %	(122)	(1)%
Equity in net income of equity method investees	5	— %	208	5 %	59	2 %	64	1 %	332	4 %
Net (income) loss attributable to noncontrolling interests	(1)	— %	(1)	— %	—	— %	(1)	— %	—	— %
Net income (loss) attributable to Micron	$ (97)	(3)%	$ 934	22 %	$ 206	6 %	$ 109	2 %	$ 1,937	22 %

Net Sales

	Second Quarter				First Quarter		Six Months			
	2016	% of Total	2015	% of Total	2016	% of Total	2016	% of Total	2015	% of Total
CNBU	$ 1,053	36%	$ 1,822	44%	$ 1,139	34%	$ 2,192	35%	$ 3,910	45%
SBU	901	31%	954	23%	884	26%	1,785	28%	1,938	22%
MBU	503	17%	856	21%	834	25%	1,337	21%	1,796	21%
EBU	460	16%	502	12%	479	14%	939	15%	1,041	12%
All Other	17	1%	32	1%	14	—%	31	—%	54	1%
	$ 2,934		$ 4,166		$ 3,350		$ 6,284		$ 8,739	

Percentages reflect rounding and may not total 100%.

Total net sales for the second quarter of 2016 decreased 12% as compared to the first quarter of 2016 primarily due to lower MBU and CNBU sales as a result of declines in DRAM average selling prices and decreases in mobile DRAM gigabit sales volumes. SBU sales for the second quarter of 2016 increased as compared to the first quarter of 2016 primarily due to higher gigabit sales volumes partially offset by declines in average selling prices.

Total net sales for the second quarter and first six months of 2016 decreased 30% and 28%, respectively, as compared to the corresponding periods of 2015 primarily due to lower CNBU and MBU sales as a result of decreases in DRAM average selling prices and lower gigabit sales volumes. SBU and EBU sales for the second quarter and first six months of 2016 also decreased as compared to the corresponding periods of 2015 primarily due to declines in average selling prices partially offset by increases in gigabit sales volumes.

Gross Margin

Our overall gross margin percentage declined to 20% for the second quarter of 2016 from 25% for the first quarter of 2016 primarily due to declines in average selling prices partially offset by manufacturing cost reductions for Trade Non-Volatile Memory products. MBU, CNBU, and EBU experienced declines in gross margin percentage for the second quarter of 2016 as compared to the first quarter of 2016 as declines in average selling prices outpaced manufacturing cost reductions.

From January 2013 through December 2015, we purchased all of Inotera's DRAM output under a supply agreement at prices reflecting discounts from market prices for our comparable components. Effective beginning on January 1, 2016, the price for DRAM products sold to us is based on a formula that equally shares margin between Inotera and us. We purchased $326 million, $379 million, and $628 million of DRAM products from Inotera in the second quarter of 2016, first quarter of 2016, and second quarter of 2015, respectively. Due to declines in average selling prices, our per gigabit cost of products purchased from Inotera have decreased significantly throughout 2015 and the first six months of 2016 such that, for the second quarter of 2016, our costs for Inotera products approximated our cost for similar products manufactured in our wholly-owned facilities. In 2015 and the first quarter of 2016, our cost for Inotera products was higher than our cost for similar products manufactured in our wholly-owned facilities. The supply agreement with Inotera (as extended in December 2015) has an initial three-year term, which commenced on January 1, 2016, followed by a three-year wind-down period. Upon termination of the initial three-year term, the share of Inotera's capacity we would purchase would decline over the wind-down period.

Our overall gross margin percentage declined to 20% for the second quarter of 2016 from 34% for the second quarter of 2015 as a result of declines in the gross margin percentage for CNBU, MBU, and EBU, primarily due to declines in average selling prices, partially offset by manufacturing cost reductions. Our overall gross margin percentage declined to 23% for the first six months of 2016 from 35% for the first six months of 2015 as a result of declines in the gross margin percentage for CNBU, MBU, and EBU, primarily due to declines in average selling prices, partially offset by manufacturing cost reductions.

Operating Results by Business Segments

CNBU

	Second Quarter		First Quarter	Six Months	
	2016	2015	2016	2016	2015
Net sales	$ 1,053	$ 1,822	$ 1,139	$ 2,192	$ 3,910
Operating income (loss)	(56)	493	14	(42)	1,116

CNBU sales and operating results are significantly impacted by average selling prices, gigabit sales volumes, and cost per gigabit of our DRAM products. (See "Operating Results by Product – DRAM" for further detail.) CNBU sales for the second quarter of 2016 decreased 8% as compared to the first quarter of 2016 primarily due to declines in average selling prices as a result of continued weakness in the PC sector. CNBU operating margin for the second quarter of 2016 declined from the first quarter of 2016 as decreases in average selling prices outpaced manufacturing cost reductions.

CNBU sales for the second quarter and first six months of 2016 decreased 42% and 44%, respectively, as compared to the corresponding periods of 2015 primarily due to declines in average selling prices and gigabits sold as a result of continued weakness in the PC sector. CNBU operating margin for the second quarter and first six months of 2016 declined from the corresponding periods of 2015 as decreases in average selling prices outpaced manufacturing cost reductions.

SBU

	Second Quarter		First Quarter	Six Months	
	2016	2015	2016	2016	2015
Net sales	$ 901	$ 954	$ 884	$ 1,785	$ 1,938
Operating loss	(18)	(36)	(33)	(51)	(10)

SBU sales and operating results are significantly impacted by average selling prices, gigabit sales volumes, and cost per gigabit of our NAND Flash products. (See "Operating Results by Product – Trade Non-Volatile Memory" for further details.) SBU sales for the second quarter of 2016 increased 2% from the first quarter of 2016 primarily due to increases in gigabits sold partially offset by declines in average selling prices. SBU sales include Non-Trade Non-Volatile Memory, which primarily consists of products sold to Intel through our IMFT joint venture at long-term negotiated prices approximating cost. Non-Trade Non-Volatile sales were $126 million, $126 million, and $112 million for the second quarter of 2016, first quarter of 2016, and second quarter of 2015, respectively. Trade Non-Volatile Memory includes NAND Flash and 3D XPoint memory sold to OEMs, resellers, retailers, and other customers (including Intel).

SBU sales of NAND Flash products to trade customers for the second quarter of 2016 increased 1% as compared to the first quarter of 2016 primarily due to increases in gigabits sold partially offset by declines in average selling prices. Increases in gigabits sold for the second quarter of 2016 as compared to the first quarter of 2016 were primarily due to higher manufacturing output. SBU operating margin for the second quarter of 2016 improved from first quarter of 2016 primarily due to a reduction in R&D costs due to a lower volume of development wafers processed.

SBU sales of NAND Flash products to trade customers for the second quarter and first six months of 2016 decreased 9% and 11%, respectively, from the corresponding periods of 2015 primarily due to declines in average selling prices partially offset by increases in gigabit sales volumes. SBU operating margin for the second quarter of 2016 improved from the second quarter of 2015 as manufacturing cost reductions outpaced declines in average selling prices. SBU operating margin for the first six months of 2016 declined from the first six months of 2015 primarily due to the decline in net sales and increased R&D costs in connection with increased spending on controllers, firmware, and engineering for SSDs and managed NAND Flash products.

MBU

	Second Quarter		First Quarter	Six Months	
	2016	2015	2016	2016	2015
Net sales	$ 503	$ 856	$ 834	$ 1,337	$ 1,796
Operating income (loss)	(21)	262	135	114	568

In 2016 and 2015, MBU sales were comprised primarily of DRAM and NAND Flash, with mobile DRAM products accounting for a significant majority of the sales. MBU sales for the second quarter of 2016 decreased 40% as compared to the first quarter of 2016 primarily due to decreases in gigabits sold and declines in average selling prices. Gigabits sold for the second quarter of 2016 were adversely impacted by the timing of product qualifications for our 20nm mobile DDR4 DRAM products. We expect to finalize our 20nm mobile DDR4 DRAM qualifications with most of our customers in the third quarter of 2016. We also expect memory demand across smartphone categories will continue to expand, positioning MBU for substantial growth in the fourth quarter of 2016. MBU operating margin for the second quarter of 2016 declined as compared to the first quarter of 2016 primarily due to the decreases in gigabits sold and average selling prices.

MBU sales for the second quarter and first six months of 2016 decreased 41% and 26%, respectively, as compared to the corresponding periods of 2015 primarily due to declines in average selling prices and gigabits sold for mobile DRAM products. MBU operating margin for the second quarter and first six months of 2016 declined from the corresponding periods of 2015 primarily due to declines in average selling prices and increases in R&D costs from a higher volume of development wafers processed, partially offset by manufacturing cost reductions.

EBU

	Second Quarter		First Quarter	Six Months	
	2016	2015	2016	2016	2015
Net sales	$ 460	$ 502	$ 479	$ 939	$ 1,041
Operating income	87	115	113	200	233

In 2016 and 2015, EBU sales were comprised of DRAM, NAND Flash, and NOR Flash in decreasing order of revenue. EBU sales for the second quarter of 2016 decreased 4% from the first quarter of 2016 primarily due to declines in average selling prices for DRAM and NAND Flash products, which were partially offset by higher sales volumes. EBU operating income for the second quarter of 2016 decreased as compared to the first quarter of 2016 as declines in average selling prices outpaced manufacturing cost reductions.

EBU sales for the second quarter and first six months of 2016 decreased 8% and 10%, respectively, as compared to the corresponding periods of 2015 primarily due to declines in average selling prices for DRAM and NAND Flash products, which were partially offset by higher sales volumes. EBU operating income for the second quarter and first six months of 2016 declined as compared to the corresponding periods of 2015 as declines in average selling prices outpaced manufacturing cost reductions.

Operating Results by Product

Net Sales by Product

	Second Quarter				First Quarter		Six Months			
	2016	% of total net sales	2015	% of total net sales	2016	% of total net sales	2016	% of total net sales	2015	% of total net sales
DRAM	$ 1,588	54%	$ 2,697	65%	$ 1,945	58%	$ 3,533	56%	$ 5,807	66%
Non-Volatile Memory										
Trade	1,074	37%	1,213	29%	1,143	34%	2,217	35%	2,396	27%
Non-Trade	126	4%	112	3%	126	4%	252	4%	232	3%
Other	146	5%	144	3%	136	4%	282	4%	304	3%
	$ 2,934		$ 4,166		$ 3,350		$ 6,284		$ 8,739	

Percentages reflect rounding and may not total 100%.

Trade Non-Volatile Memory includes NAND Flash and 3D XPoint memory. Non-Trade Non-Volatile Memory primarily consists of Non-Volatile Memory products manufactured and sold to Intel through IMFT at long-term negotiated prices approximating cost. Information regarding our MCP products, which combine both NAND Flash and DRAM components, is reported within Trade Non-Volatile Memory. Sales of NOR Flash products are included in Other.

DRAM

	Second Quarter 2016 Versus		First Six Months 2016 Versus
	First Quarter 2016	Second Quarter 2015	First Six Months 2015
	(percentage change from period indicated)		
Net sales	(18)%	(41)%	(39)%
Average selling prices per gigabit	(10)%	(35)%	(33)%
Gigabits sold	(9)%	(9)%	(9)%
Cost per gigabit	1 %	(12)%	(14)%

The decrease in gigabits sold and increase in cost per gigabit for the second quarter of 2016 as compared to the first quarter of 2016 was primarily due to decreases in gigabit production as a result of our continued preparation of fabrication facilities for production of the next technology node, which constrained output. Gigabits sold for the second quarter of 2016 as compared to the first quarter of 2016 were also adversely impacted by lower sales of mobile DRAM due to the timing of product qualifications for our mobile DDR4 DRAM products. The decrease in gigabits sold for the second quarter and first six months of 2016 as compared to the corresponding periods of 2015 was primarily due to our continued preparation of fabrication facilities for production of the next technology node, and a shift to a higher mix of DDR4 products, which have larger die sizes and fewer bits per wafer.

DRAM products purchased from Inotera accounted for 29% of our aggregate DRAM gigabit production for the second quarter of 2016 as compared to 29% for the first quarter of 2016 and 35% for the second quarter of 2015. Due to declines in average selling prices, our per gigabit cost of products purchased from Inotera have decreased significantly throughout 2015 and the first six months of 2016 such that, for the second quarter of 2016, our costs for Inotera products approximated our cost for similar products manufactured in our wholly-owned facilities. In 2015 and the first quarter of 2016, our cost of for Inotera products was higher than our cost for similar products manufactured in our wholly-owned facilities.

Our gross margin percentage on sales of DRAM products for the second quarter of 2016 declined from the first quarter of 2016 due primarily to declines in average selling prices. Our gross margin percentage for the second quarter and first six months of 2016 declined as compared to the corresponding periods of 2015 as decreases in average selling prices outpaced manufacturing cost reductions. Manufacturing cost reductions for the second quarter and first six months of 2016 as compared to the corresponding periods of 2015 primarily reflected lower costs for product purchased from Inotera and improvements in product and process technologies.

Trade Non-Volatile Memory

	Second Quarter 2016 Versus		First Six Months 2016 Versus
	First Quarter 2016	**Second Quarter 2015**	**First Six Months 2015**
	(percentage change from period indicated)		
Sales to trade customers			
Net sales	(6)%	(11)%	(7)%
Average selling prices per gigabit	(15)%	(17)%	(14)%
Gigabits sold	11 %	7 %	8 %
Cost per gigabit	(12)%	(16)%	(12)%

Through the second quarter of 2016, substantially all of our Trade Non-Volatile Memory sales were from NAND Flash products. The increases in NAND Flash gigabits sold to trade customers for the second quarter of 2016 as compared to the first quarter of 2016 and second quarter of 2015 were primarily due to higher production from improved product and process technologies.

Our gross margin percentage on sales of trade NAND Flash products for the second quarter of 2016 declined from the first quarter of 2016 and second quarter of 2015 as the declines in average selling prices outpaced manufacturing cost reductions. Manufacturing cost reductions for the second quarter of 2016 as compared to the first quarter of 2016 and second quarter of 2015 primarily resulted from improvements in product and process technologies.

Operating Expenses and Other

Selling, General, and Administrative

SG&A expenses for the second quarter of 2016 were relatively unchanged as compared to the first quarter of 2016. SG&A expenses for the second quarter of 2016 decreased 6% as compared to the second quarter of 2015 due to decreases in legal fees, travel, and professional services costs, partially offset by an increase in payroll costs. SG&A expenses for the first six months of 2016 decreased 7% as compared to the first six months of 2015 due to decreases in legal fees, travel, contributions, and professional services costs.

Research and Development

R&D expenses for the second quarter of 2016 decreased 4% from the first quarter of 2016 primarily due to a lower volume of development wafers processed.

R&D expenses for the second quarter of 2016 increased 6% from the second quarter of 2015 primarily due to higher payroll costs, an increase in depreciation expense due to R&D capital expenditures, and higher volumes of development wafers processed, partially offset by a decrease in professional services costs. R&D expenses for the first six months of 2016 increased 9% from the first six months of 2015 primarily due to higher volumes of development wafers processed, an increase in depreciation expense from R&D capital expenditures, higher payroll costs, and an increase in amortization of product and process technology.

We generally share with Intel the costs of product design and process development activities for NAND Flash and 3D XPoint memory. Our R&D expenses reflect net reductions as a result of reimbursements under our cost-sharing arrangements with Intel and others of $53 million for the second quarter of 2016, $48 million for the first quarter of 2016, and $56 million for the second quarter of 2015.

Our process technology R&D efforts are focused primarily on development of successively smaller line-width process technologies which are designed to facilitate our transition to next generation memory products. Additional process technology R&D efforts focus on the enablement of advanced computing and mobile memory architectures, the investigation of new opportunities that leverage our core semiconductor expertise, and the development of new manufacturing materials. Product design and development efforts include our high density DDR3 and DDR4 DRAM products, Mobile LPDRAM products, high density NAND Flash memory (including 3D NAND and MLC and TLC technologies), 3D XPoint memory, SSDs (including firmware and controllers), hybrid memory cubes, specialty memory, NOR Flash memory, and other memory technologies and systems.

Interest Income (Expense)

Net interest expense included aggregate amounts of amortization of debt discount and other costs of $31 million for the second quarter of 2016, $33 million for the first quarter of 2016, and $33 million for the second quarter of 2015.

Income Taxes

Our effective tax rates were (5.2%), (2.8%), and 6.1% for the second quarter of 2016, first quarter of 2016, and second quarter of 2015, respectively. Our effective tax rates reflect the following:

- operations in tax jurisdictions, including Singapore and Taiwan, where our earnings are indefinitely reinvested and the tax rates are significantly lower than the U.S. statutory rate;
- operations outside the U.S., including Singapore and, to a lesser extent, Taiwan, where we have tax incentive arrangements that further decrease our effective tax rates;
- exclusion of certain jurisdictions from the consolidated effective tax rate computations for instances where no benefit is recorded on forecasted losses or where a small change in estimated ordinary income has a significant impact on the annual effective tax rate; and
- a valuation allowance against substantially all of our U.S. net deferred tax assets.

Income taxes for the second quarter of 2016, first quarter of 2016, and second quarter of 2015 included a provision of $10 million, $22 million, and $33 million, respectively, related to changes in amounts of net deferred tax assets associated with MMJ and MMT. Income taxes for the first quarter of 2016 also included a benefit of $41 million related to a U.S. valuation allowance adjustment resulting from the acquisition of Tidal Systems, Ltd. The remaining taxes for these periods primarily reflects taxes for our other non-U.S. operations. Income taxes for U.S. operations in 2016 and 2015 were substantially offset by changes in the valuation allowance.

We have a full valuation allowance for our net deferred tax asset associated with our U.S. operations. Management continues to evaluate future projected financial performance to determine whether such performance is sufficient evidence to support a reduction in or reversal of the valuation allowance. The amount of the deferred tax asset considered realizable could be adjusted if sufficient positive evidence exists.

We operate in a number of locations outside the U.S., including Singapore and, to a lesser extent, Taiwan, where we have tax incentive arrangements that are conditional, in part, upon meeting certain business operations and employment thresholds. The effect of tax incentive arrangements, which expire in whole or in part at various dates through 2030, were not significant to our tax provision for the second quarter of 2016, and reduced our tax provision by $12 million (benefitting our diluted earnings per share by $0.01) for the first quarter of 2016, and by $97 million (benefitting our diluted earnings per share by $0.08) for the second quarter of 2015.

Equity in Net Income of Equity Method Investees

We recognize our share of earnings or losses from equity method investments generally on a two-month lag. Equity in net income (loss) of equity method investees, net of tax, included the following:

	Second Quarter		First Quarter	Six Months	
	2016	2015	2016	2016	2015
Inotera	$ 2	$ 206	$ 52	$ 54	$ 335
Tera Probe	3	1	3	6	(6)
Other	—	1	4	4	3
	$ 5	$ 208	$ 59	$ 64	$ 332

Our equity in net income of Inotera decreased for the second quarter of 2016 as compared to the first quarter of 2016 due to a decrease in Inotera's net income as a result of declines in average selling prices, a reduction in output, and adverse effects of currency exchange rates, partially offset by lower income tax expense.

Our equity in net income of Inotera decreased for the second quarter and first six months of 2016 as compared to the corresponding periods of 2015 due to declines in average selling prices, an increase in income tax expense, adverse effects of currency exchange rates, and a reduction of output in connection with Inotera's transition to the next technology node. Included in our earnings for the second quarter of 2015 was $65 million related to our share of Inotera's full release of its valuation allowance against net deferred tax assets related to its net operating loss carryforward.

Other

In the first quarter of 2016, we recorded an aggregate of $15 million of charges for restructure activities primarily in Agrate, Italy and Aguadilla, Puerto Rico. As of March 3, 2016, we do not anticipate incurring significant additional costs for these restructure activities. Other non-operating expenses for the first six months of 2015 included $30 million from the restructure of debt and $27 million from changes in currency exchange rates. Further discussion can be found in the following notes contained in "Item 1. Financial Statements – Notes to Consolidated Financial Statements":

- Equity Plans
- Other Operating (Income) Expense, Net
- Other Non-Operating Income (Expense), Net

Liquidity and Capital Resources

Our primary sources of liquidity are cash generated from operations and financing obtained from capital markets. We generated cash from operations of $1.88 billion in the six months of 2016 and $5.21 billion in 2015. Cash generated from operations is highly dependent on selling prices for our products, which can vary significantly from period to period. We obtained $598 million from debt and sale-leaseback financing in the first six months of 2016 and $2.50 billion from debt and sale-leaseback financing in 2015. As of March 3, 2016, we had revolving credit facilities available for up to $746 million of additional financing based on eligible receivables and inventories. We are continuously evaluating alternatives for efficiently funding capital expenditures, dilution-management activities, and ongoing operations. We expect, from time to time in the future, to engage in a variety of transactions for such purposes, including the issuance or incurrence of secured and unsecured debt and the refinancing and restructuring of existing debt. We expect that our cash and investments, cash flows from operations, and available financing will be sufficient to meet our requirements at least through the next 12 months.

To develop new product and process technologies, support future growth, achieve operating efficiencies, and maintain product quality, we must continue to invest in manufacturing technologies, facilities and equipment, and R&D. We estimate that net cash expenditures in 2016 for property, plant, and equipment will be approximately $5 billion, which reflects gross capital expenditures of approximately $5.3 billion to $5.8 billion, offset by amounts we expect to be funded by our partners. The actual amounts for 2016 will vary depending on market conditions. Total additions to property, plant, and equipment in the first six months of 2016 were $2.77 billion, which, in comparison to cash expenditures, reflects differences in timing of receipts and payments for equipment as well as non-cash additions such as equipment leases. As of March 3, 2016, we had commitments of approximately $2.50 billion for the acquisition of property, plant, and equipment, substantially all of which is expected to be paid within one year.

In the second quarter of 2016, we entered into agreements to acquire the remaining interest in Inotera for 30 New Taiwan dollars per share in cash (or the equivalent of approximately $0.91 per share, assuming 33.1 New Taiwan dollars per U.S. dollar, the exchange rate as of March 3, 2016). As of March 3, 2016, we held a 33% ownership interest in Inotera, Nanya and certain of its affiliates held a 32% ownership interest, and the remaining ownership interest in Inotera was publicly held. Based on the exchange rate as of March 3, 2016, we estimate the aggregate consideration payable for the 67% of Inotera shares not owned by us would be approximately $4.0 billion. We plan to fund the acquisition of the remaining Inotera interest we do not currently own with approximately $2.4 billion of debt sourced in Taiwan at an expected interest rate of approximately 3%. In addition, through the Private Placement we have an option to finance up to 31.5 billion New Taiwan dollars (or the equivalent of approximately $950 million, assuming 33.1 New Taiwan dollars per U.S. dollar) with our common stock sold to Nanya. We are currently in discussions about potential changes to the Private Placement commitment, including the possibility of substituting up to $500 million of unsecured notes (including convertible notes) for the corresponding portion of the shares of our common stock that may be purchased pursuant to the Private Placement. There can be no assurance that we will reach an agreement on the restructuring of the Private Placement. On March 29, 2016, the transaction was approved by the shareholders of Inotera, including Nanya and certain of Nanya's affiliates (which held approximately 32% of Inotera's shares and provided such approval pursuant to voting and support agreements entered into in the second quarter of 2016). Consummation of the acquisition of the remaining shares of Inotera is subject to various conditions, including regulatory approvals and consummation of debt financing on terms that are acceptable to us. We expect to close the transaction during the fourth quarter of 2016.

Our Board of Directors has authorized the discretionary repurchase of up to $1.25 billion of our outstanding common stock, which may be made in open market purchases, block trades, privately-negotiated transactions, or derivative transactions. Through the end of the second quarter of 2016, we had repurchased a total of 49 million shares for $956 million (including commissions) through open-market transactions. During the first six months of 2016, we repurchased 7 million shares for $125 million (including commissions) through open-market transactions, which were recorded as treasury stock. Repurchases are subject to market conditions and our ongoing determination of the best use of available cash.

As of	March 3, 2016	September 3, 2015
Cash and equivalents and short-term investments		
Bank deposits	$ 2,343	$ 1,684
Corporate bonds	675	618
Certificates of deposit	351	339
Money market funds	339	168
Government securities	266	449
Commercial paper	55	255
Asset-backed securities	6	8
	$ 4,035	$ 3,521
Long-term marketable investments	$ 1,108	$ 2,113

As of March 3, 2016, $2.63 billion of our cash and equivalents and short-term investments was held by foreign subsidiaries, of which $131 million was denominated in currencies other than the U.S. dollar. To mitigate credit risk, we invest through high-credit-quality financial institutions and, by policy, generally limit the concentration of credit exposure by restricting the amount of investments with any single obligor.

Limitations on the Use of Cash and Investments

MMJ Group: Cash and equivalents and short-term investments in the table above included an aggregate of $903 million held by the MMJ Group as of March 3, 2016. As a result of the corporate reorganization proceedings of the MMJ Companies entered into in March 2012, and for so long as such proceedings are continuing, the MMJ Companies and their subsidiaries are subject to certain restrictions on dividends, loans, and advances. The plans of reorganization of the MMJ Companies prohibit the MMJ Companies from paying dividends, including any cash dividends, to us and require that excess earnings be used in their businesses or to fund the MMJ Companies' installment payments. These prohibitions also effectively prevent the subsidiaries of the MMJ Companies from paying cash dividends. In addition, pursuant to an order of the Japan Court, the MMJ Companies cannot make loans or advances, other than certain ordinary course advances, to us without the consent of the Japan Court. Moreover, loans or advances by subsidiaries of the MMJ Companies may be considered outside of the ordinary course of business and subject to approval of the legal trustee and Japan Court. As a result, the assets of the MMJ Group are not available for use by us in our other operations. Furthermore, certain uses of the assets of the MMJ Group, including investments in certain capital expenditures and in MMT, may require consent of MMJ's trustees and/or the Japan Court.

IMFT: Cash and equivalents and short-term investments in the table above included $160 million held by IMFT as of March 3, 2016. Our ability to access funds held by IMFT to finance our other operations is subject to agreement by Intel and contractual limitations. Amounts held by IMFT are not anticipated to be available to finance our other operations.

Indefinitely Reinvested: As of March 3, 2016, $1.86 billion of cash and equivalents and short-term investments, including substantially all of the amounts held by the MMJ Group, was held by foreign subsidiaries whose earnings were considered to be indefinitely reinvested and repatriation of these funds to the U.S. would subject these funds to U.S. federal income taxes. Determination of the amount of unrecognized deferred tax liabilities related to investments in these foreign subsidiaries is not practicable.

Operating Activities

Net cash provided by operating activities was $1.88 billion for the first six months of 2016. Cash provided by operating activities was due primarily to cash generated by our operations and the effect of working capital adjustments, which, for the first six months of 2016, included $542 million of cash provided from net reductions in receivables due to a lower level of sales, partially offset by $268 million of cash used from net increases in inventory.

Investing Activities

Net cash used for investing activities was $1.03 billion for the first six months of 2016, which consisted primarily of cash expenditures of $2.21 billion for property, plant, and equipment and $148 million for the acquisition of Tidal Systems, Ltd., offset by $1.27 billion of net inflows from sales and maturities of available-for-sale securities.

Financing Activities

Net cash used for financing activities was $68 million for the first six months of 2016, which included $519 million for repayments of debt (including $36 million for the amount in excess of principal of our convertible notes) and $125 million for the open-market repurchases of 7 million shares of our common stock. Cash outflows for financing activities in the first six months of 2016 were partially offset by inflows of $424 million from equipment sale-leaseback financing transactions and $174 million from the issuance of debt.

On April 8, 2016, we initiated a syndication process with respect to a new term loan B credit facility (the "Term Loan B Credit Facility"). The new Term Loan B Credit Facility, subject to market conditions and other factors, is expected to be in the aggregate principal amount of $500 million, have a maturity of six years, be secured by a substantial portion of our assets and bear interest at a floating interest based on LIBOR plus an applicable margin. The closing of the Term Loan B Credit Facility is anticipated to be subject to, among other things, successful syndication, negotiation, execution and delivery of definitive loan documentation and various customary closing conditions. In connection with commencement of the Term Loan B Credit Facility syndication process, we indicated that we may also consider, subject to market conditions and other factors, the concurrent issuance of up to $1.00 billion in aggregate principal amount of senior secured notes.

2016 Debt Activity

In the first six months of 2016, we reduced the dilutive effects of our convertible notes through repurchases of our 2033E Notes. As a result, we eliminated notes that were convertible into approximately 5 million shares of our common stock. The following table presents the effect of those repurchases:

	Decrease in Principal	Decrease in Carrying Value	Decrease in Cash	Decrease in Equity	Loss
Repurchases of 2033E Notes	$ (57)	$ (54)	$ (94)	$ (38)	$ (1)

Contractual Obligations

	Payments Due by Period						
As of March 3, 2016	Total	Remainder of 2016	2017	2018	2019	2020	2021 and Thereafter
Notes payable[1][2]	$ 9,227	$ 230	$ 627	$ 781	$ 786	$ 957	$ 5,846
Capital lease obligations[2]	1,192	209	298	251	209	101	124
Operating leases[3]	1,044	178	366	343	106	13	38
	$ 11,463	$ 617	$ 1,291	$ 1,375	$ 1,101	$ 1,071	$ 6,008

(1) *Amounts include MMJ Creditor Installment Payments, convertible notes, and other notes. Any future redemptions, repurchases, or conversions of debt could impact the amount and timing of our cash payments. Contractual obligations for the 2033 Notes are presented in 2018 and 2020 based on the earliest date that the holders can put them to us although they were classified in our accompanying balance sheets as current, based on their convertibility.*

(2) *Amounts include principal and interest.*

(3) *Amounts include contractually obligated minimum lease payments for operating leases having an initial noncancelable term in excess of one year. Under the supply agreement with Inotera effective beginning on January 1, 2016, a portion of the expected costs under such agreement meet the criteria of a minimum lease payment under an operating lease.*

Recently Adopted Accounting Standards

See "Item 1. Financial Statements – Notes to Consolidated Financial Statements – Recently Adopted Accounting Standards."

Recently Issued Accounting Standards

See "Item 1. Financial Statements – Notes to Consolidated Financial Statements – Recently Issued Accounting Standards."

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

We are exposed to interest rate risk related to our indebtedness and our investment portfolio. Substantially all of our indebtedness is at fixed interest rates. As a result, the fair value of our debt fluctuates based on changes in market interest rates. We estimate that, as of March 3, 2016 and September 3, 2015, a hypothetical decrease in market interest rates of 1% would increase the fair value of our notes payable by approximately $314 million and $366 million, respectively. The increase in interest expense caused by a 1% increase in the interest rates of our variable-rate debt would not be significant.

As of March 3, 2016 and September 3, 2015, we held fixed-rate debt securities of $2.50 billion and $3.83 billion, respectively, that were subject to interest rate risk. We estimate that a 0.5% increase in market interest rates would decrease the fair value of these instruments by approximately $6 million as of March 3, 2016 and $13 million as of September 3, 2015.

Foreign Currency Exchange Rate Risk

The information in this section should be read in conjunction with the information related to changes in currency exchange rates in "Part II. Other Information – Item 1A. Risk Factors." Changes in currency exchange rates could materially adversely affect our business, results of operations, or financial condition.

The functional currency for all of our consolidated subsidiaries is the U.S. dollar. The substantial majority of our sales are transacted in the U.S. dollar; however, significant amounts of our operating expenditures and capital purchases are incurred in or exposed to other currencies, primarily the euro, the Singapore dollar, the New Taiwan dollar, and the yen. We have established currency risk management programs for our operating expenditures and capital purchases to hedge against fluctuations in the fair value and volatility of future cash flows caused by changes in currency exchange rates. We utilize currency forward and option contracts in these hedging programs, which reduce, but do not always entirely eliminate, the impact of currency exchange rate movements. We do not use derivative financial instruments for trading or speculative purposes.

To hedge our exposure to changes in currency exchange rates from our monetary assets and liabilities, we utilize a rolling hedge strategy for our primary currency exposures with currency forward contracts that generally mature within 35 days. Based on our foreign currency exposures from monetary assets and liabilities, offset by balance sheet hedges, we estimate that a 10% adverse change in exchange rates versus the U.S. dollar would result in losses of approximately $1 million as of March 3, 2016 and $3 million as of September 3, 2015. To hedge the exposure of changes in cash flows from changes in currency exchange rates for certain capital expenditures, we utilize currency forward contracts that generally mature within 12 months.

ITEM 4. CONTROLS AND PROCEDURES

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

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

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Reorganization Proceedings of the MMJ Companies

In July 2013, we completed the acquisition of Elpida, now known as MMJ, a Japanese corporation, pursuant to the terms and conditions of an Agreement on Support for Reorganization Companies (as amended, the "Sponsor Agreement") that we entered into in July 2012, with the trustees of the MMJ Companies' pending corporate reorganization proceedings under the Corporate Reorganization Act of Japan.

The MMJ Companies filed petitions for commencement of corporate reorganization proceedings with the Japan Court under the Corporate Reorganization Act of Japan in February 2012, and the Japan Court issued an order to commence the reorganization proceedings (the "Japan Proceedings") in March 2012. In July 2012, we entered into the Sponsor Agreement with the legal trustees of the MMJ Companies and the Japan Court approved the Sponsor Agreement. Under the Sponsor Agreement, we agreed to provide certain support for the reorganization of the MMJ Companies and the trustees agreed to prepare and seek approval from the Japan Court and the MMJ Companies' creditors of plans of reorganization consistent with such support.

The trustees initially submitted the proposed plans of reorganization for the MMJ Companies to the Japan Court in August 2012, and submitted final proposed plans in October 2012. In October 2012, the Japan Court approved submission of the trustees' proposed plans of reorganization to creditors for approval. In February 2013, the MMJ Companies' creditors approved the reorganization plans and in February 2013, the Japan Court issued an order approving the plans of reorganization. Appeals filed by certain creditors of MMJ in Japan challenging the plan approval order issued by the Japan Court were denied.

In a related action, MMJ filed a Verified Petition for Recognition and Chapter 15 Relief in the United States Bankruptcy Court for the District of Delaware (the "U.S. Court") in March 2012 and, in April 2012, the U.S. Court entered an order that, among other things, recognized MMJ's corporate reorganization proceeding as a foreign main proceeding pursuant to 11 U.S.C. § 1517(b). In June 2013, the U.S. Court issued a recognition order, which recognized the order of the Japan Court approving MMJ's plan of reorganization. In November 2013, the U.S. Court closed the U.S. Chapter 15 proceeding.

The plans of reorganization provide for payments by the MMJ Companies to their secured and unsecured creditors in an aggregate amount of 200 billion yen, less certain expenses of the reorganization proceedings and certain other items. The plans of reorganization also provided for the investment by us pursuant to the Sponsor Agreement of 60 billion yen ($615 million) paid at closing in cash into MMJ in exchange for 100% ownership of MMJ's equity and the use of such investment to fund the initial installment payment by the MMJ Companies to their creditors of 60 billion yen, subject to reduction for certain items specified in the Sponsor Agreement and plans of reorganization.

Under MMJ's plan of reorganization, secured creditors will recover 100% of the amount of their fixed claims and unsecured creditors will recover at least 17.4% of the amount of their fixed claims. The actual recovery of unsecured creditors will be higher, however, based, in part, on events and circumstances occurring following the plan approval. The remaining portion of the unsecured claims will be discharged, without payment, over the period that payments are made pursuant to the plans of reorganization. The secured creditors will be paid in full on or before the sixth installment payment date, while the unsecured creditors will be paid in seven installments. MAI's plan of reorganization provides that secured creditors will recover 100% of the amount of their claims, whereas unsecured creditors will recover 19% of the amount of their claims. The secured creditors of MAI were paid in full on the first installment payment date, while the unsecured creditors will be paid in seven installments.

Because the plans of reorganization of the MMJ Companies provide for ongoing payments to creditors following the closing of the MMJ acquisition, the Japan Proceedings are continuing and the MMJ Companies remain subject to the oversight of the Japan Court and of the trustees (including a trustee designated by us, who we refer to as the business trustee, and a trustee designated by the Japan Court, who we refer to as the legal trustee), pending completion of the reorganization proceedings. The business trustee makes decisions in relation to the operation of the businesses of the MMJ Companies, other than decisions in relation to acts that need to be carried out in connection with the Japan Proceedings, which are the responsibility of the legal trustee. The Japan Proceedings and oversight of the Japan Court will continue until the final creditor payment is made under the MMJ Companies' plans of reorganization, which is scheduled to occur in December 2019, but may occur on a later date to the extent any claims of creditors remain unfixed on the final scheduled installment payment date. The MMJ Companies may petition the Japan Court for an early termination of the Japan Proceedings once two-thirds of all payments under the plans of reorganization are made. Although such early terminations are customarily granted, there can be no assurance that the Japan Court will grant any such petition in these particular cases.

During the pendency of the Japan Proceedings, the MMJ Companies are obligated to provide periodic financial reports to the Japan Court and may be required to obtain the consent of the Japan Court prior to taking a number of significant actions relating to their businesses, including transferring or disposing of, or acquiring, certain material assets, incurring or guaranteeing material indebtedness, settling material disputes, or entering into certain material agreements. The consent of the legal trustee may also be required for matters that would likely have a material impact on the operations or assets of the MMJ Companies and their subsidiaries or for transfers of material assets, to the extent the matters or transfers would reasonably be expected to materially and adversely affect execution of the plans of reorganization of the MMJ Companies. Accordingly, during the pendency of the Japan Proceedings, our ability to effectively integrate the MMJ Companies as part of our global operations or to cause the MMJ Companies to take certain actions that we deem advisable for their businesses could be adversely affected if the Japan Court or the legal trustee is unwilling to consent to various actions that we may wish to take with respect to the MMJ Companies.

Other Proceedings

For a discussion of legal proceedings, see "Part 1. Financial Information – Item 1. Financial Statements – Notes to Consolidated Financial Statements – Contingencies" and "Item 1A. Risk Factors."

ITEM 1A. RISK FACTORS

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

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

If average selling prices for our memory products decrease faster than we can decrease per gigabit costs, our business, results of operations, or financial condition could be materially adversely affected. For the first six months of 2016, average selling prices per gigabit for our DRAM and Trade Non-Volatile products declined 33% and 14%, respectively, compared to the first six months of 2015. We have experienced significant decreases in our average selling prices per gigabit in previous years as noted in the table below and may continue to experience such decreases in the future. In some prior periods, average selling prices for our memory products have been below our manufacturing costs and we may experience such circumstances in the future.

	DRAM	Trade Non-Volatile
	(percentage change in average selling prices)	
2015 from 2014	(11)%	(17)%
2014 from 2013	6 %	(23)%
2013 from 2012	(11)%	(18)%
2012 from 2011	(45)%	(55)%
2011 from 2010	(39)%	(12)%

We may be unable to maintain or improve gross margins.

Our gross margins are dependent upon continuing decreases in per gigabit manufacturing costs achieved through improvements in our manufacturing processes and product designs, including, but not limited to, process line-width, architecture, number of mask layers, number of fabrication steps, and yield. In future periods, we may be unable to reduce our per gigabit manufacturing costs at sufficient levels to maintain or improve gross margins. Factors that may limit our ability to reduce costs include, but are not limited to, strategic product diversification decisions affecting product mix, the increasing complexity of manufacturing processes, difficulties in transitioning to smaller line-width process technologies, technological barriers, and changes in process technologies or products that may require relatively larger die sizes. Per gigabit manufacturing costs may also be affected by the relatively smaller production quantities and shorter product lifecycles of certain specialty memory products.

The semiconductor memory industry is highly competitive.

We face intense competition in the semiconductor memory market from a number of companies, including Intel; Samsung Electronics Co., Ltd.; SanDisk Corporation; SK Hynix Inc.; and Toshiba Corporation. Some of our competitors are large corporations or conglomerates that may have greater resources to invest in technology, capitalize on growth opportunities, and withstand downturns in the semiconductor markets in which we compete. Consolidation of industry competitors could put us at a competitive disadvantage. In addition, some governments, such as China, have provided, and may continue to provide, significant financial assistance to some of our competitors or to new entrants. Our competitors seek to increase silicon capacity, improve yields, reduce die size, and minimize mask levels in their product designs. Transitions to smaller line-width process technologies and product and process improvements have resulted in significant increases in the worldwide supply of semiconductor memory. Increases in worldwide supply of semiconductor memory also result from semiconductor memory fab capacity expansions, either by way of new facilities, increased capacity utilization, or reallocation of other semiconductor production to semiconductor memory production. Our competitors may increase capital expenditures resulting in future increases in worldwide supply. In recent periods, we and some of our competitors have begun construction on or announced plans to build new fabrication facilities. Increases in worldwide supply of semiconductor memory, if not accompanied by commensurate increases in demand, would lead to further declines in average selling prices for our products and would materially adversely affect our business, results of operations, or financial condition.

Debt obligations could adversely affect our financial condition.

In recent periods, our debt levels have increased due to the capital intensive nature of our business, business acquisitions, and restructuring of our capital structure. As of March 3, 2016, we had debt with a carrying value of $7.62 billion. During the first quarter of 2016, we paid $94 million to repurchase convertible notes with a principal amount of $57 million. In 2015, we paid $1.43 billion to repurchase and settle conversion obligations for convertible notes with a principal amount of $489 million. In 2014, we paid $2.30 billion to repurchase and settle conversion obligations for convertible notes with a principal amount of $1.09 billion. As of March 3, 2016, we had revolving credit facilities available for up to $746 million of additional financing. The availability of these revolving facilities is subject to certain conditions, including outstanding balances of trade receivables, inventories, and other conditions. Events and circumstances may occur which would cause us to not be able to satisfy these applicable draw-down conditions and utilize these facilities. We have in the past and expect in the future to continue to incur additional debt to finance our capital investments, business acquisitions, and restructuring of our capital structure. In the first six months of 2016, we received an aggregate of $424 million in equipment sale-leaseback financing transactions. In connection with our pending acquisition of the remaining interest in Inotera, expected to close during the fourth quarter of 2016, we plan to fund a portion of the acquisition with approximately $2.4 billion of debt sourced in Taiwan, additional borrowings under our existing credit agreements, and possibly up to $500 million of unsecured debt pursuant to the Private Placement.

Our debt obligations could adversely impact us. For example, these obligations could:

- require us to use a large portion of our cash flow to pay principal and interest on debt, which will reduce the amount of cash flow available to fund working capital, capital expenditures, acquisitions, R&D expenditures, and other business activities;
- adversely impact our credit rating, which could increase future borrowing costs;
- limit our future ability to raise funds for capital expenditures, strategic acquisitions or business opportunities, R&D, and other general corporate requirements;
- increase our vulnerability to adverse economic and semiconductor memory industry conditions;
- continue to dilute our earnings per share as a result of the conversion provisions in our convertible notes; and

- require us to continue to pay cash amounts substantially in excess of the principal amounts upon settlement of our convertible notes to minimize dilution of our earnings per share.

Our ability to meet our payment obligations under our debt instruments depends on our ability to generate significant cash flows in the future. This, to some extent, is subject to general economic, financial, competitive, legislative, and regulatory factors as well as other factors that are beyond our control. There can be no assurance that our business will generate cash flow from operations, or that additional capital will be available to us, in an amount sufficient to enable us to meet our debt payment obligations and to fund other liquidity needs. If we are unable to generate sufficient cash flow to service our debt obligations, we may need to refinance or restructure our debt, sell assets, reduce or delay capital investments, or seek to raise additional capital. If we were unable to implement one or more of these alternatives, we may be unable to meet our debt payment obligations, which could have a material adverse effect on our business, results of operations, or financial condition.

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

Our cash flows from operations depend primarily on the volume of semiconductor memory sold, average selling prices, and manufacturing costs. To develop new product and process technologies, support future growth, achieve operating efficiencies, and maintain product quality, we must make significant capital investments in manufacturing technology, capital equipment, facilities, R&D, and product and process technology. We estimate that cash expenditures in 2016 for property, plant, and equipment will be approximately $5.3 billion to $5.8 billion. Investments in capital expenditures for the first six months of 2016 were $2.21 billion. As of March 3, 2016, we had cash and marketable investments of $5.14 billion. As of March 3, 2016, $1.86 billion of cash and equivalents and short-term investments, including $903 million held by the MMJ Group, were held by foreign subsidiaries whose earnings were considered to be indefinitely reinvested and repatriation of these funds to the U.S. would subject these funds to U.S. federal income taxes. In addition, cash held by IMFT of $160 million was generally not available to finance our other operations.

As a result of the Japan Proceedings, for so long as such proceedings are continuing, the MMJ Companies and their subsidiaries are subject to certain restrictions on dividends, loans, and advances. The plans of reorganization of the MMJ Companies prohibit the MMJ Companies from paying dividends, including any cash dividends, to us and require that excess earnings be used in their businesses or to fund the MMJ Companies' installment payments. These prohibitions would also effectively prevent the subsidiaries of the MMJ Companies from paying cash dividends to us in respect of the shares of such subsidiaries owned by the MMJ Companies, as any such dividends would have to be first paid to the MMJ Companies which are prohibited from repaying those amounts to us as dividends under the plans of reorganization. In addition, pursuant to an order of the Japan Court, the MMJ Companies cannot make loans or advances, other than certain ordinary course advances, to us without the consent of the Japan Court. Moreover, loans or advances by subsidiaries of the MMJ Companies may be considered outside of the ordinary course of business and subject to approval of the legal trustees and Japan Court. As a result, the assets of the MMJ Companies and their subsidiaries, while available to satisfy the MMJ Companies' installment payments and the other obligations, capital expenditures, and other operating needs of the MMJ Companies and their subsidiaries, are not available for use by us in our other operations. Furthermore, certain uses of the assets of the MMJ Group, including investments in certain capital expenditures and in MMT, may require consent of MMJ's trustees and/or the Japan Court.

In the past we have utilized external sources of financing when needed. As a result of our debt levels, expected debt amortization and general economic conditions, it may be difficult for us to obtain financing on terms acceptable to us. There can be no assurance that we will be able to generate sufficient cash flows, use cash held by MMJ to fund its capital expenditures, access capital markets or find other sources of financing to fund our operations, make debt payments, and make adequate capital investments to remain competitive in terms of technology development and cost efficiency. Our inability to do the foregoing could have a material adverse effect on our business, results of operations, or financial conditions.

Our pending acquisition of the remaining shares of Inotera involves numerous risks.

In the second quarter of 2016, we entered into agreements to acquire the remaining interest in Inotera for 30 New Taiwan dollars per share in cash (or the equivalent of approximately $0.91 per share, assuming 33.1 New Taiwan dollars per U.S. dollar, the exchange rate as of March 3, 2016). As of March 3, 2016, we held a 33% ownership interest in Inotera, Nanya and certain of its affiliates held a 32% ownership interest, and the remaining ownership interest in Inotera was publicly held. Based on the exchange rate as of March 3, 2016, we estimate the aggregate consideration payable for the 67% of Inotera shares not owned by us would be approximately $4.0 billion. We plan to fund the acquisition of the remaining Inotera interest we do not currently own with approximately $2.4 billion of debt sourced in Taiwan at an expected interest rate of approximately 3%. We anticipate financing the balance of the Inotera acquisition with a combination of cash on hand, additional borrowings under our existing credit agreements, and the issuance of equity and up to $500 million of unsecured debt pursuant to an option to finance up to 31.5 billion New Taiwan dollars (or the equivalent of approximately $950 million, assuming 33.1 New Taiwan dollars per U.S. dollar) with our common stock and debt sold to Nanya.

On March 29, 2016, the transaction was approved by the shareholders of Inotera, including Nanya and certain of Nanya's affiliates (who held approximately 32% of Inotera's shares and provided such approval pursuant to voting and support agreements entered into in the second quarter of 2016). Consummation of the acquisition of the Inotera shares is subject to various conditions, including regulatory approvals and consummation of debt financing on terms acceptable to us. We expect to close the transaction during the fourth quarter of 2016.

In the second quarter of 2016, we also entered into an agreement with Nanya pursuant to which we have the option to issue shares of our common stock to Nanya in an amount of up to 31.5 billion New Taiwan dollars (or the equivalent of approximately $950 million, assuming 33.1 New Taiwan dollars per U.S. dollar), which will be used to fund a portion of the consideration payable in the transaction.

Consummation of the acquisition of the remaining shares of Inotera remains subject to various conditions, including regulatory approval as described above. Consummation of the Inotera transaction is subject to significant uncertainties, and there can be no assurance that the various conditions will be satisfied or that the acquisition of Inotera shares will ultimately be consummated. If the remaining closing conditions are not satisfied or waived, we will not be able to close the acquisition.

In addition to the acquisition risks described elsewhere, the acquisition is expected to involve the following significant risks:

- we may be unable to realize the anticipated financial benefits of the acquisition;
- increased exposure to the DRAM market, which experienced significant declines in pricing during the first six months of 2016 and 2015;
- our consolidated financial condition may be adversely impacted by the increased leverage resulting from the transaction;
- higher capital expenditures in future periods;
- increased exposure to operating costs denominated in New Taiwan dollars;
- integration issues with Inotera's manufacturing operations in Taiwan; and
- integration of business systems and processes.

Our pending acquisition of the remaining shares of Inotera is inherently risky, may not be successful, and may materially adversely affect our business, results of operations, or financial condition. (See "Part I. Financial Information – Item 1. Financial Statements – Notes to Consolidated Financial Statements – Pending Acquisition of Inotera and Technology Transfer and License Agreement with Nanya.")

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

Our key semiconductor memory technologies of DRAM, NAND Flash, and NOR Flash face technological barriers to continue to meet long-term customer needs. These barriers include potential limitations on the ability to shrink products in order to reduce costs, meet higher density requirements, and improve power consumption and reliability. To meet these requirements, we expect that new memory technologies will be developed by the semiconductor memory industry. Our competitors are working to develop new memory technologies that may offer performance and/or cost advantages to our existing memory technologies and render existing technologies obsolete. Accordingly, our future success may depend on our ability to develop and produce viable and competitive new memory technologies. There can be no assurance of the following:

- that we will be successful in developing competitive new semiconductor memory technologies;

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

In the fourth quarter of 2015, we announced the development of new 3D XPoint technology, which is an entirely new class of non-volatile memory. There is no assurance that our efforts to develop and market this new product technology will be successful. If our efforts to develop new semiconductor memory technologies are unsuccessful, our business, results of operations, or financial condition may be materially adversely affected.

New product development may be unsuccessful.

We are developing new products, including system-level memory products, that complement our traditional memory products or leverage their underlying design or process technology. We have made significant investments in product and process technologies and anticipate expending significant resources for new semiconductor product development over the next several years. The process to develop DRAM, NAND Flash, NOR Flash, and certain specialty memory products, requires us to demonstrate advanced functionality and performance, many times well in advance of a planned ramp of production, in order to secure design wins with our customers. There can be no assurance of the following:

- that our product development efforts will be successful;
- that we will be able to cost-effectively manufacture new products;
- that we will be able to successfully market these products;
- that we will be able to qualify new products with our customers on a timely basis; or
- that margins generated from sales of these products will allow us to recover costs of development efforts.

If our efforts to develop new products are unsuccessful, our business, results of operations, or financial condition may be materially adversely affected.

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

Products that do not meet specifications or that contain, or are perceived by our customers to contain, defects or that are otherwise incompatible with end uses could impose significant costs on us or otherwise materially adversely affect our business, results of operations, or financial condition. From time to time we experience problems with nonconforming, defective or incompatible products after we have shipped such products. In recent periods we have further diversified and expanded our product offerings which could potentially increase the chance that one or more of our products could fail to meet specifications in a particular application. As a result of these problems we could be adversely affected in several ways, including the following:

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

The acquisition of our ownership interest in Inotera from Qimonda has been challenged by the administrator of the insolvency proceedings for Qimonda.

On January 20, 2011, Dr. Michael Jaffé, administrator for Qimonda insolvency proceedings, filed suit against Micron and Micron Semiconductor B.V., our Netherlands subsidiary ("Micron B.V."), in the District Court of Munich, Civil Chamber. The complaint seeks to void under Section 133 of the German Insolvency Act a share purchase agreement between Micron B.V. and Qimonda signed in fall 2008 pursuant to which Micron B.V. purchased substantially all of Qimonda's shares of Inotera Memories, Inc. (the "Inotera Shares"), representing approximately 55% of our total shares in Inotera as of March 3, 2016, and seeks an order requiring us to re-transfer those shares to the Qimonda estate. The complaint also seeks, among other things, to recover damages for the alleged value of the joint venture relationship with Inotera and to terminate under Sections 103 or 133 of the German Insolvency Code a patent cross-license between us and Qimonda entered into at the same time as the share purchase agreement.

Following a series of hearings with pleadings, arguments, and witnesses on behalf of the Qimonda estate, on March 13, 2014, the Court issued judgments: (1) ordering Micron B.V. to pay approximately $1 million in respect of certain Inotera shares sold in connection with the original share purchase; (2) ordering Micron B.V. to disclose certain information with respect to any Inotera Shares sold by it to third parties; (3) ordering Micron B.V. to disclose the benefits derived by it from ownership of the Inotera Shares, including in particular, any profits distributed on such shares and all other benefits; (4) denying Qimonda's claims against Micron for any damages relating to the joint venture relationship with Inotera; and (5) determining that Qimonda's obligations under the patent cross-license agreement are canceled. In addition, the Court issued interlocutory judgments ordering, among other things: (1) that Micron B.V. transfer to the Qimonda estate the Inotera Shares still owned by it and pay to the Qimonda estate compensation in an amount to be specified for any Inotera Shares sold to third parties; and (2) that Micron B.V. pay the Qimonda estate as compensation an amount to be specified for benefits derived by it from ownership of the Inotera Shares. The interlocutory judgments have no immediate, enforceable effect on us, and, accordingly, we expect to be able to continue to operate with full control of the Inotera Shares subject to further developments in the case. We have filed a notice of appeal, and the parties have submitted briefs to the appeals court.

We are unable to predict the outcome of the matter and therefore cannot estimate the range of possible loss. The final resolution of this lawsuit could result in the loss of the Inotera shares or monetary damages, unspecified damages based on the benefits derived by Micron B.V. from the ownership of the Inotera Shares, and/or the termination of the patent cross-license, which could have a material adverse effect on our business, results of operation, or financial condition. As of March 3, 2016, the Inotera Shares had a carrying value for purposes of our financial reporting of $667 million and a market value of $1.02 billion.

A determination that our products or manufacturing processes infringe the intellectual property rights of others or entering into a license agreement covering such intellectual property could materially adversely affect our business, results of operations, or financial condition.

As is typical in the semiconductor and other high technology industries, from time to time others have asserted, and may in the future assert, that our products or manufacturing processes infringe their intellectual property rights. We are unable to predict the outcome of assertions of infringement made against us. A determination that our products or manufacturing processes infringe the intellectual property rights of others, or entering a license agreement covering such intellectual property, could result in significant liability and/or require us to make material changes to our products and/or manufacturing processes. Any of the foregoing results could have a material adverse effect on our business, results of operations, or financial condition. (See "Part I. Financial Information – Item 1. Financial Statements – Notes to Consolidated Financial Statements – Contingencies.")

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

Our joint ventures and strategic relationships involve numerous risks.

We have entered into strategic relationships to manufacture products and develop new manufacturing process technologies and products. These relationships include our IMFT joint venture with Intel, our Inotera joint venture with Nanya, and our MP Mask joint venture with Photronics. These joint ventures and strategic relationships are subject to various risks that could adversely affect the value of our investments and our results of operations. These risks include the following:

- our interests could diverge from our partners or we may not be able to agree with partners on ongoing manufacturing and operational activities, or on the amount, timing, or nature of further investments in our joint venture;
- our joint venture partners' products may compete with our products;
- we may experience difficulties in transferring technology to joint ventures;
- we may experience difficulties and delays in ramping production at joint ventures;
- our control over the operations of our joint ventures is limited;
- we may recognize losses from our equity method investments;
- due to financial constraints, our joint venture partners may be unable to meet their commitments to us or our joint ventures and may pose credit risks for our transactions with them;
- due to differing business models or long-term business goals, our partners may decide not to join us in funding capital investment in our joint ventures, which may result in higher levels of cash expenditures by us;
- cash flows may be inadequate to fund increased capital requirements;
- we may experience difficulties or delays in collecting amounts due to us from our joint ventures and partners;
- the terms of our partnering arrangements may turn out to be unfavorable; and

- changes in tax, legal, or regulatory requirements may necessitate changes in the agreements with our partners.

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

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

We manufacture products using highly complex processes that require technologically advanced equipment and continuous modification to improve yields and performance. Difficulties in the manufacturing process or the effects from a shift in product mix can reduce yields or disrupt production and may increase our per gigabit manufacturing costs. We maintain operations and continuously implement new product and process technology at our manufacturing operations which are widely dispersed in multiple locations in several countries including the U.S., Singapore, Taiwan, Japan, Malaysia, and China. Additionally, our control over operations at IMFT, Inotera, MP Mask, and Tera Probe is limited by our agreements with our partners. From time to time, we have experienced disruptions in our manufacturing process as a result of power outages, improperly functioning equipment, equipment failures, earthquakes, or other environmental events. If production at a fabrication facility is disrupted for any reason, manufacturing yields may be adversely affected or we may be unable to meet our customers' requirements and they may purchase products from other suppliers. This could result in a significant increase in manufacturing costs, loss of revenues, or damage to customer relationships, any of which could materially adversely affect our business, results of operations, or financial condition.

The operations of the MMJ Companies are subject to continued oversight by the Japan Court during the pendency of the corporate reorganization proceedings.

Because the plans of reorganization of the MMJ Companies provide for ongoing payments to creditors following the closing of our acquisition of MMJ, the Japan Proceedings are continuing, and the MMJ Companies remain subject to the oversight of the Japan Court and of the trustees (including a trustee designated by us, who we refer to as the business trustee, and a trustee designated by the Japan Court, who we refer to as the legal trustee), pending completion of the Japan Proceedings. The Japan Proceedings and oversight of the Japan Court are expected to continue until the final creditor payment is made under the MMJ Companies' plans of reorganization, which is scheduled to occur in December 2019, but may occur on a later date to the extent any claims of creditors remain unfixed on the final scheduled installment payment date. Although we may be able to petition the court to terminate the Japan Proceedings once two-thirds of all payments under the plans of reorganization are made, there can be no assurance that the Japan Court will grant any such petition.

During the pendency of the Japan Proceedings, the MMJ Companies are obligated to provide periodic financial reports to the Japan Court and may be required to obtain the consent of the Japan Court prior to taking a number of significant actions relating to their businesses, including transferring or disposing of, or acquiring, certain material assets, incurring or guaranteeing material indebtedness, settling disputes, or entering into certain material agreements. The consent of the legal trustee may also be required for matters that would likely have a material impact on the operations or assets of the MMJ Companies and their subsidiaries or for transfers of material assets, to the extent the matters or transfers would reasonably be expected to materially and adversely affect execution of the plans of reorganization of the MMJ Companies. Accordingly, during the pendency of the Japan Proceedings, our ability to effectively integrate the MMJ Companies as part of our global operations or to cause the MMJ Companies to take certain actions that we deem advisable for their businesses could be adversely affected if the Japan Court or the legal trustee is unwilling to consent to various actions that we may wish to take with respect to the MMJ Companies.

Our Inotera supply agreement involves numerous risks.

For the first six months of 2016, we purchased $705 million of DRAM products from Inotera and our supply from Inotera accounted for 29% of our aggregate DRAM gigabit production. Due to declines in average selling prices, our per gigabit cost of products purchased from Inotera have decreased significantly throughout 2015 and the first six months of 2016 such that, for the second quarter of 2016, our costs for Inotera products approximated our cost for similar products manufactured in our wholly-owned facilities. In 2015 and the first quarter of 2016, our cost for Inotera products was higher than our cost for similar products manufactured in our wholly-owned facilities. If our supply of DRAM from Inotera is impacted, our business, results of operations, or financial condition could be materially adversely affected. Our Inotera supply agreement involves numerous risks including the following:

- higher costs for supply obtained under the Inotera supply agreement as compared to our wholly-owned facilities;
- difficulties and delays in ramping production at Inotera;

- difficulties in transferring technology to Inotera; and
- difficulties in coming to an agreement with Nanya regarding major corporate decisions, such as capital expenditures or capital structure.

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

Across our global operations, certain transactions and balances are denominated in currencies other than the U.S. dollar (our reporting currency), primarily the euro, Singapore dollar, New Taiwan dollar, and yen. We recorded net losses from changes in currency exchange rates of $8 million for the first six months of 2016, $27 million for 2015, and $28 million for 2014. Based on our foreign currency exposures from monetary assets and liabilities, offset by balance sheet hedges, we estimate that a 10% adverse change in exchange rates versus the U.S. dollar would result in losses of approximately $1 million as of March 3, 2016. In addition, a significant portion of our manufacturing costs are denominated in foreign currencies. Exchange rates for some of these currencies against the U.S. dollar, particularly the yen, have been volatile in recent periods. If these currencies strengthen against the U.S. dollar, our manufacturing costs could significantly increase. In the event that exchange rates for the U.S. dollar adversely change against our foreign currency exposures, our results of operations or financial condition may be adversely affected.

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

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

- integrating the operations, technologies, and products of acquired or newly formed entities into our operations;
- increasing capital expenditures to upgrade and maintain facilities;
- increased debt levels;
- the assumption of unknown or underestimated liabilities;
- the use of cash to finance a transaction, which may reduce the availability of cash to fund working capital, capital expenditures, R&D expenditures, and other business activities;
- diverting management's attention from daily operations;
- managing larger or more complex operations and facilities and employees in separate and diverse geographic areas;
- hiring and retaining key employees;
- requirements imposed by governmental authorities in connection with the regulatory review of a transaction, which may include, among other things, divestitures or restrictions on the conduct of our business or the acquired business;
- inability to realize synergies or other expected benefits;
- failure to maintain customer, vendor, and other relationships;
- inadequacy or ineffectiveness of an acquired company's internal financial controls, disclosure controls and procedures, and/or environmental, health and safety, anti-corruption, human resource, or other policies or practices; and
- impairment of acquired intangible assets and goodwill as a result of changing business conditions, technological advancements, or worse-than-expected performance of the acquired business.

In previous years, supply of memory products has significantly exceeded customer demand resulting in significant declines in average selling prices for DRAM, NAND Flash, and NOR Flash products. Resulting operating losses have led to the deterioration in the financial condition of a number of industry participants, including the liquidation of Qimonda and the 2012 bankruptcy filing by Elpida (now known as MMJ). These types of proceedings often lead to court-directed processes involving the sale of related businesses or assets. We believe the global memory industry is experiencing a period of consolidation as a result of these market conditions and other factors, and we may engage in discussions regarding potential acquisitions and similar opportunities arising out of these industry conditions. To the extent we are successful in completing any such transactions, we could be subject to some or all of the risks described above, including the risks pertaining to funding, assumption of liabilities, integration challenges, and increases in debt that may accompany such transactions. Acquisitions of, or alliances with, high-technology companies are inherently risky and may not be successful and may materially adversely affect our business, results of operations, or financial condition.

Breaches of our network security could expose us to losses.

We manage and store on our network systems various proprietary information and sensitive or confidential data relating to our operations. We also process, store, and transmit large amounts of data relating to our customers and employees, including sensitive personal information. Unauthorized users may be able to gain access to our network system and steal proprietary information, compromise confidential information, create system disruptions, or cause shutdowns. These parties may also be able to develop and deploy viruses, worms, and other malicious software programs that disrupt our operations and create security vulnerabilities. Attacks on our network systems could result in significant losses and damage our reputation with customers, and could expose us to litigation if the confidential information of our customers, suppliers, or employees is compromised.

Compliance with regulations regarding the use of conflict minerals could limit the supply and increase the cost of certain metals used in manufacturing our products.

Increased focus on environmental protection and social responsibility initiatives led to the passage of Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act") and its implementing Securities and Exchange Commission regulations. The Dodd-Frank Act imposes supply chain diligence and disclosure requirements for certain manufacturers of products containing specific minerals that may originate in or near the Democratic Republic of the Congo (the "DRC") and finance or benefit local armed groups. These "conflict minerals" are commonly found in materials used in the manufacture of semiconductors. The implementation of these new regulations may limit the sourcing and availability of some of these materials. This in turn may affect our ability to obtain materials necessary for the manufacture of our products in sufficient quantities and may affect related material pricing. Some of our customers may elect to disqualify us as a supplier or reduce purchases from us if we are unable to verify that our products are DRC conflict free.

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

We operate in a number of locations outside the U.S., including in Singapore, and, to a lesser extent, Taiwan, where we have tax incentive arrangements that are conditional, in part, upon meeting certain business operations and employment thresholds. Our domestic and international taxes are dependent upon the distribution of our earnings among these different jurisdictions. Our provision for income taxes and cash tax liabilities in the future could be adversely affected by numerous factors, including challenges by tax authorities to our tax structure and intercompany transfer pricing agreements, income before taxes being lower than anticipated in countries with lower statutory tax rates and higher than anticipated in countries with higher statutory tax rates, changes in the valuation of deferred tax assets and liabilities, failure to meet performance obligations with respect to tax incentive agreements, and changes in tax laws and regulations. We file income tax returns with the U.S. federal government, various U.S. states, and various other jurisdictions throughout the world. Our U.S. federal and state tax returns remain open to examination for 2011 through 2015. In addition, tax returns open to examination in multiple other taxing jurisdictions range from the years 2007 to 2015. The results of audits and examinations of previously filed tax returns and continuing assessments of our tax exposures may have an adverse effect on our provision for income taxes and cash tax liability.

We may not utilize all of our net deferred tax assets.

We have substantial deferred tax assets, which include, among others, net operating loss and credit carryforwards. As of September 3, 2015, our U.S. federal and state net operating loss carryforwards, including uncertain tax benefits, were $4.02 billion and $2.05 billion, respectively, which, if not utilized, will expire at various dates from 2016 through 2035. As of September 3, 2015, our foreign net operating loss carryforwards were $5.15 billion, including $3.81 billion pertaining to Japan, which will, if not utilized, substantially all expire at various dates from 2017 through 2025. As of September 3, 2015, we had valuation allowances of $1.16 billion and $710 million against our net deferred tax assets in the U.S. and Japan, respectively.

The limited availability of raw materials, supplies, or capital equipment could materially adversely affect our business, results of operations, or financial condition.

Our operations require raw materials, and in certain cases, third party services, that meet exacting standards. We generally have multiple sources of supply for our raw materials and services. However, only a limited number of suppliers are capable of delivering certain raw materials and services that meet our standards. In some cases, materials, components, or services are provided by a single supplier. Various factors could reduce the availability of raw materials or components such as silicon wafers, controllers, photomasks, chemicals, gases, photoresist, lead frames, and molding compound. Shortages may occur from time to time in the future. We and/or our suppliers could be affected by laws and regulations enacted in response to concerns regarding climate change, which could increase the cost and limit the supply of our raw materials. In addition, disruptions in transportation lines could delay our receipt of raw materials. Lead times for the supply of raw materials have been extended in the past. If our supply of raw materials or services is disrupted or our lead times extended, our business, results of operations, or financial condition could be materially adversely affected.

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

A downturn in the worldwide economy may harm our business.

Downturns in the worldwide economy have harmed our business in the past and future downturns could also adversely affect our business. Adverse economic conditions affect demand for devices that incorporate our products, such as personal computers, mobile devices, SSDs, and servers. Reduced demand for these products could result in significant decreases in our average selling prices and product sales. A deterioration of current conditions in worldwide credit markets could limit our ability to obtain external financing to fund our operations and capital expenditures. In addition, we may experience losses on our holdings of cash and investments due to failures of financial institutions and other parties. Difficult economic conditions may also result in a higher rate of loss on our accounts receivables due to credit defaults. As a result, our business, results of operations, or financial condition could be materially adversely affected.

Our results of operations could be affected by natural disasters and other events in the locations in which we or our customers or suppliers operate.

We have manufacturing and other operations in locations subject to natural occurrences such as severe weather and geological events including earthquakes or tsunamis that could disrupt operations. In addition, our suppliers and customers also have operations in such locations. A natural disaster, fire, explosion, or other event that results in a prolonged disruption to our operations, or the operations of our customers or suppliers, may materially adversely affect our business, results of operations, or financial condition.

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

Sales to customers outside the United States approximated 82% of our consolidated net sales for the second quarter of 2016. In addition, a substantial portion of our manufacturing operations are located outside the United States. In particular, a significant portion of our manufacturing operations are concentrated in Singapore, Taiwan, and Japan. Our international sales and operations are subject to a variety of risks, including:

- export and import duties, changes to import and export regulations, customs regulations and processes, and restrictions on the transfer of funds;
- compliance with U.S. and international laws involving international operations, including the Foreign Corrupt Practices Act, export and import laws, and similar rules and regulations;
- protection of intellectual property;
- political and economic instability;
- problems with the transportation or delivery of our products;

- issues arising from cultural or language differences and labor unrest;
- longer payment cycles and greater difficulty in collecting accounts receivable;
- compliance with trade, technical standards, and other laws in a variety of jurisdictions;
- contractual and regulatory limitations on our ability to maintain flexibility with our staffing levels;
- disruptions to our manufacturing operations as a result of actions imposed by foreign governments;
- changes in economic policies of foreign governments; and
- difficulties in staffing and managing international operations.

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

We are subject to counterparty default risks.

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

ITEM 2. UNREGISTERED SALE OF EQUITY SECURITIES AND USE OF PROCEEDS

Our Board of Directors has authorized the discretionary repurchase of up to $1.25 billion of our common stock, which may be made in open market purchases, block trades, privately-negotiated transactions, or derivative transactions. Repurchases are subject to market conditions and our ongoing determination of the best use of available cash.

During the second quarter of 2016, we received 1,723,996 shares of our common stock in lieu of cash from the settlement of the remaining portion of our 2031 Capped Calls.

Period	Total number of shares purchased	Average price paid per share	Total number of shares (or units) purchased as part of publicly announced plans or programs	Maximum number (or approximate dollar value) of shares (or units) that may yet be purchased under the plans or programs
December 4, 2015 – January 7, 2016	—	$ —	—	$ 294,184,917
January 8, 2016 – February 4, 2016	804,897	10.69	—	294,184,917
February 5, 2016 – March 3, 2016	919,099	10.77	—	294,184,917
	1,723,996	10.73	—	

In our consolidated financial statements, we also treat shares of common stock withheld as payment of withholding taxes and exercise prices in connection with the vesting or exercise of equity awards as common stock repurchases. Those withheld shares of common stock are not considered common stock repurchases under an authorized common stock repurchase plan and accordingly are excluded from the above table.

ITEM 6. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

The following documents are filed as part of this report:

Exhibit Number	Description of Exhibit
2.6	2016 Share Swap Agreement, dated February 3, 2016 by and among Micron Technology B.V., Micron Semiconductor Taiwan Co. Ltd. and Inotera Memories, Inc.
3.1	Restated Certificate of Incorporation of the Registrant (1)
3.2	Bylaws of the Registrant, Amended and Restated (2)
10.56	2016 Technology Transfer and License Option Agreement for 1X Process Node dated as of February 3, 2016 by and between Micron Technology, Inc. and Nanya Technology Corporation.
10.57	2016 Technology Transfer and License Option Agreement for 1Y Process Node dated as of February 3, 2016 by and between Micron Technology, Inc. and Nanya Technology Corporation.
10.58	Form of Voting and Support Agreement by and among Micron Technology B.V., Micron Semiconductor Taiwan Co. Ltd., and Nanya Technology Corporation and certain of its affiliates.
10.59	2016 First Amendment to the Second Amended and Restated Operating Agreement dated January 5, 2016 by and among Micron Technology, Inc. and Intel Corporation.
31.1	Rule 13a-14(a) Certification of Chief Executive Officer
31.2	Rule 13a-14(a) Certification of Chief Financial Officer
32.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. 1350
32.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C. 1350
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

(1) Incorporated by reference to Current Report on Form 8-K dated January 26, 2015
(2) Incorporated by reference to Current Report on Form 8-K dated February 1, 2016.

SIGNATURES

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

Micron Technology, Inc.

(Registrant)

Date: April 8, 2016

/s/ Ernest E. Maddock

Ernest E. Maddock
Chief Financial Officer and Vice President, Finance
(Principal Financial and Accounting Officer)

SHARE SWAP AGREEMENT

among

MICRON TECHNOLOGY B.V.

MICRON SEMICONDUCTOR TAIWAN CO. LTD.

and

INOTERA MEMORIES, INC.

Dated as of February 3, 2016

SHARE SWAP AGREEMENT

THIS SHARE SWAP AGREEMENT (this "Agreement"), dated as of February 3, 2016 (the "Effective Date"), is being entered into by and among Micron Technology B.V., a company incorporated and in existence under the laws of The Netherlands ("Parent"), Micron Semiconductor Taiwan Co. Ltd., a company incorporated and in existence under the laws of the Republic of China (the "ROC") ("Buyer") and Inotera Memories, Inc., a company incorporated and in existence under the laws of the ROC (the "Company," and Parent, Buyer and the Company each a "Party" and collectively the "Parties").

RECITALS

WHEREAS, Buyer is a direct, wholly owned Subsidiary of Parent as of the Effective Date;

WHEREAS, Parent is an indirect, wholly owned Subsidiary of Micron Technology, Inc., a company incorporated and in existence under the laws of the State of Delaware, United States of America ("Micron") as of the Effective Date;

WHEREAS, it is proposed that Buyer will implement a 100% share swap pursuant to Article 29 of the ROC Mergers and Acquisitions Act (the "M&A Act") with the Company, whereby Buyer will acquire 100% of the issued and outstanding capital shares of the Company for such consideration as further described herein and on the terms and subject to the conditions set forth herein (the "Share Swap");

WHEREAS, the Board of Directors of Micron has approved Buyer's entry into this Agreement and declared it advisable and in the best interests of Micron and its stockholders for Buyer to enter into this Agreement;

WHEREAS, the Board of Directors of Buyer has approved this Agreement and declared it advisable for Buyer to enter into this Agreement;

WHEREAS, the Board of Directors of the Company (the "Company Board") has (i) determined that it is in the best interests of the Company and its shareholders, and declared it advisable, to enter into this Agreement (the "Company Board Determination"), and (ii) approved the execution, delivery and performance by the Company of this Agreement and the consummation of the transactions contemplated hereby, subject to the approval of the shareholders of the Company;

WHEREAS, prior to the execution of this Agreement, and as a condition and inducement to the willingness of Parent and Buyer to enter into this Agreement, Nanya Technology Corporation, Nan Ya Plastics Corporation and Nan Ya Printed Circuit Board Corporation have entered into voting and support agreements with Parent and Buyer (collectively, the "Voting and Support Agreements");

WHEREAS, the Parties desire to replace the Framework Agreement, dated as of December 14, 2015 (the "Framework Agreement") with this Agreement, which contains additional representations, warranties, covenants and agreements in connection with the Share Swap and also prescribes certain conditions to the Share Swap as specified herein; and

WHEREAS, the Framework Agreement will terminate in accordance with its terms upon the execution of this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the premises, and of the representations, warranties, covenants and agreements contained herein, and intending to be legally bound hereby, Parent, Buyer and the Company hereby agree as follows:

ARTICLE I
DEFINITIONS

Section 1.1 Certain Definitions. For purposes of this Agreement:

"Affiliate" of any Person means any other Person that, at the time of determination, directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with, such first Person.

"Building Permits" mean all permits, licenses, easements, variances, exemptions, consents, certificates, authorizations, registrations, Orders and other approvals from Governmental Entities necessary for, or issued to, build, construct, maintain,

demolish, remodel, refurbish and/or occupy any structures, buildings, infrastructure or utilities (or appurtenances thereto) relating to any Real Property.

"Business Day" means any day other than a Saturday, a Sunday or a day on which banks in New York, USA, Amsterdam, The Netherlands or Taipei, Taiwan are authorized by Law or executed Order to be closed.

"Company Employee Plan" means any plan, program, policy, practice, contract, agreement or other arrangement providing for any bonus, compensation, severance, separation, termination pay, deferred compensation, management, employment, contractor or consulting services, incentive compensation, relocation, performance awards, stock or stock related awards, vacation, repatriation, expatriation, loans, visas, work permits, retention pay, change of control, disability, death benefit, retirement benefits, pension benefits, welfare benefits, hospitalization or insurance plan, fringe benefits or other employee benefits or remuneration of any kind, whether written, unwritten or otherwise, funded or unfunded, including, but not limited to, each employee benefit plan which is or has been maintained, contributed to, or required to be contributed to, by the Company or the U.S. Subsidiary for the benefit of any current or former employee of the Company or the U.S. Subsidiary, or with respect to which the Company or the U.S. Subsidiary has or may have any liability or obligation.

"Company Equity Plans" means any employee, consultant, representative or director stock option, stock purchase or equity compensation plan, arrangement or agreement of the Company or the U.S. Subsidiary.

"Company Intellectual Property Rights" means any and all Intellectual Property Rights that are owned, used, held for use or practiced by the Company or the U.S. Subsidiary.

"Company Products" means all products, technologies and services developed (including products, technologies and services under development), owned, made, provided, distributed, imported, sold or licensed by or on behalf of the Company and/or the U.S. Subsidiary.

"Company Public Reports" means reports and other documents required to be filed with the FSC, stated in the Company's annual report or publicly disclosed at the MOPS by the Company since December 31, 2013.

"Company Stock Option" means each option to purchase Shares granted under any Company Employee Plan, including the Company Equity Plans.

"Confidential Information" has the meaning ascribed thereto in the Mutual NDA.

"Contract" means any note, bond, debenture, mortgage, indenture, lease, license, instrument, contract, purchase order, agreement or other similar legally binding commitment or undertaking of any nature, whether written or oral.

"control" (including the terms "controlled," "controlled by" and "under common control with") means the possession, directly or indirectly or as trustee or executor, of the power to direct or cause the direction of the management policies of a Person, whether through the ownership of stock, as trustee or executor, by contract or credit arrangement or otherwise.

"Copyrights" means copyrights and mask work rights (whether or not registered) and registrations and applications therefor, worldwide.

"Debt Commitment Letter" means one or more debt commitment letters to be entered into after December 14, 2015, among Buyer, or another Affiliate of Micron designated by Buyer, and the Financing Sources party thereto (which Financing Sources shall be investment or commercial banks or financial institutions, in each case engaged in and duly licensed in Taiwan to engage in the business of providing debt financing in Taiwan), on terms satisfactory to Parent and Buyer, and subject only to conditions precedent customary for debt commitments for similar acquisition financings and subject to a termination date for such financing commitment that is no sooner than the Outside Date, as amended, supplemented or replaced in compliance with this Agreement, pursuant to which the Financing Sources party thereto agree to provide debt financing of at least NT$80,000,000,000 to Buyer, or another Affiliate of Micron designated by Buyer, to pay a portion of the Consideration and other amounts to be paid pursuant to the Share Swap and associated costs and expenses of the Share Swap on the Share Swap Record Date.

"Debt Financing" means the debt financing incurred or intended to be incurred pursuant to the Debt Commitment Letter, including the borrowing of funds contemplated by the Debt Commitment Letter and any related engagement or fee letter(s).

"Environmental Law" means any applicable Law, and any Order or binding agreement with any Governmental Entity: (a) relating to pollution (or the cleanup thereof) or the protection of natural resources, endangered or threatened species, human health or safety, or the environment (including ambient air, soil, surface water or groundwater, or subsurface strata); or (b) concerning the presence of, exposure to, or the management, manufacture, use, containment, storage, recycling, reclamation, reuse, treatment, generation, discharge, transportation, processing, production, disposal or remediation of any Hazardous Substances.

"Environmental Permit" is any Permit required to be obtained from any private Person or any Governmental Entity with respect to a Hazardous Substances Activity which is or was conducted by the Company or the U.S. Subsidiary.

"Financing Sources" means the agents, arrangers, lenders and other entities that have committed or been engaged to provide or arrange the Debt Financing, including the parties to the Debt Commitment Letter, any joinder agreements, credit agreements entered pursuant thereto or relating thereto, together with their respective Affiliates and their and their respective Affiliates' current, former or future officers, directors, employees, partners, trustees, shareholders, equityholders, managers, members, limited partners, controlling Persons, agents and representatives and respective successors and assigns of the foregoing Persons.

"GAAP" means with respect to any Person, generally accepted accounting principles in the jurisdiction in which such Person is domiciled in effect from time to time.

"Hazardous Substances" means (a) any material, substance, chemical, waste, product, derivative, compound, mixture, solid, liquid, mineral or gas, in each case, whether naturally occurring or manmade, that is hazardous, acutely hazardous, toxic, or words of similar import or regulatory effect under Environmental Laws; and (b) any petroleum or petroleum-derived products, radon, radioactive materials or wastes, asbestos in any form, lead or lead-containing materials, urea formaldehyde foam insulation and polychlorinated biphenyls.

"Hazardous Substances Activities" means the transportation, transfer, recycling, storage, use, treatment, manufacture, removal, remediation, release, exposure of others to, sale, or distribution of any Hazardous Substances or any product or waste containing a Hazardous Substance, or product manufactured with ozone depleting substances, including, without limitation, any required labeling, payment of waste fees or charges (including so-called e-waste fees) and compliance with any product take-back or product content requirements.

"IFRS" means the International Financial Reporting Standards as endorsed by the FSC.

"Intellectual Property Rights" means intellectual property rights arising from or in respect of the following, whether protected, created or arising under the laws of the United States or any other jurisdiction: Copyrights, Trade Secrets, Patents and Trademarks, and analogous rights, including moral and economic rights of authors and inventors (however denominated) and including the right to enforce and recover damages for the infringement or misappropriation of any of the foregoing.

"IT Systems" means all computer systems, servers, network equipment and other computer hardware owned, leased or licensed by the Company or the U.S. Subsidiary or otherwise used for the business of the Company or the U.S. Subsidiary.

"knowledge" means the knowledge of any Person identified on Exhibit A hereto, of a particular fact, circumstance, event or other matter in question. Any such Person will be deemed to have knowledge of a particular fact, circumstance, event or other matter if: (i) such Person has actual knowledge of the fact, circumstance, event or other matter; or (ii) such Person would reasonably be expected to have such knowledge in the ordinary and prudent course of performing his or her respective duties and roles on behalf of the Company, including through discussions of the subject matters set forth in Article 4 of this Agreement with (i) the Company personnel that report to him or her who are responsible for the relevant subject matters and outside advisors and (ii) personnel employed by any Service Provider or other entity within the Formosa Plastics group of companies who have responsibility for any of the subject matters set forth in Article 4 of this Agreement as such matters relate to the Company.

"Legal Proceeding" means any action, claim, suit, litigation, proceeding (public or private), criminal prosecution, arbitration, appeal, mediation, conciliation, consent decree, audit or investigation by or before any Governmental Entity.

"Lien" means any charge, claim, mortgage, lien (statutory or otherwise), encroachment, option, pledge, hypothecation, right of first offer, right of first refusal, security interest, attachment, levy, lease, sublease, voting arrangement, encumbrance or other restriction of any kind on ownership or use, or any agreement or contract to create any of the foregoing.

"Liabilities" shall mean any liability, obligation or commitment of any kind, whether absolute, accrued, fixed or contingent, matured or unmatured, determined or determinable or otherwise and whether or not required to be recorded or reflected on a balance sheet prepared in accordance with GAAP or IFRS.

"made available to Buyer" or words of similar import means that, on or before 5:00 p.m. local time in Taipei, Taiwan on the third (3rd) Business Day prior to the Effective Date, the Company has provided true, correct and complete copies of such materials by posting of such materials to the following site: *ftp://inotera-ftp.micron.com*.

"Material Adverse Effect" means any fact, effect, change, event or circumstance (collectively, a "Change") that, individually or when taken together with all other such Changes that exist at the date of determination of the occurrence of a Material Adverse Effect, has or would reasonably be expected to have or result in a material adverse effect on: (a) the business, assets, properties, Liabilities, financial condition or results of operations of the Company and the U.S. Subsidiary, taken as a whole; or (b) the ability of the Company to consummate the transactions contemplated by this Agreement; provided, however, that no Changes (by themselves or when aggregated with any other Changes) resulting from, relating to or arising out of the following shall be deemed to be or constitute a Material Adverse Effect, and no Changes resulting from, relating to or arising out of the following (by themselves or when aggregated with any other Changes) shall be taken into account when determining whether a Material Adverse Effect has occurred or may, would or could occur: (i) general economic, financial or political conditions in Taiwan or any other jurisdiction in which the Company has substantial business or operations, and any changes therein, to the extent that such conditions do not have a materially disproportionate impact on the Company relative to other semiconductor companies of comparable size; (ii) general conditions in the financial markets, and any changes therein, to the extent that such conditions do not have a materially disproportionate impact on the Company relative to other semiconductor companies of comparable size; (iii) changes in applicable Laws, GAAP or IFRS applicable to the Company; or (iv) compliance by the Company with the express terms of this Agreement or the failure by the Company to take any action that is expressly prohibited by this Agreement (it being agreed and understood that any Change resulting from, relating to or arising out compliance by the Company with its obligations pursuant to Section 6.1(a) hereof shall not be excluded from a determination of a Material Adverse Effect). For the avoidance of doubt, a material breach by Micron or Micron Semiconductor Asia Pte., Ltd. of any Supply Agreement shall not be taken into account when determining whether a Material Adverse Effect has occurred or may, would or could occur.

"Micron Share Purchase Agreement" means that certain share purchase agreement between Micron, on the one hand, and Nanya Technology Corporation, on the other hand, dated as of December 14, 2015.

"Micron Share Purchase Closing" has the meaning ascribed to the term "Closing" in the Micron Share Purchase Agreement.

"Mutual NDA" means the Micron-Inotera Mutual Nondisclosure Agreement entered into by Micron and the Company as of January 17, 2013, as amended.

"Order" means any writ, judgment, decree, award, ruling, injunction, directive or similar order of any Governmental Entity, and any award or order of any arbitrator to the extent enforceable by a Governmental Entity, in each case whether preliminary or final.

"Patents" means patents and patent applications worldwide, including continuation, divisional, continuation-in-part, re-examination, or reissue patent applications and patents issuing thereon.

"Permitted Liens" means (i) liens for Taxes and other similar governmental charges and assessments which are not yet due, (ii) liens of landlords and liens of carriers, warehousemen, mechanics and materialmen and other like liens arising in the ordinary course of business consistent with past practice for sums not yet due, (iii) security given in the ordinary course of business consistent with past practice to any public utility, Governmental Entity or other statutory or public authority having jurisdiction over the Company or the U.S. Subsidiary and (iv) Liens created under the Syndicated Loan that are described in Section 1.1 of the Company Disclosure Letter.

"Person" means an individual, corporation, partnership, limited liability company, association, trust or other entity or organization, including any Governmental Entity.

"Personal Information" means, in addition to all information defined or described as "personal information," "personally identifiable information," "PII," or similar term in any privacy policy or other public-facing statement of the Company or the U.S. Subsidiary, all information regarding or capable of being associated with an individual consumer or device, including: (i) information that identifies, could be used to identify or is otherwise identifiable with an individual or a device, including name, physical address, telephone number, email address, financial account number, government-issued identifier (including social security number and driver's license number), medical, health or insurance information, gender, date of birth, educational or

employment information, religious or political views or affiliations, marital or other status, photograph, face geometry, or biometric information, and any other data used or intended to be used to identify, contact or precisely locate an individual; (ii) any data regarding an individual's activities online or on a mobile device or other application (e.g., searches conducted, web pages or content visited or viewed), whether or not such information is associated with an identifiable individual; and (iii) internet protocol addresses or other persistent identifiers. Personal Information may relate to any individual, including users of internet and device applications who view or interact with the Company or the U.S. Subsidiary, or a current, prospective or former customer, employee or vendor of any Person. Personal Information includes information in any form, including paper, electronic and other forms.

"Registered Intellectual Property" means Patents, registered Copyrights and pending applications for copyright registration, registered Trademarks and pending applications for trademark registration, and maskworks.

"Release" means any actual or threatened release, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, abandonment, disposing or allowing to escape or migrate into or through the environment (including, without limitation, ambient air (indoor or outdoor), surface water, groundwater, land surface or subsurface strata or within any building, structure, facility or fixture).

"Service Provider" means (i) any holder of 1% or more of the Shares outstanding as of December 14, 2015, (ii) any of such holder's Affiliates and (iii) any other Person related to such holder or such Affiliate, in each case that provided ongoing services to the Company on or prior to December 14, 2015. Without limiting the generality of the foregoing, each of the following shall be deemed a Service Provider: Nanya Technology Corporation, Nan Ya Plastics Corporation, Hwa-Ya Power Corporation, Formosa Technologies Corporation, and Formosa Sumco Technology Corporation.

"Shares" means all of the issued and outstanding shares of common stock of the Company, par value NT$10 per share.

"Subsidiary" means, with respect to any Person, any other Person of which stock or other equity interests having ordinary voting power to elect more than twenty-five percent (25%) of the board of directors or other governing body are owned, directly or indirectly, by: (i) such first Person, (ii) such first Person and one or more of its Subsidiaries, or (iii) one or more Subsidiaries of such first Person.

"Supply Agreements" means collectively the 2015 Supply Agreement dated February 10, 2015 and the 2016 Supply Agreement dated February 10, 2015, by and among the Company, Micron and Micron Semiconductor Asia Pte., Ltd., together with any subsequent amendments thereto, each a "Supply Agreement".

"Tax," "Taxation," or, collectively, "Taxes" means (i) any and all taxes, assessments and other similar charges, withholdings, duties, impositions, installments and Liabilities imposed by or on behalf of or payable to any Governmental Entity, including taxes based upon or measured by gross receipts, income, profits, sales, use and occupation, capital and value added, goods and services, ad valorem, transfer (including real estate transfer), franchise, withholding, payroll, recapture, employment,, ICA, excise and property taxes as well as public imposts, fees and social security charges (including health, unemployment, workers' compensation and pension insurance), together with all interest, penalties and additions imposed with respect to such amounts, (ii) any liability for the payment of any amounts of the type described in clause (i) above as a result of being or having been a member of an affiliated, consolidated, combined, unitary, fiscal unity or similar group for any period, and (iii) any liability for the payment of any amounts of the type described in clauses (i) or (ii) above as a result of any express or implied obligation to indemnify any other person or as a result of any obligation under any agreement or arrangement with any other person with respect to such amounts and including any liability for taxes of a predecessor or transferor or otherwise by operation of Law.

"Tax Relief" means any allowance, credit, deduction, exemption or set-off in respect of any Tax or relevant to the computation of any income, profits or gains for the purposes of any Tax, or any repayment of or saving of Tax (including any repayment supplement or interest in respect of Tax), and any reference to the use or set off of Tax Relief shall be construed accordingly and shall include use or set off in part and any reference to the loss of a Tax Relief shall include the absence, non-existence or cancellation of any such Tax Relief, or to such Tax Relief being available only in a reduced amount.

"Tax Returns" means returns, estimates, amendments, information statements, elections, forms, transfer pricing or other technical studies and reports, and any attachments, appendices or addenda thereto relating to any and all Taxes, and including any workpapers or other documents upon which any of the foregoing are based.

"Trade Secrets" means confidential know-how, inventions, discoveries, concepts, ideas, methods, processes, designs, formulae, technical data, source code, drawings, specifications (including logic specifications), data bases, data sheets, customer lists,

customer data and other confidential information that constitute trade secrets under applicable Law, in each case excluding any rights in respect of any of the foregoing that comprise Copyrights or Patents.

"Trademarks" means trademarks and registrations and applications therefor.

"Unvested Company Options" means any Company Stock Options that are unvested immediately prior to Closing.

"U.S. Subsidiary" means Inotera Memories, Inc., USA, a company incorporated and in existence under the laws of the State of Delaware, United States of America, and a direct, wholly owned Subsidiary of the Company.

"Vested Company Options" means Company Stock Options that are not Unvested Company Options.

In addition to the terms defined above, the terms listed below are defined in the sections set forth opposite such defined term.

Acquisition Proposal	Section 6.3(e)
Adverse Recommendation Change	Section 6.3(d)
Agreement	Preamble
Antitrust Laws	Section 4.4(b)
Appraisal	Section 3.5
Arbitrable Dispute	Section 9.6(a)
Banking Chops	Section 4.24
Books and Records	Section 4.23
Buyer	Preamble
Buyer Material Adverse Effect	Section 5.1(b)
CAA	Section 9.6(b)
Closing	Section 2.2
Company	Preamble
Company Act	Section 3.5
Company Balance Sheet	Section 4.6
Company Board	Recitals
Company Board Determination	Recitals
Company Disclosure Documents	Section 4.5(a)
Company Disclosure Letter	Article IV
Company Financial Statements	Section 4.5(c)
Company In Licenses	Section 4.16(j)
Company IP Licenses	Section 4.16(l)
Company Out Licenses	Section 4.16 (l)
Company Patent Licenses	Section 4.16(k)
Company Permits	Section 4.8(c)
Company Registered Intellectual Property	Section 4.16(f)
Company Shareholder Approval	Section 4.3
Company Shareholders Meeting	Section 6.4(a)
Consideration	Section 3.1(a)
Dissenting Shares	Section 3.5
Dissenting Shareholder	Section 3.5
Effective Date	Preamble
Framework Agreement	Recitals
FSC	Section 4.4(b)
Governmental Entity	Section 4.4(b)

Law	Section 4.4(a)
Lease Agreements	Section 4.17(b)
Leased Real Property	Section 4.17(b)
M&A Act	Recitals
Material Contract	Section 4.13(a)
Micron	Recitals
Micron Financing	Section 6.6(d)
MOPS	Section 4.5(a)
Notification	Section 6.4(a)
Occupied Real Property	Section 4.17(a)
Option Real Property	Section 4.17(a)
Outside Date	Section 8.1(e)
Owned Real Property	Section 4.17(a)
Parent	Preamble
Parties	Preamble
Party	Preamble
Patent Transferee(s)	Section 6.13
Payment Fund	Section 3.3(a)
Pre-Closing Period	Section 6.1(a)
Real Property	Section 4.17(b)
Representatives	Section 6.3(b)
Required Financial Statements	Section 6.6(e)
ROC	Preamble
SEC	Section 6.6(e)
Service Contract	Section 6.1(c)
Share Swap	Recitals
Share Swap Record Date	Section 2.2
Significant Supplier	Section 4.22
Stock Agent	Section 3.3(a)
Syndicated Loan	Section 4.12
Transition Services	Section 6.6(c)
Transition Services Agreement	Section 6.6(c)
TSE	Section 4.4(b)
Voting and Support Agreements	Recitals

Section 1.2 Interpretation. When a reference is made in this Agreement to a Section, Article, Schedule or Exhibit, such reference shall be to a Section, Article, Schedule or Exhibit of this Agreement unless otherwise indicated. The table of contents and headings contained in this Agreement or in any Schedule or Exhibit are for convenience of reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. All words used in this Agreement will be construed to be of such gender or number as the circumstances require. Any capitalized terms used in any Schedule or Exhibit but not otherwise defined therein shall have the meaning set forth in this Agreement. All Schedules and Exhibits annexed hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth herein unless otherwise indicated. The words “include,” “includes” and “including” and words of similar import when used in this Agreement will mean “include, without limitation,” “includes, without limitation” or “including, without limitation,” unless otherwise specified.

ARTICLE II
THE SHARE SWAP

Section 2.1 The Share Swap. Upon the terms and subject to the satisfaction or, to the extent permitted by applicable Law, waiver of the conditions set forth in this Agreement and in accordance with applicable Law, at the Share Swap Record Date (as defined in Section 2.2), the Company shall be acquired by Buyer to become a wholly-owned Subsidiary of Buyer.

Section 2.2 Closing. The closing of the Share Swap (the "Closing") shall take place at 10:00 a.m. local time, as soon as practicable but in no event later than five (5) Business Days following the satisfaction or, to the extent permitted by applicable Law, waiver of the conditions set forth in Article VII (other than those conditions that by their terms are to be satisfied at the Closing, but subject to the satisfaction or, to the extent permitted by applicable Law, waiver of those conditions), at the offices of Jones Day at 8F, No. 2 Tun Hwa S. Rd., Sec. 2, Taipei, unless another date, time or place is agreed to in writing by Buyer and the Company. The date and time at which the Closing occurs is referred to in this Agreement as the "Share Swap Record Date," provided, however, that the Share Swap Record Date shall be after July 6, 2016. Subject to all terms and conditions contained in this Agreement, the Parties tentatively expect the Share Swap Record Date to occur on or around July 15, 2016.

Section 2.3 Capital. Upon the execution of this Agreement, the authorized capital and the paid-in capital of Buyer is NT$500,000; and the authorized capital and the paid-in capital of the Company is NT$80,000,000,000 and NT$65,602,860,000 respectively.

Section 2.4 Effects of the Share Swap. The Share Swap shall have the effects set forth in this Agreement and in the relevant provisions of applicable Law.

Section 2.5 Articles of Incorporation; Share Capital.

(a) On or prior to the Share Swap Record Date, the articles of incorporation of Buyer shall be amended to reflect the items that are attached on Exhibit B.

(b) The Company's articles of incorporation in effect as of the Effective Date shall be the articles of incorporation of the Company on the Share Swap Record Date, unless subsequently further amended.

(c) Unless otherwise amended pursuant to this Agreement, details of the share capital of the Buyer and the Company on the Share Swap Record Date are as set forth on Exhibit C.

Section 2.6 Directors and Supervisors. The directors and supervisors of Buyer immediately prior to the Closing shall remain unchanged as a result of the Closing until the earlier of their resignation or removal or until their respective successors are duly elected and qualified. Upon Closing, the directors and supervisors of the Company shall be discharged and replaced by such Persons as Buyer may designate, in its sole discretion, for a new term of office.

Section 2.7 Changes to the Share Swap Parties. If there is any change to the parties involved in the Share Swap approved by the Parties in accordance with Section 8.4, Buyer and the Company will cooperate to take appropriate corporate actions in response to such change.

ARTICLE III
CONSIDERATION; PAYMENT

Section 3.1 Consideration.

(a) Subject and pursuant to the terms of this Agreement, each Share issued and outstanding immediately prior to the Share Swap Record Date (other than Shares to be cancelled in accordance with Section 3.1(b) and/or Section 3.5) shall, upon the Share Swap Record Date, be transferred to and in the name of Buyer and against such transfer to Buyer thereafter represent the right to receive NT$30 in cash, without interest, and subject to deduction for any required withholding Tax (the "Consideration").

(b) Each Share held in the treasury of the Company immediately prior to the Share Swap Record Date shall automatically be canceled and retired, and shall cease to exist, and no consideration shall be delivered in exchange therefor.

Section 3.2 Treatment of Options.

(a) Vested Options. Upon the Closing on the Share Swap Record Date, each Vested Company Option shall terminate and be cancelled, and the holder of such Vested Company Option shall be entitled to receive from the Company, promptly following the Share Swap Record Date, (i) a cash payment (subject to all applicable deductions and withholding) equal to (A) the product of (1) the number of Shares that were issuable upon exercise of such Vested Company Option immediately prior to the Closing multiplied by (2) the excess, if any, of (x) the Consideration over (y) the per share exercise price for the Shares that would have been issuable upon exercise of such Vested Company Option immediately prior to the Closing (with the understanding that, for purposes of this clause, if there are different exercise prices for different Vested Company Options held by the same holder, separate calculations shall be made for each exercise price).

(b) At Closing, each Unvested Company Option shall terminate and be cancelled, and the holder of such Unvested Company Option shall be entitled to receive a cash payment from the Company (subject to all applicable deductions and withholding) equal to the product of (i) the number of Shares that would be issuable upon exercise of such Unvested Company Option immediately prior to Closing multiplied by (ii) the excess, if any, of (A) the Consideration over (B) the per share exercise price for the Shares that would have been issuable upon exercise of such Unvested Company Option immediately prior to Closing (with the understanding that, for purposes of this clause, if there are different exercise prices for different Unvested Company Options held by the same holder, separate calculations shall be made for each exercise price). As to any Unvested Company Option, the consideration issuable upon termination of such Unvested Company Option in the Share Swap shall be retained by the Company and be subject to the same restrictions and vesting arrangements that were applicable to such Unvested Company Option immediately prior to or at the Closing.

Section 3.3 Payment.

(a) At or prior to the Share Swap Record Date, Buyer shall (and Parent shall cause Buyer to) deliver or cause to be delivered to the Company's stock agent, or, at Buyer's sole discretion, to another stock agent designated by Buyer (the "Stock Agent"), in trust for the benefit of the shareholders of the Company, cash in an amount sufficient to pay the aggregate Consideration (the "Payment Fund"). The Stock Agent shall make payments of the aggregate Consideration out of the Payment Fund in accordance with this Agreement. The Payment Fund shall not be used for any purpose other than to fund payments due hereunder. Except as provided in Section 3.4, Buyer shall pay all charges and expenses, including those of the Stock Agent, incurred in connection with the payment of the Consideration and other amounts contemplated by this Article III.

(b) As soon as reasonably practicable on or after the Share Swap Record Date, Buyer shall cause the Stock Agent to pay the Consideration to each holder of record of Shares represented by book-entry that, immediately prior to the Share Swap Record Date, represented outstanding Shares that were converted into the right to receive the Consideration. After paying the Consideration pursuant to this Section 3.3(b), the Stock Agent shall apply with the Taiwan Depository & Clearing Corporation to transfer the Shares to the name of Buyer. The Consideration shall be paid to the Person whose name is registered as the holder of the Shares.

(c) Any portion of the Payment Fund (and any interest or other income earned thereon) that remains undistributed to the holders of Shares (other than Dissenting Shares) one year after the Share Swap Record Date shall be delivered to Buyer upon demand, and any holders of Shares (other than Dissenting Shares) who have not theretofore complied with this Article III shall thereafter look only to Buyer, as general creditor, for payment of the Consideration with respect to such Shares, without interest. In the event that the Payment Fund is insufficient to make the payments contemplated by this Agreement, Parent shall, or shall cause Buyer, promptly to deposit additional funds with the Stock Agent in an amount which is equal to the deficiency in the amount required to make such payment. The Payment Fund will not be used for any purpose not expressly provided for in this Agreement.

Section 3.4 Withholding Rights. Buyer shall be entitled to deduct and withhold from the consideration otherwise payable to any holder of the Shares pursuant to this Agreement such amounts as may be required to be deducted and withheld pursuant to applicable Law in respect of Taxes. To the extent that amounts are so withheld and paid over to the appropriate taxing authority by Buyer (through the Stock Agent), such withheld amounts shall be treated for all purposes of this Agreement as having been paid to the Person in respect of which such deduction and withholding was made. The Stock Agent shall make available, upon request by any seller of Shares, all receipts of payment of the foregoing amounts withheld and treated as having been paid to such seller.

Section 3.5 Dissenting Shares. Notwithstanding anything in this Agreement to the contrary, Shares issued and outstanding immediately prior to the Share Swap Record Date that are held by any holder who has, either prior to or during the Company Shareholders Meeting, objected in writing, or objected orally (which objection has been recorded by the Company), to waive its voting right and who is entitled to demand and properly demands the Company to buy back Shares of such holder at the fair market price (the "Appraisal") pursuant to, and who complies in all respects with, the M&A Act and the ROC

Company Act ("Company Act") (such Shares, "Dissenting Shares" and the holder of Dissenting Shares, a "Dissenting Shareholder") shall not have the right to receive any portion of the Consideration, unless and until such Dissenting Shareholder shall have failed to perfect, or, to the extent permitted by applicable Law, until such holder shall have effectively withdrawn or lost, such holder's right to Appraisal under applicable Law. Dissenting Shares shall be treated in accordance with the M&A Act and the Company Act. Immediately after the Company Shareholders Meeting, the Company shall promptly notify Buyer of any demands for Appraisal of any Shares, attempted withdrawals of such notices or demands and any other instruments received by the Company relating to rights to Appraisal, and Buyer shall have the right to participate in all negotiations and proceedings with respect to such demands. Prior to the Share Swap Record Date, the Company shall not, without the prior written consent of Buyer (which consent shall not be unreasonably withheld or delayed), make any payment with respect to, settle or offer to settle, or approve any withdrawal of any such demands; provided, however, that if the Company notifies Buyer but Buyer fails to either provide its consent or raise its objection within five (5) Business Days after notice by the Company, then the Company shall have the right to make any payment with respect to, settle or offer to settle, or approve any withdrawal of any such demands, in each case at a per Share price up to but not more than the Consideration. Notwithstanding anything to the contrary herein, the consummation of the Share Swap shall take place on the date of the Closing irrespective of whether (i) the Company and any Dissenting Shareholder have reached an agreement on the buy back of the Dissenting Shares, (ii) there is any on-going Legal Proceeding between the Company and any Dissenting Shareholder related to buy back of Dissenting Shares, and (iii) the Company has yet to buy back any and all Dissenting Shares.

Section 3.6 Adjustment of Consideration.

(a) In the event that the Company changes or establishes a record date for changing the number of Shares issued and outstanding as a result of a stock split, stock dividend, recapitalization, subdivision, reclassification, combination or similar transaction with respect to the outstanding Shares (other than any issuance of Shares pursuant to exercise of any vested options outstanding under the Company Equity Plans) and the record date therefor shall be prior to the Share Swap Record Date, the Consideration and any other calculations based on or relating to Shares shall be appropriately, equitably and proportionately adjusted in light of such stock split, stock dividend, recapitalization, subdivision, reclassification, combination or similar transaction.

(b) Prior to the Share Swap Record Date, and in the event of (i) a Change in the Company's financial or business conditions that has a Material Adverse Effect, (ii) except for any transaction expressly contemplated by this Agreement (including the transaction contemplated by Section 6.13 hereof) between the Effective Date and the Share Swap Record Date, the Company disposes any of its major assets materially and adversely affecting its financial or business conditions, or (iii) a Governmental Entity prescribes that an adjustment to the Consideration shall be made, or an adjustment to the Consideration is necessary in order to obtain the relevant approvals from such Government Entity, then at Buyer's sole discretion and election, the Buyer and Company may engage in good faith discussions to appropriately adjust the Consideration.

(c) Any of the adjustments contemplated by this Section 3.6, if agreed by the Company and Buyer after the date of the Company Shareholder Approval, may be approved by the respective Board of Directors of the Company and Buyer without again requiring the approval by their respective shareholders meetings.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF THE COMPANY

Except as set forth in the disclosure letter dated as of the Effective Date and delivered by the Company to Parent and Buyer prior to the execution and delivery of this Agreement (the "Company Disclosure Letter"), which expressly identifies the Section (or, if applicable, subsection) to which such exception relates (it being understood and hereby agreed that any disclosure in the Company Disclosure Letter relating to one Section or subsection shall also apply to any other Sections and subsections if and to the extent that it is reasonably apparent on the face of such disclosure (without reference to the underlying documents referenced therein) that such disclosure also relates to such other Sections or subsections), the Company represents and warrants to Parent and Buyer as follows:

Section 4.1 Organization, Standing and Power.

(a) The Company (i) is a company duly organized and validly existing under the Laws of the ROC, (ii) has all requisite corporate or similar power and authority to own, lease and operate its properties and assets and to carry on its business as now being conducted and (iii) is duly qualified or licensed to do business and is in good standing (with respect to jurisdictions that recognize such concept) in each jurisdiction in which the nature of its business or the ownership, leasing or operation of its properties makes such qualification or licensing necessary.

(b) Except for the U.S. Subsidiary, the Company currently has no, and at no time since its formation has had any, Subsidiaries, and has no equity interest in, or any interest convertible into or exchangeable or exercisable for any equity interest in, any other entity. The U.S. Subsidiary (i) is a company duly organized and validly existing under the Laws of the State of Delaware, United States of America, (ii) has all requisite corporate or similar power and authority to own, lease and operate its properties and assets and to carry on its business as now being conducted and (iii) is duly qualified or licensed to do business and is in good standing (with respect to jurisdictions that recognize such concept) in each jurisdiction in which the nature of its business or the ownership, leasing or operation of its properties makes such qualification or licensing necessary. All of the outstanding share capital of the U.S. Subsidiary is validly issued, fully paid and nonassessable and all such shares are owned beneficially and of record by the Company free and clear of all Liens.

(c) The Company has made available to Buyer copies of its and the U.S. Subsidiary's organizational documents, as currently in effect, including any amendments thereto through the Effective Date. Neither the Company nor the U.S. Subsidiary is in violation of any of the charter or organizational documents of such entity.

Section 4.2 Capital Stock.

(a) The authorized share capital of the Company as of the Effective Date is NT$80,000,000,000. As of the Effective Date, there are (i) 6,560,286,000 Shares issued and outstanding and (ii) no shares of preferred stock of the Company issued or outstanding. Each of the outstanding shares of capital stock or other equity interests of the Company is, and the shares of capital stock that may be issued pursuant to Company Stock Options will be (when issued in accordance with the terms thereof), duly authorized, validly issued, fully paid and nonassessable and free of, and not in violation of, any preemptive rights.

(b) As of the Effective Date, (A) there are not any outstanding or authorized (1) securities convertible into or exchangeable for shares of capital stock or voting securities of the Company or (2) options, calls, warrants, pre-emptive rights, anti-dilution rights or other rights, rights agreements, shareholder rights plans, agreements, arrangements or commitments of any kind relating to the issued or unissued capital stock, voting securities or securities convertible into or exchangeable for capital stock or voting securities of the Company, (B) there are no outstanding obligations of the Company to repurchase, redeem or otherwise acquire any capital stock, voting securities or securities convertible into or exchangeable for capital stock or voting securities of the Company, (C) the Company has not issued, sold or granted phantom stock or other contractual rights the value of which is determined in whole or in part by the value of any capital stock of the Company and there are no outstanding stock appreciation rights issued by the Company with respect to the capital stock of the Company, (D) there are no voting trusts or other agreements or understandings to which the Company or any of its officers and directors is a party with respect to the voting of capital stock of the Company (other than the Voting and Support Agreements), and (E) there are no outstanding bonds, debentures, notes or other indebtedness of the Company having the right to vote (or convertible into, or exchangeable for, securities having the right to vote) on any matter on which the shareholders or other equity holders of the Company may vote.

(c) There are no outstanding options or warrants to purchase Shares that were issued other than pursuant to any Company Equity Plan.

(d) The Company holds no treasury shares as of the Effective Date.

(e) The Company has provided Buyer with a complete and correct list as of the Effective Date of each outstanding Company Stock Option, including the date of grant, exercise price, vesting schedule and number of Shares subject thereto. All grants of Company Stock Options were validly issued and properly approved by the Company Board (or a committee thereof) in accordance with the terms of the applicable Company Equity Plan and applicable Law, including the ROC Securities and Exchange Law and the applicable regulations thereunder.

(f) Neither the Company nor the U.S. Subsidiary has agreed or is obligated to, directly or indirectly, make any future investments in or capital contribution or advance to any Person (other than in or to the Company or the U.S. Subsidiary).

Section 4.3 Authority. The Company has all necessary corporate power and authority to execute and deliver this Agreement, to perform its obligations hereunder and, subject, in the case of the Share Swap, to the adoption and approval of this Agreement and the Share Swap by the shareholders of the Company in accordance with applicable Law (the "Company Shareholder Approval"), to consummate the transactions contemplated hereby. The execution, delivery and performance of this Agreement by the Company and the consummation by the Company of the transactions contemplated hereby have been duly

authorized by all necessary corporate action on the part of the Company and no other corporate proceedings on the part of the Company are necessary to approve this Agreement or to consummate the transactions contemplated hereby, subject, in the case of the consummation of the Share Swap, to obtaining the Company Shareholder Approval. This Agreement has been duly executed and delivered by the Company and, assuming the due authorization, execution and delivery by Parent and Buyer, constitutes a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms (except to the extent that enforceability may be limited by applicable bankruptcy, insolvency, moratorium, reorganization or similar Laws affecting the enforcement of creditors' rights generally or by general principles of equity). The Company Board, at a meeting duly called and held, has approved and declared advisable and in the best interests of the Company and its shareholders this Agreement and the transactions contemplated hereby and adopted this Agreement and approved the Share Swap and the other transactions contemplated hereby in accordance with the provisions of applicable Law, which resolutions have not been rescinded, modified or withdrawn in any way.

Section 4.4 No Conflict; Consents and Approvals.

(a) The execution, delivery and performance of this Agreement by the Company, and the consummation by the Company of the transactions contemplated hereby, do not and will not (i) conflict with or violate the articles of incorporation, bylaws and other charter or organizational documents of the Company, (ii) assuming that all consents, approvals and authorizations contemplated by clauses (i) through (iv) of Section 4.4(b) below have been obtained and all filings described in such clauses have been made, conflict with or violate any statute, law, ordinance, rule, regulation, Order, judgment or decree (including all statutes, laws, ordinances, rules, regulations, Orders, judgments and decrees with respect to Taxes) (collectively, "Law") or any settlement, injunction or award of any Governmental Entity, in each case that is applicable to the Company or by which any of its properties are bound, (iii) require notice to or the consent of any Person under, result in any breach of or constitute a default (or an event that with notice or lapse of time or both would become a default), or impair the Company's rights or alter the rights or obligations of any third party under, or give to any third party any rights of termination, amendment, payment, acceleration or cancellation of, or result in the creation of a Lien on any of the properties or assets (including intangible assets) of the Company or the U.S. Subsidiary pursuant to, any permit, franchise or Contract to which the Company or the U.S. Subsidiary is a party or by which the Company or the U.S. Subsidiary or its or any of their respective properties is bound or affected, or (iv) give rise to or result in any Person having, or having the right to exercise, any preemptive rights, rights of first refusal, rights to acquire or similar rights with respect to any capital stock of the Company, the U.S. Subsidiary or any of their respective assets or properties, except in the case of the preceding clauses (iii) and (iv) as would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(b) The execution, delivery and performance of this Agreement by the Company, and the consummation by the Company of the transactions contemplated hereby, do not and will not require any consent, approval, Order, license, authorization or permit of, action by, filing, registration or declaration with or notification to, any governmental or regulatory (including stock exchange) authority, agency, court, commission or other governmental body (each, a "Governmental Entity"), except for (i) such filings as required under applicable securities and corporation Laws, (ii) the filings required under the applicable requirements of antitrust or other competition Laws, investment Laws relating to foreign ownership, and all other Laws that are designed or intended to prohibit, restrict or regulate actions having the purpose or effect of monopolization or restraint of trade or lessening of competition through merger or acquisition ("Antitrust Laws"), (iii) such filings as are necessary to comply with the applicable requirements of the ROC Financial Supervisory Commission (the "FSC") and the Taiwan Stock Exchange Corp. ("TSE"), and (iv) any other consent, approval, authorization, permit, action, filing or notification the failure of which to make or obtain would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 4.5 Certain Information.

(a) None of the documents required to be filed by the Company with the FSC, disclosed at the Market Observation Post System ("MOPS"), or required to be distributed or otherwise disseminated to the Company's shareholders by the Company in connection with the transactions contemplated by this Agreement (the "Company Disclosure Documents") will contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they are made, not misleading in the case of any Company Disclosure Document, at the time of the filing of such Company Disclosure Document or any supplement or amendment thereto and at the time of any distribution or dissemination thereof. The Company Disclosure Documents will comply in all material respects with the requirements of applicable Laws.

(b) As of the Effective Date, there are no material outstanding or unresolved written comments from the FSC or the TSE with respect to the Company Public Reports. The Company has filed all Company Public Reports on a timely basis. As of their respective filing dates, or, if applicable, as of the time of their most recent amendment, the Company Public Reports (i) complied in all material respects with the requirements of applicable Laws and (ii) did not contain any untrue

statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they are made, not misleading.

(c) Each of the financial statements (including the related notes) of the Company included in the Company Public Reports (collectively, the "Company Financial Statements") (i) complied at the time it was filed as to form in all material respects with the applicable accounting requirements and rules and regulations of the FSC with respect thereto in effect at the time of such filing; (ii) was prepared in accordance with IFRS applied on a consistent basis during the periods involved (except as may be indicated in the notes thereto); and (iii) fairly presented in all material respects the consolidated financial position of the Company and the U.S. Subsidiary as of the respective dates thereof and the consolidated results of operations and cash flows for the respective periods then ended (subject, in the case of unaudited statements, to normal year-end adjustments, none of which either individually or in the aggregate will be material in any amount).

Section 4.6 No Undisclosed Liabilities. Except as reflected in the Company's audited balance sheet as at June 30, 2015 (the "Company Balance Sheet"), neither the Company nor the U.S. Subsidiary has any Liabilities, other than (i) Liabilities incurred since the date of the Company Balance Sheet in the ordinary course of business consistent with past practice, (ii) Liabilities under this Agreement or incurred in connection with the transactions contemplated hereby and (iii) Liabilities that, individually and in the aggregate, have not had, and would not reasonably be expected to have, a Material Adverse Effect.

Section 4.7 Absence of Certain Changes. Since the date of the Company Balance Sheet through the Effective Date, (a) the Company has conducted its business in the ordinary course of business consistent with past practice and, (b) there has not occurred (i) any Material Adverse Effect or (ii) any action or event that would have required the consent of Micron pursuant to Section 6.1 had such action or event occurred after the date of this Agreement.

Section 4.8 Compliance with Laws; Permits.

(a) The Company and the U.S. Subsidiary are in compliance with, and are not in default under or violation of (and have not received any notice of material non-compliance, default or violation with respect to), any Law applicable to the Company or the U.S. Subsidiary or by which any of their respective properties is bound, except for such non-compliance, defaults and violations that would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(b) The Company and the U.S. Subsidiary are in compliance with, and are not in default under or violation of (and have not received any notice of material non-compliance, default or violation with respect to), all export control Laws applicable to the Company or the U.S. Subsidiary. Neither the Company nor the U.S. Subsidiary conducts business with Persons in or within Cuba, Iran, North Korea, Sudan or Syria.

(c) The Company and the U.S. Subsidiary hold all permits, licenses, easements, variances, exemptions, consents, certificates, authorizations, registrations, Orders and other approvals from Governmental Entities that are material to the operation of the business of the Company and the U.S. Subsidiary as currently conducted, including Environmental Permits and Building Permits (collectively, the "Company Permits"). The Company Permits are in full force and effect, have not been violated in any material respect and no suspension, revocation or cancellation thereof has been threatened. No Company Permit shall cease to be effective as a result of the consummation of the transactions contemplated by this Agreement. To the Company's knowledge, no circumstances exist which could cause any material Company Permit to be revoked, modified or rendered non-renewable upon payment of the permit fee.

Section 4.9 Legal Proceedings; Orders. There are no material Legal Proceedings (other than Legal Proceedings arising from or relating to the Share Swap or any of the other transactions contemplated by this Agreement), pending, or to the knowledge of the Company, threatened, against the Company or the U.S. Subsidiary or any of their respective directors, officers, representatives, properties or assets. Neither the Company nor the U.S. Subsidiary is subject to any outstanding judgment, Order, injunction, ruling or decree of any Governmental Entity that would reasonably be expected to prevent or materially delay the consummation of the transactions contemplated by this Agreement. There has not been nor are there currently (nor, to the knowledge of the Company, are there currently contemplated to be) any internal investigations or inquiries being conducted by the Company, the Company Board (or any committee thereof) or any third party at the request of any of the foregoing concerning any financial, accounting, tax, conflict of interest, self-dealing, fraudulent or deceptive conduct or other misfeasance or malfeasance issues.

Section 4.10 Certain Business Practices. Since the date five (5) years prior to the Effective Date, none of the Company, the U.S. Subsidiary, nor any director, officer or employee of the Company or the U.S. Subsidiary, and, to the

knowledge of the Company, no agent, distributor, consultant, or other Person associated with or acting for or on behalf of the Company or the U.S. Subsidiary, has directly or indirectly: (a) used any funds for unlawful contributions, gifts, entertainment or other unlawful expenses relating to political activity; (b) given, offered or promised, or authorized to give, any money or other thing of value (except for payments permitted by applicable Law) to any foreign or domestic government official or to any foreign or domestic political party or candidate for the purpose of obtaining or retaining business, inducing such official, party or candidate to do or omit to do an act in violation of any applicable legal duty, or to otherwise secure an improper advantage; (c) made any other unlawful payment to any Person or otherwise violated any provision of the U.S. Foreign Corrupt Practices Act of 1977, as amended, the U.K. Bribery Act 2010, or any other similar applicable anti-corruption or anti-bribery Laws; or (d) established or maintained any fund or asset that has not been recorded in the Books and Records made available to Buyer. Since the date five (5) years prior to the Effective Date, (i) each of the Company and the U.S. Subsidiary has maintained and currently maintains sufficient internal controls and compliance programs to detect and prevent violations of applicable anti-bribery and anti-corruption Laws; (ii) the Books and Records accurately and fairly reflect, in reasonable detail, all transactions and dispositions of funds or assets; and (iii) there have been no false or fictitious entries made in the Books and Records relating to any illegal payment or secret or unrecorded fund.

Section 4.11 Restrictions on Business Activities. Other than existing Contracts between Micron and its Affiliates, on the one hand, and the Company, on the other hand, neither the Company nor the U.S. Subsidiary is party to, and no asset of the Company or the U.S. Subsidiary that is material to the Company and the U.S. Subsidiary, taken as a whole, is bound by, any Contract, Order, writ, injunction, judgment or decree that: (a) restricts in any material respect or prohibits the Company or the U.S. Subsidiary from: (i) competing with any other Person; (ii) acquiring any product or other asset or any services from any other Person; (iii) developing, selling, supplying, distributing, offering, supporting or servicing any product, technology or other assets to or for any other Person; (iv) performing services for any other Person; or (v) engaging in a material aspect of the Company's business anywhere in the world, with any Person, or during any period of time; (b) grants a right of first refusal, first offer or similar right with respect to a material asset or material aspect of the Company's business; or (c) will or purports to restrict or prohibit in a material respect Parent, Buyer or their respective Affiliates' (other than the Company or the U.S. Subsidiary) from engaging in any business that they would otherwise have been permitted to engage in absent the consummation of the Share Swap.

Section 4.12 Indebtedness. As of the Effective Date, the Company's Syndicated Loan Agreement dated May 11, 2015 (the "Syndicated Loan"), remains in full force and effect, with NT$8,600,000,000 principal amount outstanding and NT$7,000,000,000 of undrawn commitments available thereunder. Other than the Syndicated Loan, neither the Company nor the U.S. Subsidiary has outstanding any bonds, debentures, notes or other similar debt obligations with any Person.

Section 4.13 Contracts.

(a) Except for any Contract to which Micron (or any of its Subsidiaries, other than the Company) is a party, neither the Company nor the U.S. Subsidiary is party to or bound by any Contract:

(i) that would be required to be disclosed by the Company on the MOPS and/or in its annual reports;

(ii) other than the Syndicated Loan that (A) is an indenture, credit agreement, loan agreement, security agreement, guarantee, note, mortgage or other agreement providing for indebtedness for borrowed money or (B) creates any obligation under any interest rate, currency or commodity derivatives or hedging transaction;

(iii) under which the Company or the U.S. Subsidiary (A) is a lessee of or holds or operates any personal property owned by any other Person, except for any lease of personal property under which the aggregate annual rental payments do not exceed NT$30,000,000 or (B) (1) is a lessor of or (2) permits any Person to hold, operate or occupy any property, real or personal, owned or controlled by the Company or the U.S. Subsidiary, except, in the case of clause (B), for any Contract providing for payments to the Company or the U.S. Subsidiary of less than NT$30,000,000 per year;

(iv) that is a Lease Agreement;

(v) for the sale of any of its assets after the date hereof in excess of NT$300,000,000;

(vi) relating to a joint venture, joint development, partnership, consortium or similar Contract with any third Person;

(vii) under which the Company or the U.S. Subsidiary have made payments in excess of NT$150,000,000 in fiscal year 2015 or year to date in fiscal year 2016;

(viii) with (A) any related Person, including with any Service Provider; provided, that for purposes of this clause (A), Contracts entered into by execution of purchase orders for less than NT$15,000,000 on standard forms that have been made available to Buyer do not need to be disclosed; or (B) with any Significant Supplier that is not a related Person or Service Provider; provided, that for purposes of this clause (B), Contracts entered into by execution of purchase orders on standard forms that have been made available to Buyer do not need to be disclosed;

(ix) with any supplier of goods or services to the Company or the U.S. Subsidiary that is contractually exclusive or for which no reasonable commercial replacement exists;

(x) that is a settlement, conciliation or similar agreement (A) that (1) materially restricts or imposes material obligations upon the Company or the U.S. Subsidiary or (2) materially disrupts the business of the Company or the U.S. Subsidiary as currently conducted, or (B) that would require the Company or the U.S. Subsidiary to pay consideration of more than NT$30,000,000 after the Effective Date;

(xi) with any Governmental Entity, including any Contract providing for any grants, incentive payments or subsidies of any nature;

(xii) that purports to grant a license to any intellectual property rights held by any upstream Affiliate of the Company (including a license that would come into effect as a result of or in connection with the consummation of the Share Swap);

(xiii) with (A) any of the five (5) highest paid employees or officers of the Company or the U.S. Subsidiary (based on total remuneration for 2015); (B) any individual contractor or consultant who receives annual payments from the Company or the U.S. Subsidiary in excess of NT$10,000,000; and (C) any current employee, officer or director of the Company or the U.S. Subsidiary who is entitled, in connection with the transactions contemplated by this Agreement (either alone or in connection with additional or subsequent events), to a bonus, retention bonus or change in control benefits; and (D) any former employee, officer or director of the Company or the U.S. Subsidiary under which the Company or the U.S. Subsidiary has continuing obligations to such Person equal to or greater than NT$10,000,000;

(xiv) that provides for any severance or termination pay or other compensation or benefits related to termination of employment or services to the Company or the U.S. Subsidiary, in each case in an amount or value exceeding NT$10,000,000 (including any employee compensation plan);

(xv) any of the benefits of which will be increased, or the vesting of benefits of which will be accelerated, by the occurrence of any of the transactions contemplated by this Agreement (either alone or in connection with additional or subsequent events);

(xvi) (A) relating to the acquisition, issuance, voting, registration, sale or transfer of any securities, (B) providing any Person with any preemptive right, right of participation, right of maintenance or similar right with respect to any securities, or (C) providing the Company with any right of first refusal with respect to, or right to repurchase or redeem, any securities, in each case other than Contracts evidencing currently outstanding Company Stock Options granted under the Company Equity Plan (in the form or forms used by the Company and made available to Buyer);

(xvii) providing for indemnification, contribution or any guaranty in an amount in excess of NT$30,000,000, individually or in the aggregate;

(xviii) that may require the Company or the U.S. Subsidiary to guarantee, reimburse, pledge, defend, hold harmless or indemnify any other Person with respect to Liabilities arising out of Environmental Laws;

(xix) that constitutes a power of attorney or other similar Contract or grant of agency entered into outside of the ordinary course of business; or

(xx) the breach, absence or termination of which would reasonably be expected to have a Material Adverse Effect.

Each Contract disclosed or required to be disclosed pursuant to this Section 4.13, is referred to herein as a "Material Contract".

(b) (i) Each Material Contract is enforceable against the Company in accordance with its terms and, to the knowledge of the Company, each other party thereto, and (except as expired or terminated is in full force and effect, (ii) with respect to each Material Contract, the Company, on the one hand, and each other party thereto, on the other hand, have performed all material obligations required to be performed by it under such Material Contract and (iii) no event has occurred, and no circumstance or condition exists, that (with or without notice of lapse of time) will, or would reasonably be expected to (A) constitute a violation or breach of such Material Contract, (B) give any Person the right to accelerate the maturity or performance of such Material Contract or (C) give any Person the right to cancel, terminate or modify the terms of such Material Contract. Complete copies of each Material Contract have been made available to Buyer prior to the date hereof.

Section 4.14 Taxes.

(a) Each of the Company and the U.S. Subsidiary has properly prepared and timely filed (or had properly prepared and timely filed on its behalf) all Tax Returns required by applicable Law to be filed by or with respect to the Company or the U.S. Subsidiary, and has timely paid in full (or had timely paid in full on its behalf) all Taxes due and payable (whether or not shown on any Tax Return). All such Tax Returns are true, correct and complete in all material respects. Each of the Company and the U.S. Subsidiary has timely deducted or withheld and paid over in full to the appropriate Governmental Entity (or had timely deducted or withheld and paid over in full on its behalf) all Taxes required to be deducted or withheld and paid over (whether or not shown on any Tax Return). Neither the Company nor the U.S. Subsidiary (A) is a party to or bound by, nor will become bound by, any closing agreement, offer in compromise, gain recognition agreement or any other agreement with any Governmental Entity, or any Tax indemnity, Tax sharing or Tax allocation agreement or arrangement with any Person, or (B) has actual or contingent liabilities for Taxes, other than (x) Taxes accrued as a liability on the Company Balance Sheet, or (y) non-delinquent Taxes incurred in the ordinary course of business since June 30, 2015 in amounts consistent with prior periods (if applicable), as adjusted for changes in Tax rates and ordinary course fluctuations in operating results. No event or circumstance has occurred that will or could give rise to (i) a Tax liability of the Company or the U.S. Subsidiary in addition to Tax that has already been paid, provided for or disclosed in the Company Financial Statements; or (ii) a diminution or loss of a Tax Relief contained in the Company Financial Statements or, to the extent that a Tax Relief is not contained in the Company Financial Statements, the diminution or loss of a Tax Relief in respect of or by reference to any moment occurring or period ending on or before the Share Swap Record Date, including in respect of any period commencing before and ending after the Closing Date the part of such period up to and including the Share Swap Record Date.

(b) There are and have been no (i) proposed, threatened or actual assessments, audits, examinations or disputes as to Taxes or Tax Returns relating to or affecting the Company or the U.S. Subsidiary, (ii) accounting method adjustments with respect to or affecting the Company or the U.S. Subsidiary, or (iii) waivers or extensions of the statute of limitations with respect to Taxes of or with respect to the Company or the U.S. Subsidiary, other than routine Tax assessments conducted by Tax authorities in Taiwan. No issues have been raised in any Tax audits, Tax examinations or Tax disputes pertaining to or including the Company or the U.S. Subsidiary that can reasonably be expected to be raised in similar examinations following the Closing. To the knowledge of the Company, there is no basis for the assertion by a Governmental Entity of a material Tax deficiency against or with respect to the Company or the U.S. Subsidiary. None of the Company or the U.S. Subsidiary is liable for Taxes of any other Person as a transferee or successor, by Contract, by operation of Law or otherwise. None of the Tax Returns required by applicable Law is disputed and, to the knowledge of the Company, there is no indication that any such dispute will arise in the future.

(c) Neither the Company nor the U.S. Subsidiary has engaged (or been treated as engaged) in the conduct of a trade or business or had a permanent establishment or permanent representative (as defined in any tax treaty, if a tax treaty is applicable) or other taxable presence in a jurisdiction with respect to which the required Tax Returns have not been filed. No Governmental Entity has claimed that the Company or the U.S. Subsidiary is subject to Tax in a jurisdiction in which the required Tax Returns have not been filed. Each of the Company and the U.S. Subsidiary has been properly registered for Tax purposes in its country of residence.

(d) There are (and immediately following the Share Swap Closing Date there will be) no Liens on the assets of the Company or the U.S. Subsidiary relating to or attributable to Taxes other than Liens for Taxes not yet due and payable.

(e) Neither the Company nor the U.S. Subsidiary will be required to include in any Taxable period (or portion thereof) beginning after the Share Swap Record Date any material amount of Taxable income attributable to income that was economically realized, but not recognized for Tax purposes, prior to the Share Swap Record Date.

(f) The Company has made available to Buyer: (i) accurate and complete copies of all Tax Returns of the Company and the U.S. Subsidiary relating to Taxable periods ended on or after December 31, 2010; and (ii) any audit report issued by a Governmental Entity within the past three (3) years relating to any Taxes due from or with respect to the Company or the U.S. Subsidiary.

Section 4.15 Employment and Labor Matters; Employee Benefit Plans.

(a) Section 4.15(a) of the Company Disclosure Letter sets forth a complete and accurate list of each Company Employee Plan. With respect to each Company Employee Plan, the Company has made available to Buyer a current, accurate and complete copy thereof and, to the extent applicable: (i) all plan documents, including all amendments, (ii) all related trust agreements or other funding instruments, insurance contracts and administrative contracts, (iii) the current summary plan description and other equivalent written communications by the Company or the U.S. Subsidiary to their respective employees concerning the extent of the benefits provided under each Company Employee Plan, and (iv) all correspondence with any Governmental Entity relating to any Legal Proceeding or potential Legal Proceeding in respect of a Company Employee Plan.

(b) With respect to the Company Employee Plans:

(i) each Company Employee Plan has been established and administered in accordance with its terms and in material compliance with applicable Laws, and all contributions required to be made under the terms of any Company Employee Plan have been timely made;

(ii) there is no Legal Proceeding (including any investigation, audit or other administrative proceeding) by any Governmental Entity or by any plan participant or beneficiary pending, or, to the knowledge of the Company, threatened, relating to the Company Employee Plans or any fiduciaries thereof with respect to their duties to the Company Employee Plans, nor are there facts or circumstances that exist that would reasonably be expected to give rise to any such Legal Proceedings; and

(iii) each Company Employee Plan (A) if intended to qualify for special Tax treatment, has met all requirements for such treatment, and (B) if intended to be funded and/or book-reserved, is fully funded and/or book-reserved, as appropriate, based upon reasonable actuarial assumptions, and the Company and the U.S. Subsidiary have complied with all their respective obligations with respect thereto under applicable Law.

(c) Neither the Company nor the U.S. Subsidiary has any obligations for post-employment health or life benefits for any of their respective retired, former or current employees, except as required by Law.

(d) Except as specifically provided herein, the consummation of the Share Swap and the other transactions contemplated hereby will not, either alone or together with any other event, (i) entitle any current or former employee, director, or independent contractor of the Company or the U.S. Subsidiary to severance pay, or (ii) accelerate the time of payment or vesting or trigger any payment or funding (whether through a grantor trust or otherwise) of compensation or benefits under, increase the amount allocable or payable under, or trigger any other material obligation pursuant to, any Company Employee Plan.

(e) Neither the Company nor the U.S. Subsidiary is a party to, or is bound by, any collective bargaining agreement with any labor union or labor organization, or any other agreement regarding the rates of pay or working conditions of any employees. Neither the Company nor the U.S. Subsidiary is obligated under any agreement to recognize or bargain with any labor organization, representative, or union. There is no ongoing labor dispute, strike, picketing, work stoppage or lockout, organizational activity, or, to the knowledge of the Company, threat thereof, by or with respect to any employees of the Company or the U.S. Subsidiary, whether engaged in collective action or not. Each of the Company and the U.S. Subsidiary has complied in all material respects with all applicable Laws relating to wages, hours, immigration, discrimination in employment and collective bargaining and comparable labor Laws, and are not liable for any arrears of wages or any taxes or penalties for failure to comply with any of the foregoing.

Section 4.16 Intellectual Property.

(a) All of the Company Intellectual Property Rights purported to be owned by the Company are owned exclusively by the Company, in each case free and clear of all Liens other than Permitted Liens.

(b) The Company and the U.S. Subsidiary own or are licensed or otherwise authorized to use all material Intellectual Property Rights used in the conduct of its business as presently conducted, it being understood and agreed that the representation made in this sentence is not intended to be, and is not, a representation or warranty of any kind with respect to any infringement of any other Person's Patent or Trademark rights. To the Company's knowledge, immediately following the Closing, the Company will have ownership of or licenses to sufficient Intellectual Property Rights to conduct the business of the Company and the U.S. Subsidiary in the manner conducted as of Closing, without payment of any additional economic consideration to any seller of Shares or any other licensor, it being understood and agreed that the representation made in this sentence is not intended to be, and is not, a representation or warranty of any kind with respect to any infringement of any other Person's Patent or Trademark rights. The Parties agree that this Section 4.16(b) shall be construed as if there no transfer of Patents pursuant to Section 6.13 hereof has occurred immediately prior to Closing.

(c) Neither the Company nor the U.S. Subsidiary has transferred ownership of, or granted to any third party an exclusive license to, any Intellectual Property Rights that are or were Company Intellectual Property Rights. Following the Closing, neither the Company nor the U.S. Subsidiary has an obligation to transfer or license back to any of the sellers of Shares (other than Micron or its Subsidiaries) or to relinquish any Intellectual Property Rights or technology previously transferred or licensed by such sellers to the Company or the U.S. Subsidiary.

(d) There is no pending Legal Proceeding before any Governmental Entity nor, to the knowledge of the Company, has any Legal Proceeding been threatened by any Person, alleging that any activities or conduct of the business of the Company or the U.S. Subsidiary infringes or will infringe, violate or misappropriate the Intellectual Property Rights of any Person. Neither the Company nor the U.S. Subsidiary has received an invitation or offer to enter into a license under any of the Intellectual Property Rights of any third party.

(e) The Company and the U.S. Subsidiary have taken commercially reasonable steps to protect their rights in Trade Secrets in accordance with protection procedures customarily used in the Company's industry to protect rights of like importance. Each current and former employee of the Company and/or the U.S. Subsidiary has entered into a form of employee undertaking with the Company and/or the U.S. Subsidiary containing provisions with respect to confidentiality and the assignment of inventions, and copies of the forms of each such agreement used by the Company and/or the U.S. Subsidiary have been made available to Micron. Each current and former individual consultant of the Company and/or the U.S. Subsidiary has entered into an agreement with the Company and/or the U.S. Subsidiary containing provisions with respect to confidentiality and the assignment of inventions, and copies of each such agreement used by the Company and/or the U.S. Subsidiary have been made available to Micron. Neither the Company nor the U.S. Subsidiary has received written notice of any violation of or non-compliance with proprietary information and invention assignment agreements entered into between the Company and/or the U.S. Subsidiary and their respective current or former employees or consultants.

(f) Section 4.16(f) of the Company Disclosure Letter contains a complete and accurate list of all Registered Intellectual Property owned by or filed in the name of the Company or the U.S. Subsidiary (collectively the "Company Registered Intellectual Property"). The Company Registered Intellectual Property is valid, enforceable and subsisting (except with respect to applications), and has not expired or been cancelled or abandoned.

(g) All Company Patents are currently in material compliance with formal legal requirements involving the payment of fees to Governmental Entities (including the payment of filing, examination and maintenance fees). No Legal Proceedings are pending before any Governmental Entity (including the United States Patent and Trademark Office or equivalent authority anywhere in the world) that involve the validity, scope or priority of the Company Intellectual Property Rights.

(h) Neither the Company nor the U.S. Subsidiary is subject to any outstanding Order that (i) restricts in any material manner the use, transfer or licensing of any Company Intellectual Property Rights or the Company Products, or (ii) adjudges any of the Company Intellectual Property Rights, including Company Registered Intellectual Property, to be unenforceable or invalid.

(i) To the knowledge of the Company, no software source code owned or used by the Company or the U.S. Subsidiary (other than software source code licensed to the Company by Micron or any of its Subsidiaries) of material proprietary value to the Company or the U.S. Subsidiary or their business is subject to obligations of public disclosure or distribution under any "open source license" or otherwise.

(j) Section 4.16(j) of the Company Disclosure Letter contains a complete and accurate list of all Contracts (other than any Contracts entered into between the Company and Micron or any of Micron's Subsidiaries) pursuant to which a third party has licensed to the Company and/or the U.S. Subsidiary any Intellectual Property Right ("Company In

Licenses"), other than (i) any license which provides for annual payments by the Company or the U.S. Subsidiary of NT$1,500,000 or less, or aggregate payments by the Company or the U.S. Subsidiary of NT$3,000,000 or less, and (ii) any perpetual, paid-up license for commonly available software programs including shrink-wrap agreements with a value of less than NT$750,000.

(k) Section 4.16(k) of the Company Disclosure Letter contains a complete and accurate list of all Contracts (except for Contracts entered into between the Company and Micron or any of Micron's Subsidiaries) pursuant to which the Company and/or the U.S. Subsidiary has granted, and/or has been granted, an express license to any Patent, including any patent cross-licenses (the "Company Patent Licenses").

(l) Section 4.16(l) of the Company Disclosure Letter contains a complete and accurate list of all Contracts pursuant to which the Company and/or the U.S. Subsidiary has granted to any Person (other than Micron or any of Micron's Subsidiaries) any rights or licenses to any Company Intellectual Property Rights ("Company Out Licenses," and together with the Company Patent Licenses and the Company In Licenses, the "Company IP Licenses").

(m) Neither the Company nor the U.S. Subsidiary is in violation of any Company IP License that is material to the business of the Company and/or the U.S. Subsidiary, nor, to the knowledge of the Company or the U.S. Subsidiary, is any other party to any Company IP License in breach thereof.

(n) Whether by operation of law or otherwise, the consummation of the transactions contemplated hereby will not result or cause (i) the breach by the Company or the U.S. Subsidiary of any Company IP License, (ii) the termination, impairment or restriction of any right or license granted to the Company or the U.S. Subsidiary under any Company IP License, (iii) the Company or the U.S. Subsidiary to grant, or expand the scope of a prior grant, to a third party of any rights to any of the Company Intellectual Property Rights, (iv) Micron or any of its Subsidiaries granting to any third party any right to any Intellectual Property Rights owned by, or licensed to, any of them prior to the Closing, or (v) Micron or any of its Subsidiaries being bound by any material restriction on the operation or scope of their respective businesses.

(o) Neither the Company nor the U.S. Subsidiary has committed, agreed or become obligated to license any of the Company Intellectual Property Rights to any Person as a result of any participation in an industry association, standard setting organization or similar body.

(p) Except for the restrictions set forth under the Act Governing Relations between the People of the Taiwan Area and the Mainland Area and other applicable export control Laws of any other jurisdiction, all of the Company Intellectual Property Rights are, and following the transactions contemplated hereby shall be, freely, transferable, licensable, alienable, and exportable without the consent of, or notice to, any Governmental Entity or third party or the payment of any kind.

(q) Section 4.16(q) of the Company Disclosure Letter contains a complete and accurate list of all Contracts, entered into by Company or the U.S. Subsidiary, pursuant to which any third party has agreed to design, manufacture, test or package any Company Product or material component thereof.

(r) To the knowledge of the Company, there are no issues that may materially and adversely impact the Company's or the U.S. Subsidiary's ability to design, manufacture, have made, market, sell or otherwise distribute the Company Products as currently contemplated by the Company and/or the U.S. Subsidiary.

(s) No government funding, facilities or resources of an educational institution or research center or funding from third parties was used in the development of any of the Company Intellectual Property Rights or Company Products. To the knowledge of the Company, no Governmental Entity, educational institution or research center has any claim or right in or to any of the Company Intellectual Property Rights or Company Products.

(t) The IT Systems are adequate and sufficient (including with respect to working condition and capacity) for the operations of the Company and the U.S. Subsidiary. The Company and the U.S. Subsidiary (i) have taken reasonable measures to preserve and maintain the performance, security and integrity of the IT Systems (and all software, information or data stored on any IT Systems) and (ii) maintain reasonable documentation regarding all IT Systems, their methods of operation and their support and maintenance. During the two (2) year period prior to the Effective Date, (i) there has been no failure with respect to any IT Systems that has had a material and adverse effect on the operations of the Company or the U.S. Subsidiary and (ii) there has been no unauthorized access to or use of any IT Systems (or any software, information or data stored on any IT Systems).

(u) At all times since their inception, the Company and the U.S. Subsidiary have complied in all material respects with all applicable Laws, regulatory and self-regulatory guidelines, and published interpretations by Governmental Entities of such Laws and guidelines relating to (i) the privacy of users of any website of the Company or the U.S. Subsidiary, and (ii) the collection, use, storage, retention, disclosure and disposal of any Personal Information by or on behalf of the Company or the U.S. Subsidiary. There has been no unauthorized access to, or disclosure or misuse of, Personal Information owned, purported to be owned, licensed or maintained by, or on behalf of, the Company or the U.S. Subsidiary, and the Company and the U.S. Subsidiary do take and have at all times taken all steps reasonably necessary to prevent such unauthorized access, disclosure, and misuse. No Legal Proceedings have been brought or, to the knowledge of the Company, threatened against the Company or the U.S. Subsidiary alleging a violation of any Person's privacy, personal or confidentiality rights.

Section 4.17 Real Property.

(a) Section 4.17(a) of the Company Disclosure Letter sets forth a complete and accurate list of all (i) real property in which the Company or the U.S. Subsidiary has an ownership interest (the "Owned Real Property"), (ii) Contracts to which the Company or the U.S. Subsidiary is a party to acquire ownership of real property (the "Option Real Property") and (iii) real property the Company or the U.S. Subsidiary currently occupies or uses, or that the Company or the U.S. Subsidiary has used or occupied during the five (5) years preceding the date hereof, other than Leased Real Property (the "Occupied Real Property"). The Company or the U.S. Subsidiary, as applicable, has (i) good and marketable title to each parcel of Owned Real Property free and clear of all Liens other than Permitted Liens, and (ii) made available to Buyer copies of each title deed for each such parcel, all underlying title documents and all title surveys in each case in the Company's possession relating to the Owned Real Property, to the extent such documents are material to the Owned Real Property.

(b) Section 4.17(b) of the Company Disclosure Letter sets forth a list of all Contracts for the leasing, subleasing, use (including uses covered by real property leases and subleases) or occupancy (to the extent such leasing, subleasing, use or occupancy is material to the business and operations of the Company) of all real property currently leased, subleased, used or occupied by the Company or the U.S. Subsidiary (the "Leased Real Property" and, together with the Owned Real Property and the Occupied Real Property, the "Real Property"), including all amendments, terminations and modifications thereof (the "Lease Agreements"). For purposes of this Section 4.17, the term "Real Property" includes the land and the improvements and all rights of the Company and the U.S. Subsidiary relating to the land and the improvements, including any right, title and interest of the Company or the U.S. Subsidiary in and to all of the easements, rights, privileges and appurtenances belonging or in any way appertaining to the land and the improvements. The Company or the U.S. Subsidiary, as the case may be, is in sole possession of the premises and/or Real Property leased to it pursuant to all Lease Agreements, and there are no parties in possession of the Real Property except the Company and the U.S. Subsidiary. Neither the Company nor the U.S. Subsidiary (x) has received any written notice that a security deposit or material portion thereof deposited with respect to any Lease Agreement has been applied in respect to a breach or default under any Lease Agreement that has not been re-deposited in full; (y) has further assigned, subleased, transferred, conveyed, mortgaged, deeded in trust or encumbered any interest in the Lease Agreements; or (z) has received any written notice of breach or default of any Lease Agreement.

(c) Neither the Company nor the U.S. Subsidiary has received any written notice from any insurance company of any defects or inadequacies in any Real Property or any part thereof which could materially and adversely affect the insurability of such property on commercially reasonable terms, nor has any written notice been given by any insurer of any such property to the Company or the U.S. Subsidiary requesting the performance of any material repairs, alterations or other work with which material compliance has not been made.

(d) The use and operation by the Company and the U.S. Subsidiary of the Real Property complies in all material respects with (i) all applicable Laws as well as (ii) any easements, covenants or other matters of record affecting the Real Property.

(e) There are no covenants, rights-of-way, easements or similar restrictions affecting all or any portion of the Real Property that impair the ability to use any such Real Property in the operation of the businesses of the Company or the U.S. Subsidiary as presently conducted or which would adversely affect the transferability of the Owned Real Property, except, in each case, for any such covenants, rights of way, easements or similar restrictions that, individually or in the aggregate, do not, or would not reasonably be expected to, adversely impact the business and operations of the Company or the U.S. Subsidiary with respect to any fabrication or assembly/test site in any material respect.

(f) Neither the Company nor the U.S. Subsidiary has received any written notice of the intention of any Governmental Entity or any public or quasi-public body to condemn all or any material part of the Leased Real Property, and

there are no pending, or, to the knowledge of the Company, threatened condemnation or eminent domain Legal Proceedings by any public or quasi-public body with respect to the Owned Real Property.

(g) As of the Effective Date there exists all utilities and services reasonably required to operate the Real Property in the manner in which the Real Property is intended to be operated and in the manner in which the Real Property is currently operated including, without limitation, domestic water, process water, sewer, gas, electrical power, telephone and telecommunication lines, wastewater treatment, air emissions abatement and surface drainage systems serving the Real Property. All such utilities and services and all related infrastructure have been permitted, completed, installed and paid for.

(h) To the knowledge of the Company, there are no material physical or mechanical defects of the Real Property including, without limitation, the structural and load-bearing components of the Real Property, roof(s), parking lot(s), paving, landscaping, plumbing, heating, air conditioning, electrical, life safety systems, and any other building systems and improvements on and in connection with the Real Property, and all such items are in good operating condition and repair and in compliance in all material respects with all applicable Laws. The Company has maintained all improvements relating to the Real Property in a good and workmanlike manner.

(i) The Company's employees and invitees currently have in perpetuity the right to access the Real Property by means of public roadways and/or public rights of way in the manner and locations the Real Property is accessed currently and the Company has no knowledge of any fact that such right to access will be materially and adversely impaired as a result of the Share Swap. All such public access rights comply in all material respects with all applicable Laws.

(j) There are no unpaid real estate or brokerage commissions payable in connection with any transactions relating to the Real Property.

(k) The Company has no knowledge of any facts, nor has the Company failed to disclose any facts, which would prevent the Company from using and operating the Real Property after the Share Swap Record Date in the manner in which the Real Property is intended to be operated and in the manner in which the Real Property is currently operated.

Section 4.18 Environmental Matters.

(a) Condition of Property. To the knowledge of the Company, there have been no Releases (directly or indirectly) from or to any Real Property.

(b) Hazardous Substances Activities. To the knowledge of the Company, the Company and the U.S. Subsidiary are, and have been at all times since January 23, 2003, in compliance in all material respects with all applicable Environmental Laws.

(c) Permits. Except as set forth in the EHSS Status Report made available to Micron prior to the Effective Date, (i) the Company has obtained all material Environmental Permits required by any Environmental Law, and is, and at all times has been, in material compliance with, all such permits, and all such permits are in full force and effect; (ii) all Environmental Permits and/or amendments thereto, required by any Environmental Law to be obtained prior to the Closing have been obtained or will be obtained by the Company prior to the Closing; (iii) all Environmental Permits held by the Company are set forth on Section 4.18(c) of the Company Disclosure Letter and (iv) to the knowledge of the Company, no circumstances exist which could cause any material Environmental Permit to be revoked, modified, or rendered non-renewable upon payment of the applicable permit fee.

(d) Environmental Litigation. No Legal Proceeding (including any revocation proceeding or amendment procedure) is pending, or to the knowledge of the Company, threatened, concerning or relating to any Environmental Permit or any Hazardous Substances Activities of the Company or the U.S. Subsidiary relating to their respective businesses, or any Real Property.

(e) Offsite Hazardous Substances Disposal. The Company and the U.S. Subsidiary are in material compliance with all Environmental Laws that relate to the transfer or transportation of any Hazardous Substances from any of the Company's Real Property for offsite disposal. To the knowledge of the Company, no Legal Proceeding exists or, to the knowledge of the Company, is threatened against any disposal site or against the Company or the U.S. Subsidiary with respect to any transfer, transportation or Release of any Hazardous Substance at any disposal site that would be reasonably likely to result in material liability to the Company or the U.S. Subsidiary.

(f) Environmental Liabilities. Neither the Company nor the U.S. Subsidiary is conducting or funding, or is required to conduct or fund, any remedial action arising out of Environmental Laws, other than ongoing environmental health and safety activities related to the handling and disposal of Hazardous Substances in the ordinary course of business and

consistent with past practices that are customary for companies engaged in the business of fabricating, assembling, testing and packaging semiconductor products. Section 4.18(f) of the Company Disclosure Letter lists all underground storage tanks for Hazardous Substances currently existing or historically located at the Real Property.

(g) Reports and Records. The Company has made available to Buyer the following categories of records in the Company's and the U.S. Subsidiary's possession, custody or control: (i) all environmental audits and environmental site assessments (i.e., Phase I or Phase II reports); and (ii) any other report, document or study material to the environmental conditions of, and all material notices of non-compliance, non-routine compliance and monitoring reports for, any Real Property conducted at the request of, or otherwise in the possession of the Company or the U.S. Subsidiary. The Company has in its possession, custody and control all inventories of carbon emissions and carbon equivalent emissions performed by or on behalf of the Company or the U.S. Subsidiary.

(h) Reporting and Disclosure. The Company has complied in all material respects with all environmental disclosure obligations imposed by applicable Law with respect to the transactions contemplated by this Agreement.

Section 4.19 Properties and Assets. The properties and assets owned or leased by the Company and currently used by the Company in the conduct of the operation of its business are adequate and sufficient, in all material respects, for the operation of the Company's businesses as currently conducted.

Section 4.20 Product Compliance. With respect to all products supplied to Micron and its Affiliates by the Company pursuant to the Supply Agreement, the Company complies in all material respects with Micron's Environmental Product Compliance Specification dated October 16, 2013.

Section 4.21 Insurance. Each of the Company and the U.S. Subsidiary is, and continually since their inception has been, insured against such losses and risks and in such amounts as are customary in the business in which the Company and the U.S. Subsidiary are engaged.

Section 4.22 Significant Suppliers. Section 4.22 of the Company Disclosure Letter sets forth an accurate and complete list of each supplier of goods or services to the Company who, for the year ended December 31, 2015, was one of the ten (10) largest suppliers for the Company, based on amounts paid or payable for such period (each, a "Significant Supplier"). As of the Effective Date, the Company has not received any written notice from any Significant Supplier that such supplier intends to terminate or materially modify existing Contracts with the Company.

Section 4.23 Books and Records. The minute books of the Company and the U.S. Subsidiary, all of which have been made available to Buyer, contain true, correct and complete records in all material respects of all meetings held by, and corporate action taken by, the shareholders, the Company Board (and its committees) and the shareholder and board of directors of the U.S. Subsidiary. The Company and the U.S. Subsidiary (or their respective Representatives or agents) have made and kept (and the Company has made available or provided to Buyer to the extent requested by Buyer) business records, financial books and records, personnel records, ledgers, sales accounting records, tax records and related work papers and other books and records of the Company and the U.S. Subsidiary (the "Books and Records"). The Books and Records have been maintained in accordance with sound business practices in all material respects. The minute books and other Books and Records of the Company and the U.S. Subsidiary are in the possession of the Company and the U.S. Subsidiary.

Section 4.24 Bank Accounts. Section 4.24 of the Company Disclosure Letter contains a complete and correct list of the names and locations of all banks in which the Company or the U.S. Subsidiary has accounts or safe deposit boxes, a list of all chops associated with such accounts (identifying the Person with custody of each such chop and the physical location at which such chop is kept) (such chops, the "Banking Chops"), and the names of all Persons authorized to draw thereon or to have access thereto. To the Company's knowledge, there has been no unauthorized or illegal use of the Banking Chops by any Person.

Section 4.25 No Broker. No broker, investment banker, financial advisor or other Person is entitled to any broker's, finder's, financial advisor's or other similar fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of the Company.

ARTICLE V
REPRESENTATIONS AND WARRANTIES OF PARENT AND BUYER

Each of Parent and Buyer represents and warrants to the Company as follows:

Section 5.1 Organization, Standing and Power.

(a) Each of Parent and Buyer (i) is a corporation duly formed, validly existing and in good standing under the Laws of the jurisdiction of its incorporation, (ii) has all requisite corporate power and authority to own, lease and operate its properties and assets and to carry on its business as now being conducted and (iii) is duly qualified or licensed to do business and is in good standing in each jurisdiction in which the nature of its business or the ownership, leasing or operation of its properties makes such qualification or licensing necessary, except for any such failures that individually or in the aggregate, have not had, and would not reasonably be expected to have, a Buyer Material Adverse Effect.

(b) For purposes of this Agreement, "Buyer Material Adverse Effect" means any Change that, (i) individually or when taken together with all other such Changes that exist at the date of determination of the occurrence of a Buyer Material Adverse Effect, has or would reasonably be expected to have or result in a material adverse effect on the business, assets, properties, liabilities, financial condition or results of operations of Parent and Buyer, taken as a whole; provided, however, that no Changes (by themselves or when aggregated with any other Changes) resulting from, relating to or arising out of the following shall be deemed to be or constitute a Buyer Material Adverse Effect, and no Changes resulting from, relating to or arising out of the following (by themselves or when aggregated with any other Changes) shall be taken into account when determining whether a Buyer Material Adverse Effect has occurred or may, would or could occur: (w) general economic, financial or political conditions in the Netherlands, Taiwan or any other jurisdiction in which Buyer or Parent have substantial business or operations, and any changes therein (including any changes arising out of acts of terrorism, war, weather conditions or other force majeure events), to the extent that such conditions do not have a materially disproportionate impact on Buyer or Parent relative to other semiconductor companies of comparable size; (x) general conditions in the financial markets, and any changes therein (including any changes arising out of acts of terrorism, war, weather conditions or other force majeure events), to the extent that such conditions do not have a materially disproportionate impact on Buyer or Parent relative to other semiconductor companies of comparable size; (y) acts of terrorism or war; or (z) changes in applicable Laws, GAAP or IFRS applicable to Buyer or Parent; or (ii) prevents or materially impedes, interferes with, hinders or delays the performance by Parent or Buyer of their respective obligations under this Agreement or the consummation of its obligations under this Agreement, the Share Swap, or the other transactions contemplated hereby.

(c) Neither Parent nor Buyer is in violation of any provision of its respective articles of association, articles of incorporation or similar constitutional documents in any material respect.

Section 5.2 Authority. Each of Parent and Buyer has all necessary corporate power and authority to execute and deliver this Agreement, to perform its obligations hereunder, and to consummate the transactions contemplated hereby. The execution, delivery and performance of this Agreement by Parent and by Buyer and the consummation by Parent and by Buyer of the transactions contemplated hereby have been duly authorized by the Boards of Directors of Parent and of Buyer (as applicable), and no other corporate proceedings on the part of Parent or of Buyer are necessary to approve this Agreement, or to consummate the transactions contemplated hereby. This Agreement has been duly executed and delivered by Parent and Buyer and, assuming the due authorization, execution and delivery by the Company, constitutes a legal, valid and binding obligation of each of Parent and Buyer, enforceable against such party in accordance with its terms (except to the extent that enforceability may be limited by applicable bankruptcy, insolvency, moratorium, reorganization or similar Laws affecting the enforcement of creditors' rights generally or by general principles of equity).

Section 5.3 No Conflict; Consents and Approvals.

(a) The execution, delivery and performance of this Agreement by Parent and Buyer, and the consummation by Parent and Buyer of the transactions contemplated hereby, do not and will not (i) conflict with or violate their respective articles of association, articles of incorporation or similar constitutional documents, (ii) assuming that all consents, approvals and authorizations contemplated by clauses (i) through (iv) of Section 5.3(b) below have been obtained and all filings described in such clauses have been made, conflict with or violate any Law or any settlement, injunction or award of any Governmental Entity, in each case that is applicable to Parent or Buyer or by which any of their respective properties are bound, or (iii) require notice to or the consent of any Person under, result in any breach of or constitute a default (or an event that with notice or lapse of time or both would become a default), or impair Parent's or Buyer's rights or alter the rights or obligations of any third party under, or give to any third party any rights of termination, amendment, payment, acceleration or cancellation of, or result in the creation of a Lien on any of the properties or assets (including intangible assets) of Parent or Buyer pursuant to,

any permit, franchise or Contract to which Parent or Buyer is a party or by which Parent or Buyer or any of their respective properties is bound or affected, or (iv) give rise to or result in any person having, or having the right to exercise, any preemptive rights, rights of first refusal, rights to acquire or similar rights with respect to any capital stock of Parent, Buyer or any of their respective assets or properties, except in the case of the preceding clauses (iii) and (iv) as would not reasonably be expected to have, individually or in the aggregate, a Buyer Material Adverse Effect.

(b) The execution, delivery and performance of this Agreement by Parent and Buyer, and the consummation by Parent and Buyer of the transactions contemplated hereby, do not and will not require any consent, approval, Order, license, authorization or permit of, action by, filing, registration or declaration with or notification to, any Governmental Entity, except for (i) such filings as required under applicable securities and corporation Laws, (ii) the filings required under the applicable requirements of Antitrust Laws, (iii) such filings as are necessary to comply with the applicable requirements of the NASDAQ Global Select Market, and (iv) any such consent, approval, authorization, permit, action, filing or notification the failure of which to make or obtain would not, individually or in the aggregate, reasonably be expected to have a Buyer Material Adverse Effect.

Section 5.4 Ownership and Operations of Buyer. Buyer has been formed for the purpose of engaging in the transactions contemplated hereby. As of the Effective Date, the authorized capital stock of Buyer consists of 50,000 shares of common stock, all of which are validly issued and outstanding.

Section 5.5 Brokers. No broker, investment banker, financial advisor or other Person is entitled to any broker's, finder's, financial advisor's or other similar fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of Parent or Buyer.

ARTICLE VI
COVENANTS

Section 6.1 Conduct of Business of the Company.

(a) The Company covenants and agrees that, during the period from the Effective Date until the earlier of (i) the Share Swap Record Date and (ii) the termination of this Agreement in accordance with its terms (such period, the "Pre-Closing Period"), except (A) as expressly contemplated by this Agreement, (B) as required by applicable Law or (C) with the prior written consent of Buyer (which consent will not be unreasonably withheld or delayed), the Company shall conduct, and shall cause the U.S. Subsidiary to conduct, its business in the ordinary course of business consistent in all material respects with past practice and in compliance with all applicable Laws, and shall, to the extent consistent therewith, (1) preserve intact its current business organization, (2) maintain its assets and properties in good repair and condition, (3) maintain its relations with customers, suppliers and other Persons with which it has material business relations, (4) pay its Liabilities and Taxes when due, (5) keep in full force all insurance policies and (6) make capital expenditures substantially on the timetable and in the amounts approved by the Company Board prior to the date hereof (together with any other additional capital expenditures approved by the Company Board after the date hereof).

(b) During the Pre-Closing Period, and except as may otherwise be required by applicable Law, the Company shall not directly or indirectly, take any action that is intended to or that would reasonably be expected to (i) materially adversely affect or materially delay the ability of Company to obtain any necessary approvals of any Governmental Entity necessary for the consummation of the transactions contemplated hereby or to perform its covenants or agreements set forth herein, (ii) cause its representations and warranties set forth in Article IV to be untrue or incorrect in any material respect or (iii) otherwise, individually or in the aggregate, have a Material Adverse Effect.

(c) During the Pre-Closing Period, the Company shall not, without the prior written consent of Buyer (which consent will not be unreasonably withheld or delayed), terminate, or amend in any material respect, any Contract between the Company, on the one hand, and any Service Provider, on the other hand (each such Contract, a "Service Contract"), nor shall the Company make any payments to any Service Provider that are inconsistent with the Company's past practices in terms of the timing, frequency or amount of such payments.

Section 6.2 Conduct of Business of Parent and Buyer Pending the Share Swap. During the Pre-Closing Period, and except as may otherwise be required by applicable Law, neither Parent nor Buyer shall, directly or indirectly, take any action that is intended to or that would reasonably be expected to (a) materially adversely affect or materially delay the ability of Parent or Buyer to obtain any necessary approvals of any Governmental Entity necessary for the consummation of the transactions contemplated hereby or to perform its covenants or agreements set forth herein, (b) cause the representations and

warranties set forth in Article V to be untrue in any material respect or (c) otherwise, individually or in the aggregate, have a Buyer Material Adverse Effect.

Section 6.3 Acquisition Proposals.

(a) Upon the execution hereof, the Company shall, and shall cause its Representatives (as defined below) to immediately cease and cause to be terminated any and all existing discussions or negotiations with any Person conducted heretofore with respect to any Acquisition Proposal (as defined in Section 6.3(e) hereof) or any proposal, inquiry or offer that would reasonably be expected to lead to an Acquisition Proposal. The Company shall not terminate, waive, amend, release or modify in any respect any provision of any confidentiality or standstill agreement to which the Company or any of its Affiliates or Representatives is a party with respect to any Acquisition Proposal or any proposal, inquiry or offer that would reasonably be expected to lead to an Acquisition Proposal, and shall use its best efforts to enforce, to the fullest extent permitted by applicable Law, the provisions of any such agreement, including obtaining injunctions to prevent any breaches of such agreements and to enforce specifically the terms and provisions thereof.

(b) At all times during the Pre-Closing Period, the Company shall not and shall cause the U.S. Subsidiary and their respective directors, officers, employees, investment bankers, financial advisors, attorneys, accountants or other advisors, agents and representatives (collectively, "Representatives") not to, directly or indirectly, (i) solicit, initiate, or knowingly encourage or knowingly facilitate the submission of any inquiries or any proposal or offer constituting, related to or that would reasonably be expected to lead to an Acquisition Proposal, (ii) furnish or otherwise provide access to any non-public information regarding any of the Company or the U.S. Subsidiary to any Person (other than Parent, Buyer and Parent's, Buyer's or the Company's Representatives acting in their capacity as such) in connection with or in response to an Acquisition Proposal or any proposal, inquiry or offer that would reasonably be expected to lead to an Acquisition Proposal, (iii) engage in discussions or negotiations with any Person (other than Parent or Buyer) with respect to any Acquisition Proposal or any proposal, inquiry or offer that would reasonably be expected to lead to an Acquisition Proposal (other than to state that they currently are not permitted to have discussions), (iv) approve or recommend any Acquisition Proposal or any proposal, inquiry or offer that would reasonably be expected to lead to an Acquisition Proposal, (v) make or authorize any recommendation in support of any Acquisition Proposal or any proposal, inquiry or offer that would reasonably be expected to lead to an Acquisition Proposal or (vi) enter into any letter of intent or agreement in principle or any Contract providing for, relating to or in connection with any Acquisition Proposal or any proposal, inquiry or offer that would reasonably be expected to lead to an Acquisition Proposal.

(c) The Company shall promptly (and in any event within twenty-four (24) hours) advise Buyer orally and in writing of the receipt of any Acquisition Proposal or any inquiry, request for information, proposal or offer that could reasonably be expected to lead to an Acquisition Proposal (including the identity of the Person making or submitting such Acquisition Proposal or inquiry, proposal or offer, and the material terms and conditions thereof) that is made or submitted by any Person prior to the Share Swap Record Date. The Company shall keep Buyer informed, on a reasonably current basis, of the status of, and any financial or other changes in, any such Acquisition Proposal, inquiry, proposal or offer.

(d) Neither the Company Board nor any committee thereof shall (i) (A) withhold, withdraw or qualify (or modify in a manner adverse to Buyer) the Company Board Determination or the approval of this Agreement, the Share Swap or any of the other transactions contemplated hereby, take any action (or permit or authorize the Company or any of its Representatives to) inconsistent with the Company Board Determination or resolve, agree or propose to take any such actions, or (B) adopt, approve, recommend, propose publicly to adopt, approve or recommend, any Acquisition Proposal (each such action set forth in this Section 6.3(d)(i)(A)-(B) being referred to herein as an "Adverse Recommendation Change"), (ii) cause or permit the Company to enter into any letter of intent, memorandum of understanding, agreement in principle, acquisition agreement, merger agreement, option agreement, joint venture agreement, partnership agreement or other agreement constituting an Acquisition Proposal, or (iii) resolve or propose publicly to take any such actions.

(e) For purposes of this Agreement, "Acquisition Proposal" means any proposal or offer (whether or not in writing), with respect to any (A) merger, consolidation, share exchange, share swap, other business combination or similar transaction involving the Company, (B) sale, lease, contribution or other disposition, directly or indirectly of any business or assets of the Company representing 10% or more of the revenues, net income or assets of the Company, taken as a whole, (C) issuance, sale or other disposition, directly or indirectly, to any Person (or the shareholders of any Person) or group of securities (or options, rights or warrants to purchase, or securities convertible into or exchangeable for, such securities) representing 10% or more of the voting power of the Company, (D) transaction in which the holders of the voting power of the Company immediately prior to such transaction own 90% or less of the voting power of the Company immediately following the transaction, (E) transaction in which any Person (or the shareholders of any Person) shall acquire, directly or indirectly, beneficial ownership, or the right to acquire beneficial ownership, or formation of any group which beneficially owns or has the

right to acquire beneficial ownership of, 10% or more of the Shares or (F) any combination of the foregoing (in each case, other than the Share Swap or the transactions deriving therefrom, relating thereto, or otherwise necessary to consummate the Share Swap).

(f) Any action inconsistent in any material respect with any provisions set forth in this Section 6.3 that is taken by any Representative of the Company that if taken or not taken by the Company would constitute a breach of this Section 6.3 shall be deemed a breach of this Agreement by the Company.

Section 6.4 Company Shareholders Meeting; Governance Matters.

(a) As promptly as practicable but in no event later than ten (10) days after the date of this Agreement, or such other date as may be agreed by the Parties, the Company shall (i) if not held prior to the Effective Date, hold a meeting of the Company Board for the purpose of convening a meeting of its shareholders (the "Company Shareholders Meeting") and (ii) cause the Company to prepare a notice for calling the Company Shareholders Meeting (together with any other materials delivered to the Company's shareholders in connection with the Company Shareholder Meeting, the "Notification") to each of the shareholders of the Company for the purposes of seeking to obtain (x) the Company Shareholder Approval, (y) approval of the cessation of the trading of the Shares on the TSE, and (z) approval of the withdrawal of the public reporting status of the Company. Parent, Buyer and the Company shall cooperate with each other in the preparation of the Notification. Notwithstanding anything of the foregoing to the contrary, prior to mailing the Notification (or any amendment or supplement thereto), the Company shall provide Parent, Buyer and their counsel with a reasonable opportunity to review and comment on such document or response and shall give due consideration to all reasonable additions, deletions or changes suggested thereto by Parent, Buyer and their counsel.

(b) The Company, through the Company Board, shall recommend to its shareholders that they adopt this Agreement, the Share Swap and the other transactions contemplated hereby. Without limiting the generality of the foregoing, the Company agrees that its obligations pursuant to the first sentence of this paragraph (b) shall not be affected by the commencement, public proposal, public disclosure or communication to the Company or any other Person of any Acquisition Proposal or the occurrence of any Adverse Recommendation Change.

(c) Buyer shall cause its shareholder meeting to approve the transactions contemplated hereunder to be conducted on the same date as the Company Shareholders Meeting.

Section 6.5 Access to Information; Confidentiality.

(a) At all times during the Pre-Closing Period, upon reasonable prior notice, the Company shall, and shall use reasonable best efforts to cause its officers, directors and Representatives to, afford to Buyer, its Affiliates and their respective Representatives reasonable access without undue interruption during normal business hours, consistent with applicable Law, to the Company's officers, employees, properties, offices, other facilities and books and records, and shall furnish Buyer, its Affiliates and their respective Representatives with all financial, operating and other data and information as such Persons shall reasonably request.

(b) The Mutual NDA is incorporated herein by reference. The Mutual NDA shall govern the confidentiality and non-disclosure obligations of the Parties with respect to Confidential Information exchanged in connection with the negotiation, preparation or execution of this Agreement or the negotiation and consummation of the transactions contemplated hereby. If the Mutual NDA is terminated or expires and is not replaced, then Confidential Information that is provided, disclosed, obtained or accessed in connection with the negotiation, preparation or execution of this Agreement, or the negotiation and consummation of the transactions contemplated hereby, shall continue to be subject to all applicable provisions of the Mutual NDA notwithstanding such termination or expiration. To the extent there is a conflict or inconsistency between the terms of this Agreement and the Mutual NDA, the terms of this Agreement shall govern to the extent of such conflict or inconsistency.

(c) Notwithstanding anything to the contrary in the Mutual NDA, (i) the obligations of Parent and Buyer under this Section 6.5, to the extent either of them is a Receiving Party of Confidential Information of the Company or the U.S. Subsidiary, including any of their respective properties, employees, finances, businesses and operations, shall terminate as of the Share Swap Record Date and (ii) the Company agrees that (x) Micron and its Affiliates may share customary projections with respect to the Company's business with the Financing Sources (on a need to know basis) identified in the Debt Commitment Letter, to any existing or prospective lenders of Micron and/or its Affiliates and to any credit rating agencies rating debt of Micron and/or its Affiliates, and that (y) Micron, its Affiliates and such Financing Sources may share such information with potential Financing Sources (on a need to know basis) in connection with any marketing efforts in connection

with the Debt Financing, provided that the recipients of such information are subject to customary confidentiality arrangements between Micron and such parties (which need not include the Company).

Section 6.6 Further Action.

(a) The Company shall use its commercially reasonable efforts to take, or cause to be taken, all actions and to do, or cause to be done, and to assist and cooperate with the other Parties in doing, all things reasonably necessary, proper or advisable under applicable Law to: (i) cause, together with the other Parties hereto, the conditions set forth in Section 7.1(a), Section 7.1(b) and Section 7.1(c) to be satisfied; (ii) assist Buyer, or another Affiliate of Micron designated by Buyer, in obtaining the Debt Financing in a manner that results in satisfaction of the conditions set forth in Section 7.2(e); (iii) to the extent permitted by applicable Law, assist Parent and Buyer and their respective Affiliates in any of their efforts in soliciting proxies to vote at the Company Shareholders Meeting; and (iv) to set the Share Swap Record Date promptly after (1) the conditions set forth in Section 7.1(a), Section 7.1(b) and Section 7.2(e) have been satisfied, (2) all regulatory approvals pursuant to any Antitrust Laws have been obtained and (3) Parent and Buyer have obtained the required foreign investment approval from the Investment Commission of the ROC Ministry of Economic Affairs in connection with the Share Swap.

(b) In furtherance of, and without limiting, Section 6.6(a), each of the Parties hereto shall use its reasonable best efforts to promptly execute and file, or join in the execution and filing of, any application, notification or other document that may be necessary in order to obtain the authorization, approval or consent of any Governmental Entity that may be reasonably required to consummate the transactions contemplated by this Agreement (including making all necessary filings under any applicable Antitrust Laws and as are necessary to obtain requisite regulatory approvals for the transactions contemplated hereby) as promptly as practicable after the execution of this Agreement and, (a) in the case of the required filings under applicable Antitrust Laws, within ten (10) Business Days after the Effective Date, and (b) in the case of the filings to obtain requisite regulatory approvals for the transactions contemplated by this Agreement, no later than the next Business Day following the date of the Company Shareholder Approval. Each of the Parties hereto shall use its reasonable best efforts to obtain all such authorizations, approvals and consents as promptly as practicable. To the extent permitted by applicable Law, each Party shall promptly inform the other Party of any material communication between such first party and any Governmental Entity regarding the transactions contemplated by this Agreement (and, if in writing, furnish the other party with a copy of such communication). If either Party shall receive any formal or informal request for supplemental information or documentary material from any Governmental Entity with respect to the transactions contemplated by this Agreement, then the Party shall make, or cause to be made, as soon as reasonably practicable, a response in compliance with such request, after consultation with the other Party (to the extent permitted by applicable Law). The Parties hereto shall (i) consult and cooperate with one another, and consider in good faith the views of one another, in connection with any analyses, appearances, presentations, memoranda, briefs, arguments, opinions and proposals made or submitted by or on behalf of either Party hereto in connection with proceedings under or relating to applicable Antitrust Laws and (ii) provide advance notice of and permit authorized representatives of the other party to be present at each meeting or conference with any Governmental Entity (to the extent permitted by applicable Law and such Governmental Entity). Notwithstanding anything to the contrary herein, materials provided to the other Party or its counsel may be redacted to remove references concerning privileged communications and competitively sensitive information. Notwithstanding anything to the contrary herein, the parties understand and agree that reasonable best efforts of any Party shall not be deemed to include (A) entering into any settlement, undertaking, consent decree, stipulation or agreement with any Governmental Entity in connection with the transactions contemplated hereby or (B) diverting or otherwise holding separate (including by establishing a trust of otherwise), or taking any other action (or otherwise agreeing to do any of the foregoing) with respect to any of its or any of its respective Affiliates' businesses, assets or properties.

(c) The Company shall use its reasonable best efforts to take, or cause to be taken, all actions and to do, or cause to be done, and to assist and cooperate with the other Parties hereto and related Persons, in doing, all things reasonably necessary, proper or advisable under applicable Law (including obtaining waivers from a Service Provider with respect to any change of control-related provisions in any Material Contract with such Service Provider), to insure that the services currently provided to the Company by the Service Providers continue to be provided to the Company following the Share Swap Record Date on terms pursuant to existing agreements relating to such services (or on current terms and practices if such services are provided without any written agreement), subject to changes in accordance with such existing agreements, provided, that in all cases if the terms of existing agreements are to be amended or if new agreements for such services are to be entered into with any Service Provider, the terms shall be no less favorable to the Company than the terms that the Formosa Plastics group of companies receive for similar services at the applicable time. Furthermore, the Company shall work in good faith with Parent, Buyer and the Service Providers to (1) identify those services that the Company will not require, or will require only for a transitional period, following the Share Swap Record Date (such services, "Transition Services") and (2) on or before the Share Swap Record Date, enter into appropriate services agreements for such Transition Services on terms and conditions mutually satisfactory to Parent, Buyer, the Company and the relevant Service Provider (each such agreement, a "Transition Services Agreement").

(d) The Company shall use its reasonable best efforts to take, or cause to be taken, all actions and to do, or cause to be done, and to assist and cooperate with the other Parties hereto and related Persons in doing, all things reasonably necessary, proper or advisable under applicable Law, to provide Micron all cooperation reasonably requested by Micron in connection with the arrangement of any offering of debt or equity securities or any debt financing that may be contemplated by Micron to occur at any time from the Effective Date until the Share Swap Record Date (any such transaction, a "Micron Financing"), including furnishing to Micron (and any of its financing sources) all financial and other pertinent information regarding the Company reasonably requested by Micron.

(e) The Company shall use its reasonable best efforts to take, or cause to be taken, all actions and to do, or cause to be done, and to assist and cooperate with the other Parties hereto and related Persons in doing, all things reasonably necessary, proper or advisable under applicable Law, to prepare and deliver to Micron, as promptly as possible following Buyer's request after the execution of this Agreement, such audited consolidated annual financial statements and unaudited consolidated interim period financial statements (the "Required Financial Statements") of the Company, prepared in accordance with generally accepted accounting principles in the United States and such other related documents (including auditor consents for audited consolidated financial statements), and to cooperate with Micron in connection with Micron's preparation of pro forma financial statements, in each case, as Buyer shall reasonably request. Such pro forma financial statements prepared by Micron with cooperation from the Company, Required Financial Statements and other related documents shall include those that Micron determines in good faith to be required by, and that would enable Micron to comply with, the public reporting and other rules and regulations of the U.S. Securities and Exchange Commission (the "SEC") and the NASDAQ Global Select Market applicable to Micron, including Micron's filing obligations with the SEC on Form 8-K or as required in connection with any financing as contemplated by Section 6.6(c) above. In addition, the Company shall use its reasonable best efforts to take, or cause to be taken, all actions and to do, or cause to be done, and to assist and cooperate with the other Parties hereto in doing, all things reasonably necessary, proper or advisable under applicable Law, to cooperate with Micron in Micron's planning and preparation for the implementation of Micron's financial control and reporting capabilities at the Company and the U.S. Subsidiary as reasonably requested by Buyer to satisfy the compliance requirements to which Micron reasonably anticipates it will be subject to following the Share Swap Record Date with respect to the Company.

(f) Subject to Section 6.6(b), Parent and Buyer shall use commercially reasonable efforts to take, or cause to be taken, all actions and to do, or cause to be done, and to assist and cooperate with the other Parties in doing, all things reasonably necessary, proper or advisable under applicable Law to cause, together with the other Parties hereto, the conditions set forth in Section 7.1(a), Section 7.1(b), Section 7.1(c) and Section 7.2(e) to be satisfied.

(g) No Party shall fail to take or cause to be taken any action that would reasonably be expected to prevent, impede or materially delay the consummation of the transactions contemplated hereby.

Section 6.7 Public Announcements. The Company shall consult with Buyer before issuing any press release or otherwise making any public statement or disclosure with respect to the Share Swap or any of the transactions contemplated hereby and shall not issue any such press release or make any such public statement or disclosure without the prior approval of Buyer (which approval shall not be unreasonably withheld or delayed), except as may be required by applicable Law, court process or by obligations pursuant to any listing agreement with any national securities exchange or national securities quotation system, in which case the Company shall first, to the extent practicable, consult with Buyer about, and allow Buyer reasonable time to comment in advance on, such press release, public announcement or disclosure.

Section 6.8 Transfer Taxes. Except as provided for in Section 3.4, all stock transfer, real estate transfer, documentary, stamp, recording and other similar Taxes (including interest, penalties and additions to any such Taxes) incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by either the Company or Buyer in accordance with the applicable Laws. The Company, Parent and Buyer shall cooperate in the preparation, execution, and filing of all Tax Returns, questionnaires or other documents with respect to such Taxes.

Section 6.9 Notification of Certain Matters.

(a) During the Pre-Closing Period, the Company shall promptly notify Buyer orally and in writing upon becoming aware that any representation or warranty made by it in this Agreement has become untrue or inaccurate, or of any failure by the Company to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by it pursuant to this Agreement. No notification given to Buyer pursuant to this Section 6.9 shall limit or otherwise affect any of the representations, warranties or covenants of the Company contained in this Agreement or any of the remedies available to Parent or Buyer hereunder.

(b) During the Pre-Closing Period, each Party shall promptly notify the other Parties of any Legal Proceeding that shall be instituted or threatened against such Party to restrain, prohibit or otherwise challenge the legality of, or seek damages in connection with, this Agreement or the Share Swap. The Company shall give Buyer the opportunity to participate, at Buyer's expense, in the defense or settlement of any shareholder litigation against the Company and/or its officers or directors relating to the Share Swap, and no such settlement shall be agreed with Buyer's prior written consent (which consent shall not be unreasonably withheld or delayed).

Section 6.10 Employees.

(a) Buyer shall, or shall cause the Company and the U.S. Subsidiary to, continue to maintain the Company Employee Plans as in effect on the Share Swap Record Date or, in its sole discretion, Buyer may provide employee of the Company and the U.S. Subsidiary with benefits under one or more of Micron's employee benefit plans on substantially the same basis, in the aggregate, as those provided to similarly situated employees of Micron and its Subsidiaries. In connection therewith, (A) for purposes of determining eligibility to participate, vesting and entitlement to benefits where length of service is relevant under any Micron employee benefit plan (other than a Micron defined benefit plan or severance plan) and to the extent permitted by applicable Law, Buyer shall provide that the employees of the Company and the U.S. Subsidiary shall receive service credit under each Micron employee benefit plan (other than a defined benefit plan or severance plan) for their period of service that has been recognized by the Company or the U.S. Subsidiary prior to the Share Swap Record Date, except where doing so would cause a duplication of benefits, and (B) Buyer will waive, or cause to be waived by Buyer's affiliates, all limitations (to the extent waivable by Buyer or its affiliates, as the case may be) as to preexisting conditions exclusions (or actively at work or similar limitations), evidence of insurability requirements and waiting periods with respect to participation and coverage requirements applicable to the employees of the Company and the U.S. Subsidiary under any medical, dental and vision plans that such employees may be eligible to participate in after the Share Swap Record Date.

(b) Following the Share Swap Record Date, for all purposes under any Company Employee Plans that remain in place following the Share Swap Record Date, Buyer shall continue to recognize each Company employee's period of service to the extent such period of service was recognized by the Company and the U.S. Subsidiary with respect to such Company Employee Plan prior to the Share Swap Record Date.

(c) To the extent the Company Board and the Company's shareholders have approved the payment of the legally-required employee bonus with respect to the Company's 2015 earnings, and such bonus has not been distributed to employees prior to the Share Swap Record Date, Buyer shall cause the Company to distribute such bonus to the Company's employees following the Share Swap Record Date.

(d) Nothing herein shall be deemed to be a guarantee of employment for any employee of the Company or the U.S. Subsidiary for any period of time, or to restrict the right of the Company or the U.S. Subsidiary to terminate or cause to be terminated any employee at any time to the extent permitted by applicable Law, for any or no reason with or without notice. Notwithstanding the foregoing provisions of this Section 6.10, nothing contained herein, whether expressed or implied, shall be treated as an amendment or other modification of any Company Employee Plan or any employee compensation, incentive and benefit (including vacation) plans, programs, policies and arrangements maintained for the benefit of employees of the Company or the U.S. Subsidiary as of and after the Share Swap Record Date by the Company or any other employee benefit plan, program or arrangement or the establishment of any employee benefit plan, program or arrangement. Parent, Buyer and the Company acknowledge and agree that all provisions contained in this Section 6.10 are included for the sole benefit of Parent, Buyer and the Company, and that nothing herein, whether express or implied, shall create any third party beneficiary or other rights (A) in any other Person, including any employees, former employees, any participant in any employee benefit plan, program or arrangement (or any dependent or beneficiary thereof) of the Company or the U.S. Subsidiary or (B) to continued employment with the Company or the U.S. Subsidiary or continued participation in any employee benefit plan, program or arrangement.

Section 6.11 Company Stock Options. Promptly following the execution of this Agreement, the Company shall adopt such resolutions and take all necessary actions, including using its reasonable best efforts to obtain any required consents from all holders of outstanding Company Stock Options, that are necessary to effect the transactions described in Section 3.2 pursuant to the terms of the applicable Company Equity Plans and agreements evidencing the Company Stock Options. Promptly following the taking of such actions, the Company shall, after consultation with Buyer, deliver to the holders of Company Stock Options appropriate notices setting forth such holders' rights pursuant to the Company Equity Plans and this Agreement. Buyer and its counsel shall be given a reasonable opportunity to review and comment on any such notices prior to the delivery thereof to the holders of Company Stock Options, and the Company shall give reasonable and good faith consideration to all additions, deletions, changes or other comments suggested by Buyer and its counsel.

Section 6.12 Termination of Certain Contracts. The Company shall use its reasonable best efforts to cause each of the Non-Core Contracts to be terminated, effective as of and contingent upon the Closing, including sending all required notices, such that each such Non-Core Contract shall be of no further force or effect immediately following the Share Swap Record Date. In the event that the Closing does not occur for any reason, neither Parent nor Buyer shall have any liability to the Company or any other Person for any costs, claims, liabilities or damages resulting from the Company seeking to obtain such termination. For purposes of this Section 6.12, a "Non-Core Contract" shall mean each Contract (i) to which the Company is a party, (ii) the subject matter of which does not relate directly to the manufacture of wafers for Micron pursuant to the Supply Agreements; and (iii) identified in a written notice delivered by Buyer to the Company following the Effective Date requesting that such Contract be terminated. The parties agree and understand that the Company shall not be required to take any actions pursuant to this Section 6.12 until the condition set forth in Section 7.1(b) has been satisfied.

Section 6.13 Sale of Certain Company Intellectual Property. Upon receipt of instruction from Buyer to do so no later than ten (10) Business Days prior to the Share Swap Record Date, the Company shall (a) enter into a patent sale and transfer agreement with one or more third parties ("Patent Transferee(s)"), on terms and conditions acceptable to Buyer in its sole discretion, providing for the transfer and sale of some or all of the Company's Patents to the Patent Transferee(s) immediately prior to the Share Swap Record Date.

ARTICLE VII
CONDITIONS PRECEDENT

Section 7.1 Conditions to Each Party's Obligations to Effect the Share Swap. The respective obligations of each Party to effect the Share Swap are subject to the satisfaction at or prior to the Share Swap Record Date of each of the following conditions any and all of which may be waived, in whole or in part, by Parent (on behalf of Parent and Buyer) and the Company, to the extent permitted by applicable Law:

(a) Antitrust Laws. The applicable waiting period (and any extension thereof) under applicable Antitrust Laws in respect of the transactions contemplated hereby shall have expired or been terminated.

(b) Shareholder Approval. The Company Shareholder Approval shall have been obtained.

(c) Regulatory Approvals. All necessary regulatory approvals, including approvals required pursuant to any Antitrust Laws, for the consummation of the Share Swap and the transactions contemplated hereby shall have been obtained.

(d) No Injunctions. No Governmental Entity of competent jurisdiction shall have issued or promulgated an Order, decree, injunction or ruling or taken any other action enjoining or otherwise preventing the consummation of the Share Swap.

(e) No Illegality. No applicable Law shall have been enacted, entered, enforced, issued or put in effect that prohibits or makes illegal the consummation of the Share Swap.

(f) Termination. This Agreement shall not have been terminated in accordance with its terms.

Section 7.2 Conditions to Parent's and Buyer's Obligations to Effect the Share Swap. The obligations of Parent and Buyer to effect the Share Swap are also subject to the satisfaction at or prior to the Share Swap Record Date of the following conditions, which may be waived, in whole or in part, by Parent or Buyer in their sole discretion, to the extent permitted by applicable Law:

(a) Representations and Warranties True. The representations and warranties of the Company contained in this Agreement shall be true and correct in all material respects (except for each such representations and warranties that contains an express materiality qualification, which shall be true and correct in all respects) as of the Effective Date and the Share Swap Record Date, or in the case of representations and warranties that are made as of a specified date, such representations and warranties shall be true and correct in all material respects (except for each such representations and warranties that contains an express materiality qualification, which shall be true and correct in all respects) as of such specified date.

(b) Performance of Covenants. All covenants and agreements of Company to be performed prior to Closing pursuant to this Agreement shall have been duly performed in all material respects.

(c) No Orders or Injunctions. No restraining order, preliminary or permanent injunction or other Order issued by a Governmental Entity or other legal constraint or prohibition preventing the consummation of the transactions contemplated hereby will have taken effect after the Effective Date and still be in effect.

(d) No Material Adverse Effect. No Change shall have occurred or exist that, individually or in the aggregate with any other Change, has had or would reasonably be expected to have a Material Adverse Effect.

(e) Buyer Financing. The consummation and funding of financing, on terms set forth in the Debt Commitment Letter or on terms otherwise satisfactory to Buyer, or another Affiliate of Micron designated by Buyer, resulting in aggregate proceeds of at least NT$80,000,000,000 to Buyer, or another Affiliate of Micron designated by Buyer, to fund the Share Swap on the Share Swap Record Date pursuant to the terms of this Agreement.

(f) Private Placement. Unless either (i) Micron has notified the Investor (as such term is defined in the Micron Share Purchase Agreement) that Micron has elected not to consummate the Micron Share Purchase Closing in accordance with Section 2.2 of the Micron Share Purchase Agreement or (ii) the Micron Share Purchase Agreement has been terminated in accordance with its terms (other than pursuant to Section 7.3(a)(iii) thereof) prior to the Micron Share Purchase Closing, Micron or Buyer shall have received the Total Investment Amount (as such term is defined in the Micron Share Purchase Agreement) from the Investor. For the avoidance of doubt, if the Investor exercises its right under Section 7.3(c) of the Micron Share Purchase Agreement after having paid the Total Investment Amount to Micron or Buyer, then this condition will be deemed to not have been satisfied.

(g) Litigation. There shall not be pending any Legal Proceeding brought by any Governmental Entity: (i) challenging or seeking to restrain or prohibit the consummation of the Share Swap; or (ii) seeking to (x) prohibit or limit the ownership or operation by the Company, Parent, Buyer or any of their respective Affiliates of any or all of the business or assets of the Company, Parent, Buyer or any of their respective Affiliates; or (y) compel the Company, Parent, Buyer or any of their respective Affiliates to dispose of, license or hold separate all or any portion of the business or assets of the Company, Parent, Buyer or any of their respective Affiliates, in the case of clauses (x) and (y) , as a result of the consummation of the Share Swap.

(h) Transition Services Agreements. The Transition Services Agreements shall have been executed by the parties thereto, and shall be in full force and effect.

(i) Banking Chops. Each of the Banking Chops shall be in the possession of an authorized Person (who is an employee or officer of the Company) identified by Buyer in writing at least five (5) days prior to the Share Swap Record Date.

(j) Certificate. Parent and Buyer shall have received a certificate signed by an authorized officer of the Company, dated as of the Share Swap Record Date, to the effect that the conditions set forth in Section 7.2(a), Section 7.2(b) and Section 7.2(d) have been satisfied.

Section 7.3 Conditions to Company's Obligations to Effect the Share Swap. The obligations of the Company to effect the Share Swap are also subject to the satisfaction at or prior to the Share Swap Record Date of the following conditions, which may be waived, in whole or in part, by the Company in its sole discretion, to the extent permitted by applicable Law:

(a) Representations and Warranties True. The representations and warranties of Parent and Buyer contained in this Agreement shall be true and correct in all material respects (except for each such representations and warranties that contains an express materiality qualification, which shall be true and correct in all respects) as of the Effective Date and the Share Swap Record Date, or in the case of representations and warranties that are made as of a specified date, such representations and warranties shall be true and correct in all material respects (except for each such representations and warranties that contains an express materiality qualification, which shall be true and correct in all respects) as of such specified date.

(b) The Company shall have received a certificate signed by an authorized officer of Buyer, dated as of the Share Swap Record Date, to the effect that the condition set forth in Section 7.3(a) has been satisfied.

Section 7.4 Effect of Investigation. The representations, warranties and covenants of the Company shall not be affected or deemed waived by reason of any investigation made by or on behalf of Buyer (including by any of its Representatives) or by reason of the fact that Buyer or any of its Representatives knew or should have known that any such representation or warranty is, was or might be inaccurate.

ARTICLE VIII
TERMINATION, AMENDMENT AND WAIVER

Section 8.1 Termination. This Agreement may be terminated and the Share Swap may be abandoned at any time prior to the Share Swap Record Date, notwithstanding approval thereof by the shareholders of the Company, only as follows:

(a) by mutual written consent of Buyer and the Company at any time prior to the consummation of the Micron Share Purchase Closing;

(b) by either Buyer or the Company, if any court of competent jurisdiction or other Governmental Entity shall have issued a judgment, Order, injunction, rule or decree, or taken any other action restraining, enjoining or otherwise prohibiting any of the transactions contemplated by this Agreement, and such judgment, Order, injunction, rule, decree or other action shall have become final and nonappealable;

(c) by Buyer, at any time prior to the Share Swap Record Date, if (A) (x) any of the representations or warranties of the Company herein shall be untrue or inaccurate on the date of this Agreement or shall become untrue or inaccurate on any subsequent date as though made on such subsequent date (in each case without giving effect to any limitation indicated by the words "Material Adverse Effect," "in all material respects," "material" or "materially"), except where the failure of such representations and warranties to be true and correct results from any transaction expressly consented to in writing by Buyer; or (y) the Company shall have materially breached or failed to perform any of its covenants or agreements set forth in this Agreement; and (B) if curable, such inaccuracy or breach is not cured within fifteen (15) days after written notice to the Company (or, if less, the number of calendar days remaining until the Outside Date) describing such breach in reasonable detail; provided, that Buyer shall not have the right to terminate this Agreement pursuant to this Section 8.1(c) if Parent or Buyer is then in material breach of any of its covenants or agreements set forth in this Agreement;

(d) by the Company, at any time prior to the Share Swap Record Date, if (A) (x) any of the representations or warranties of Parent or of Buyer herein shall be untrue or inaccurate on the date of this Agreement or shall become untrue or inaccurate on any subsequent date as though made on such subsequent date (in each case, without giving effect to any limitation indicated by the words "Material Adverse Effect," "in all material respects," "material" or "materially"), or (y) Parent or Buyer shall have materially breached or failed to perform any of its covenants or agreements set forth in this Agreement, and (B) if curable, such inaccuracy or breach is not cured within fifteen (15) days after written notice to Buyer (or, if less, the number of calendar days remaining until the Outside Date) describing such breach in reasonable detail; provided, that the Company shall not have the right to terminate this Agreement pursuant to this Section 8.1(d) if it is then in material breach of any of its covenants or agreements set forth in this Agreement;

(e) by Buyer or the Company, if the Closing shall not have occurred by November 30, 2016 (the "Outside Date"); provided, that the right to terminate this Agreement under this Section 8.1(e) shall not be available to a Party if such Party's action or failure to act has been a principal cause of or principally resulted in the failure of the Closing to occur on or before such date and such action or failure to act constitutes material breach of this Agreement; provided, further, that if all of the conditions set forth in Section 7.1 and Section 7.2 (other than those that by their terms contemplate satisfaction only at the Closing) that can be satisfied prior to the Closing have been satisfied on or before November 30, 2016, with the sole exception of the condition in Section 7.2(f) (Private Placement) that remains not satisfied, then Parent and Buyer shall have the right but not the obligation to extend the Outside Date by ninety (90) days;

(f) by Buyer, if Buyer, or another Affiliate of Micron designated by Buyer, has not obtained the Debt Commitment Letter by May 1, 2016; provided, that Buyer shall not have the right to terminate this Agreement pursuant to this Section 8.1(f) if Buyer has failed to use commercially reasonable efforts in seeking to obtain the Debt Commitment Letter; or

(g) by Buyer at any time prior to the date of the Company Shareholder Approval, if (i) any Company shareholder (other than Numonyx Holdings B.V. and Micron Semiconductor B.V.) that is a party to any Voting and Support Agreement is in breach of that Voting and Support Agreement or (ii) if any Voting and Support Agreement is no longer in full force and effect.

The Party desiring to terminate this Agreement pursuant to this Section 8.1 shall give notice of such termination and the provisions of this Section 8.1 being relied on to terminate this Agreement to the other Parties.

Section 8.2 Effect of Termination. In the event of termination of this Agreement, this Agreement shall forthwith become void and have no effect, without any liability or obligation on the part of Parent, Buyer, the Company or their respective directors, officers, Affiliates or shareholders, except that the provisions of Sections 6.5(b) and (c) (Confidentiality), Section 6.7 (Public Announcements), this Section 8.2, Section 8.3 (Fees and Expenses), Section 8.4 (Amendment or Supplement), Section 8.5 (Extension of Time; Waiver) and Article IX (General Provisions) of this Agreement shall survive the termination hereof. Notwithstanding the foregoing, nothing contained herein shall relieve any Party of liability for an intentional breach of its covenants or agreements set forth in this Agreement prior to such termination or for fraud.

Section 8.3 Fees and Expenses. Except as may otherwise be agreed to hereunder or in other writing by the Parties, all fees and expenses incurred in connection with this Agreement, the Share Swap and the other transactions contemplated hereby shall be borne and timely paid by the Party incurring such fees or expenses, whether or not the Share Swap is consummated.

Section 8.4 Amendment or Supplement. This Agreement may be amended, modified or supplemented by the Parties by action taken or authorized by written agreement of the Parties (by action taken by their respective boards of directors, if required) at any time prior to the Share Swap Record Date, whether before or after the Company Shareholder Approval has been obtained; provided, however, that after the Company Shareholder Approval has been obtained, no amendment shall become effective that pursuant to applicable Law requires further approval or adoption by the shareholders of the Company without such further approval or adoption. This Agreement may not be amended, modified or supplemented in any manner, whether by course of conduct or otherwise, except by an instrument in writing specifically designated as an amendment hereto, signed on behalf of each of the parties in interest at the time of the amendment.

Section 8.5 Extension of Time; Waiver. At any time prior to the Share Swap Record Date, the Parties may (by action taken or authorized by their respective boards of directors, if required), to the extent permitted by applicable Law, (a) extend the time for the performance of any of the obligations or acts of the Company (in the case of an extension by the Parent or Buyer) or Parent or Buyer (in the case of an extension by the Company), as applicable, (b) waive any inaccuracies in the representations and warranties of the Company (in the case of a waiver by the Parent or Buyer) or Parent or Buyer (in the case of a waiver by the Company), set forth in this Agreement or any document delivered pursuant hereto or (c) subject to applicable Law, waive compliance with any of the agreements or conditions of the Company (in the case of a waiver by the Parent or Buyer) or Parent or Buyer (in the case of a waiver by the Company) contained herein; provided, however, that after the Company Shareholder Approval has been obtained, no waiver may become effective that pursuant to applicable Law requires further approval or adoption by the shareholders of the Company without such further approval or adoption. Any agreement on the part of a Party to any such waiver shall be valid only if set forth in a written instrument executed and delivered by a duly authorized officer on behalf of such Party or Parties, as applicable. No failure or delay of any Party in exercising any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such right or power, or any course of conduct, preclude any other or further exercise thereof or the exercise of any other right or power. Except as otherwise provided herein, the rights and remedies of the Parties hereunder are cumulative and are not exclusive of any rights or remedies which they would otherwise have hereunder.

ARTICLE IX
GENERAL PROVISIONS

Section 9.1 Nonsurvival of Representations and Warranties. None of the representations, warranties, covenants or agreements in this Agreement or in any instrument delivered pursuant to this Agreement shall survive the Share Swap Record Date, other than those covenants or agreements of the Parties which by their terms specifically apply, or are to be performed as a whole or in part, after the Share Swap Record Date. Notwithstanding the foregoing, this Section 9.1 shall not limit any covenant or agreement of the Parties which by its terms contemplates performance after the Share Swap Record Date or relates to delivery of the Payment Fund in full on the terms and subject to the conditions set forth in this Agreement.

Section 9.2 Notices. All notices or other communications required or permitted hereunder shall reference this Agreement, shall be in writing in the English language, shall be delivered personally, by overnight courier, by electronic mail or by certified, registered or express air mail, postage prepaid, and shall be deemed given (a) when so delivered personally, (b) when so received by courier, (c) if given by electronic mail, when receipt of the message is confirmed to the sender by the systems of the Party to which notice is intended to be given, or (d) if mailed, five (5) Business Days after the date of mailing, as follows:

(i) if to Parent, to:

Micron Technology B.V.
Olympia 1A, 1213NS Hilversum
The Netherlands

Attention: Chairman

with copies (which shall not constitute notice) to:

Micron Technology, Inc.
8000 South Federal Way
Boise, Idaho, 83707
USA

Attention: General Counsel

(ii) if to Buyer, to:

Micron Semiconductor Taiwan Co. Ltd.
10F, No. 333, Section 1, Keelung Rd.,
Taipei, Taiwan 110

Attention: Chairman

with copies (which shall not constitute notice) to:

Micron Technology, Inc.
8000 South Federal Way
Boise, Idaho, 83707
USA

Attention: General Counsel

(ii) if to the Company, to:

Inotera Memories, Inc.
667, Fuhsing 3rd Road
Hwa-Ya Technology Park
Kueishan, Taoyuan
Taiwan, R.O.C.

Attention: Director of Legal & IP Office

Section 9.3 Entire Agreement. This Agreement (including the Exhibits hereto), and the Company Disclosure Letter, constitutes the entire agreement with respect to the subject matter hereof and thereof, and supersede all prior written agreements, arrangements, communications and understandings and all prior and contemporaneous oral agreements, arrangements, communications and understandings among the Parties with respect to the subject matter hereof and thereof.

Section 9.4 Parties in Interest. Nothing in this Agreement, express or implied, is intended to or shall confer upon any Person other than the Parties and their respective successors and permitted assigns any legal or equitable right, benefit or remedy of any nature under or by reason of this Agreement.

Section 9.5 Governing Law. This Agreement and all disputes or controversies arising out of or relating to this Agreement or the transactions contemplated hereby shall be governed by, and construed in accordance with, the internal Laws of the ROC, without regard to the Laws of any other jurisdiction that might be applied because of the conflicts of laws principles of the ROC.

Section 9.6 Dispute Resolution.

(a) Each of the Parties irrevocably agrees that any dispute, legal action or proceeding arising out of or relating to this Agreement (an "Arbitrable Dispute") brought by any Party or its successors or assigns shall be brought and determined to be settled by binding arbitration. Notwithstanding the preceding sentence, nothing in this Section 9.6 shall prevent a Party from seeking specific performance as contemplated by Section 9.8 from a court of competent jurisdiction pending settlement of any Arbitrable Dispute.

(b) Except as otherwise specifically stated herein, any Arbitrable Dispute shall be resolved by arbitration in Taipei, Taiwan in accordance with the ROC Arbitration Act. The arbitration shall be conducted in English and by the Chinese Arbitration Association, Taipei ("CAA") in accordance with the Arbitration Rules of the CAA. Any judgment upon the award rendered by the arbitrator shall be entered in any court having jurisdiction over the subject matter thereof, including, without limitation, the Taipei District Court. The final decision of the arbitrators, as entered by a court of competent jurisdiction, will be furnished by the arbitrators to the Parties in writing and will constitute a final, conclusive and non-appealable determination of the issue in question, binding upon the Parties, and an Order with respect thereto may be entered in any court of competent jurisdiction, including, without limitation, the Taipei District Court.

(c) Any such arbitration will be conducted before a panel of three (3) arbitrators, each of whom will be compensated for his or her services at a rate to be determined by the CAA. Each of the claimant and the respondent shall appoint one (1) arbitrator, and the two (2) arbitrators appointed by the claimant and the respondent shall jointly appoint the third arbitrator as the chief arbitrator. If the parties are unable to agree on the arbitrators within thirty (30) days following submission of the dispute to CAA by one of the Parties, CAA will have the authority to select the arbitrators from a list of arbitrators who satisfy the criteria set forth in Section 9.6(d).

(d) No arbitrator shall have any past or present family, business or other relationship with Buyer, Parent, the Company, or any Affiliate, Subsidiary, director or officer thereof, unless following full disclosure of all such relationships, Parent and Buyer and the Company agree in writing to waive such requirement with respect to an individual in connection with any Arbitrable Dispute.

(e) The claimant shall advance the arbitration fees required by the CAA upon demanding for arbitration; provided, however, that: (i) the prevailing party in any arbitration will be entitled to an award of attorneys' fees and costs; and (ii) all fees and costs of arbitration will be paid by the losing party, unless other provided in the arbitral award. The arbitrator will be authorized to determine the identity of the prevailing party and the losing party.

(f) Except as specifically otherwise provided herein, arbitration will be the sole and exclusive remedy of the Parties for any Arbitrable Dispute.

Section 9.7 Assignment; Successors. Neither this Agreement nor any of the rights, interests or obligations under this Agreement may be assigned or delegated, as a whole or in part, by operation of Law or otherwise, by the Company without the prior written consent of Parent or by Parent or Buyer without the prior written consent of the Company, and any such assignment without such prior written consent shall be, to the maximum extent permitted by applicable Law, null and void. Subject to the preceding sentence, this Agreement will be binding upon, inure to the benefit of and be enforceable by the Parties and their respective successors and assigns.

Section 9.8 Enforcement. The Parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. Accordingly, each of the Company, Parent and Buyer shall be entitled to specific performance of the terms hereof, including an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement in any court having jurisdiction over the subject matter thereof, including, without limitation, the Taipei District Court, this being in addition to any other remedy to which such Party is entitled at Law or in equity. If any Party brings any Action to enforce specifically the performance of the terms and provisions hereof by any other Party, the Outside Date shall automatically be extended by (x) the amount of time during which such Action is pending, plus twenty (20) Business Days or (y) such other time period established by the court presiding over such Action.

Section 9.9 Currency. All references to "US$" in this Agreement refer to United States dollars. All references to "NT$" in this Agreement refer to New Taiwan Dollars.

Section 9.10 Severability. Whenever possible, each provision or portion of any provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable Law, but if any provision or portion of any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable Law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or portion of any provision in such

jurisdiction, and this Agreement shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision or portion of any provision had never been contained herein, so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party. Upon such a determination, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the fullest extent possible.

Section 9.11 Counterparts. This Agreement may be executed in two or more counterparts, all of which shall be considered one and the same instrument and shall become effective when one or more counterparts have been signed by each of the Parties and delivered to the other Party.

Section 9.12 Electronic Signature. This Agreement may be executed by facsimile signature or electronically scanned signature and such signatures shall constitute an original for all purposes.

[Signature page follows]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

Inotera Memories, Inc.

By: /s/ Chuan Lin
Name: Chuan Lin
Title: Independent Director

Micron Technology B.V.

By: /s/ Donald E. Whitt, Jr.
Name: Donald E. Whitt, Jr.
Title: Managing Director A

By: /s/ Daniel Gabor De Haas
Name: Daniel Gabor De Haas
Title: Managing Director B

Micron Semiconductor Taiwan Co. Lt

By: /s/ Steven Drake
Name: Steven Drake
Title: Director of Asia Legal

EXHIBIT A
CERTAIN KNOWLEDGE PARTIES

- Pei Ing Lee*
- Rod Morgan
- Jason Chu
- Peter Shen
- K.Y. Wang
- Jia Jau Yeh
- Philip Jao
- Frank Chao
- Alex Wang
- Chia Yen Cha
- Tony Tsai
- Ethan Chuang
- Jessie Liu
- Vicky Tseng

* For purposes of the “knowledge” definition, only the actual knowledge of any fact, circumstance, event or other matter of Dr. Lee shall be taken into account.

EXHIBIT B
AMENDMENTS TO ARTICLES OF INCORPORATION OF BUYER

[English Translation of Exhibit B from Chinese]

Article	Before the Amendment	After the Amendment
Article 4-1	(This Article is newly added)	The Corporation may provide endorsement and guarantee to third parties upon the approval of the Board of Directors. When the Corporation becomes a shareholder with limited liability of another company, the total amount of the Corporation's investment will not be subject to the restriction of not exceeding forty percent (40%) of the Corporation's paid-in capital as provided in Article 13 of the Company Act.
Article 5	The total capital of the Corporation is authorized at Five Hundred Thousand New Taiwan Dollars (NT$500,000), which is divided into Fifty Thousand (50,000) common shares with a par value of Ten New Taiwan Dollars (NT$10) per share, fully paid-up.	The total capital of the Corporation is authorized at NT$30,000,000,000, divided into 3,000,000,000 shares at the par value of NT$10 each, which can be issued in common shares or preferred shares in installments.
Article 23	These Articles of incorporation were agreed upon and signed on November 4, 2015.	These Articles of incorporation ("AOI") were agreed upon and signed on November 4, 2015. The 1st amendment of the AOI is made on [-], 2016.

EXHIBIT C
SHARE CAPITAL ON SHARE SWAP RECORD DATE

	Authorized Capital	Paid-in Capital
BUYER	**NT$30,000,000,000**	**NT$29,700,000,000**
COMPANY	**NT$80,000,000,000**	**NT$65,602,860,000**

[***] DENOTES CONFIDENTIAL MATERIALS OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT

CONFIDENTIAL

TECHNOLOGY TRANSFER AND LICENSE OPTION AGREEMENT FOR 1X PROCESS NODE

This **TECHNOLOGY TRANSFER AND LICENSE OPTION AGREEMENT FOR 1X PROCESS NODE** (this "**Agreement**"), is made and entered into as of February 3, 2016, by and between Micron Technology, Inc., a Delaware corporation ("**Micron**"), and Nanya Technology Corporation (Nanya Technology Corporation [Translation from Chinese]), a company incorporated under the laws of the Republic of China ("**NTC**"). (Micron and NTC are referred to in this Agreement individually as a "**Party**" and collectively as the "**Parties**").

RECITALS

A. Micron is developing and/or has developed technology for a 1X Process Node for the manufacture of DRAM Products.

B. NTC desires to receive an option to have such technology transferred and licensed to NTC for its use in the manufacture of DRAM Products.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises and agreements herein set forth, the Parties, intending to be legally bound, hereby agree as follows.

ARTICLE 1
DEFINITIONS; CERTAIN INTERPRETATIVE MATTERS

1.1 Definitions.

"**Affiliate**" means, with respect to any specified Person, any other Person that directly or indirectly, including through one or more intermediaries, controls, or is controlled by, or is under common control with such specified Person. The term "**affiliated**" has a meaning correlative to the foregoing.

"**Agreement**" shall have the meaning set forth in the preamble to this Agreement.

"**Applicable Law**" means any applicable laws, statutes, rules, regulations, ordinances, orders, codes, arbitration awards, judgments, decrees or other legal requirements of any Governmental Entity.

"**Bar Date**" means the date that is the earlier of (i) the date on which NTC exercises the Option (i.e., the Exercise Date), (ii) the date on which the Option Period expires in accordance with Section 2.1(a), and (iii) December 31, 2019.

"**Business Day**" means a day that is not a Saturday, Sunday, or statutory holiday in the state of Idaho or in Taiwan.

"**Change of Control**" means, with respect to a Party: (i) any Third Party becoming the beneficial owner of securities of such Party representing more than fifty percent (50%) of the total of all then outstanding voting securities; (ii) a merger or consolidation of such Party with or into a Third Party, other than a merger or consolidation that would result in the holders of the voting securities immediately prior thereto holding securities that represent immediately after such merger or consolidation more than fifty percent (50%) of the total combined voting power of the entity that survives such merger or consolidation or the parent of the entity that survives such merger or consolidation; or (iii) the sale or disposition of all or substantially all of the assets of such Party to a Third Party wherein the holders of such Party's outstanding voting securities immediately before such sale do not, immediately after such sale, own or control (directly or indirectly) equity representing a majority of the outstanding voting securities of such Third Party.

"**Confidential Information**" shall have the meaning ascribed thereto in the Micron-NTC Mutual NDA.

"**Control**" means the power or authority, whether exercised or not, to direct the business, management and policies of a Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, which power or authority shall conclusively be presumed to exist upon possession of beneficial ownership or power to direct the vote of more than fifty percent (50%) of the votes entitled to be cast at a meeting of the members, shareholders or other equity holders of such Person or power to control the composition of a majority of the board of directors or like governing body of such Person. The terms "**Controlling**" and "**Controlled**" have meanings correlative to the foregoing. Notwithstanding the foregoing, instances of the term "control" that are not capitalized in this Agreement shall be construed based on the customary meaning of such term as dictated by the context of each instance.

"**Controlled Facility**" of a company means (i) a wafer fabrication facility owned by such company, (ii) a wafer fabrication facility owned by an entity that is Controlled by such company, and/or (iii) a wafer fabrication facility for which such company has a contractual right to receive at least [***] percent ([***]%) of the output of such wafer fabrication facility for at least [***] consecutive months.

"**Definitive Agreement**" has the meaning ascribed thereto in the Framework Agreement.

"**Density**" means the physical density of (i.e., total number of bits that can be stored in) a DRAM Product.

"**Designated Number**" has the meaning ascribed thereto in Section 4.2(d) of the Agreement.

"**DRAM**" means dynamic random access memory cells that function by using a capacitor arrayed predominantly above the semiconductor substrate.

"**DRAM Module**" means one or more DRAM Products in a package or module (whether as part of a SIMM, DIMM, multi-chip package, memory card or other memory module or package).

"**DRAM Product**" means any memory device comprising DRAM, whether in die or wafer form, manufactured by using the Licensed Node that implements the Transferred Technology licensed hereunder.

"**Effective Date**" means February 3, 2016.

"**Equity Payment Event**" has the meaning ascribed thereto in Section 4.2(b) of this Agreement.

"**Exercise Date**" shall have the meaning ascribed thereto in Section 2.1(b) of this Agreement.

"**Exercise Notice**" shall have the meaning ascribed thereto in Section 2.1(b) of this Agreement.

"**Feedback**" shall have the meaning ascribed thereto in Section 3.5 of this Agreement.

"**Force Majeure Event**" means the occurrence of an event or circumstance beyond the reasonable control of a Party and includes, without limitation, (a) explosions, fires, flood, earthquakes, catastrophic weather conditions, or other elements of nature or acts of God; (b) acts of war (declared or undeclared), acts of terrorism, insurrection, riots, civil disorders, rebellion or sabotage; (c) acts of federal, state, local or foreign Governmental Entity; (d) labor disputes, lockouts, strikes or other industrial action, whether direct or indirect and whether lawful or unlawful; (e) failures or fluctuations in electrical power or telecommunications service or equipment; and (f) delays caused by the other Party or third-party nonperformance (except for delays caused by a Party's contractors, subcontractors or agents).

"**Foundry Customer**" means a Third Party customer for DRAM Products, the design for which is owned by the customer or licensed to the customer by a Third Party, for so long as (and only for so long as):

(a) such customer:

(i) does not [***] DRAM Products in any [***] and does not develop any [***] for use in the [***]; and

(ii) is not a [***] in a [***] Micron or any of Micron's Affiliates (except where such customer is a [***] in a [***] Micron or any of Micron's Affiliates [***]); and

(b) all DRAM Products to [***]:

(i) have a [***] that is [***] (wherein a [***] is the [***] of the [***] with respect to a [***], so that [***]) the [***] for the relevant [***], and

(ii) are not [***] that has been in [***] for [***] after [***].

"**Foundry Customer Products**" means DRAM Products manufactured by NTC for a Foundry Customer where such products are provided to such Foundry Customer for resale by or on behalf of that Foundry Customer or for internal use by that Foundry Customer.

"**Framework Agreement**" means that certain Framework Agreement among Inotera Memories, Inc., Micron Technology B.V., and Micron Semiconductor Taiwan Co., Ltd., dated as of December 14, 2015.

"**GAAP**" means, with respect to Micron, United States generally accepted accounting principles, and with respect to NTC, Republic of China generally accepted accounting principles, in each case, as consistently applied by the Party for all periods at issue.

"**Governmental Entity**" means any governmental authority or entity, including any agency, board, bureau, commission, court, municipality, department, subdivision or instrumentality thereof.

"**Gross Revenues**" means, with respect to a DRAM Product or DRAM Module, the gross proceeds actually received by NTC or its Affiliate for the sale or other transfer of such DRAM Product or DRAM Module to any Third Party (including any customer or Foundry Customer) that is not an Affiliate, less any credits, discounts, returns and rebates actually applied or allowed or refunds actually given with respect to such DRAM Product or DRAM Module; *provided, however*, that Gross Revenues cannot be less than zero.

"**Intel Confidential Information**" means information that (i) is developed by Micron and/or Intel Corporation under or in connection with a joint development agreement between Micron and Intel Corporation, and/or (ii) otherwise relates to IM Flash Technologies, LLC, and is subject to a confidentiality obligation between or among Micron and Intel Corporation or any of their respective Affiliates.

"**Internal Qualification**" means, with respect to a particular Process Node, the point in time at which Micron, together with its Affiliates, has used such Process Node to commercially produce more than [***] DRAM wafers per week for at least [***] consecutive weeks, provided that the following shall not be considered commercially produced wafers: (i) any DRAM wafers manufactured in Micron's R&D fabrication facility; (ii) any DRAM wafers that are engineering samples or experimental products; and (iii) any DRAM wafers that Micron and/or its Affiliates divert to a distribution channel for reduced-specification products (e.g., SpecTek).

"**IP Rights**" means copyrights, rights in trade secrets, Mask Work Rights and pending applications or registrations of any of the foregoing anywhere in the world. The term "IP Rights" does not include any Patent Rights or rights in trademarks.

"**Lead DRAM Design**" means the particular Micron DRAM Product design that is to be designated by Micron to serve as the transfer vehicle for the transfer of the Licensed Node from Micron to NTC.

"**License Fee**" has the meaning ascribed thereto in Section 4.2(b) of the Agreement.

"**Licensed Node**" means the next Primary Process Node to be Internally Qualified by Micron after the Effective Date (also known as the 1X Node).

"**Mainstream DRAM Product**" means, for a [***], the particular DRAM Product, manufactured on the Licensed Node by [***], of which [***] the [***] by unit [***], which are manufactured on the Licensed Node.

"**Mask Work Rights**" means rights under the United States Semiconductor Chip Protection Act of 1984, as amended from time to time, or under any similar equivalent laws in countries other than the United States.

"**Memory Product**" means one or more integrated circuits, printed circuit boards, multi-chip packages or other assemblies with which such integrated circuits are attached or otherwise associated that are designed, developed, marketed or used primarily for storing digital information including, for example and without limitation, any DRAM, NAND Flash, NOR, PCM, dynamic, static, volatile, low volatility or non-volatile memory, whether as discrete integrated circuits, or as part of a SIMM, DIMM, multi-chip package, memory card (e.g., compact flash card, SD card, etc.) or other memory module or package.

"**Micron**" shall have the meaning set forth in the preamble to this Agreement.

"**Micron IP Royalties**" mean any royalties owed pursuant to Section 4.2.

"**Micron-NTC Mutual NDA**" means the Micron-NTC Mutual Nondisclosure Agreement entered into by and between Micron and NTC on January 17, 2013.

"**New Shares**" has the meaning ascribed thereto in Section 4.2(a) of the Agreement.

"**New Shares Closing**" has the meaning ascribed thereto in Section 4.2(b) of the Agreement.

"**New Shares Purchase Price**" has the meaning ascribed thereto in Section 4.2(b) of the Agreement.

"**Node Generation**" means a generation of DRAM manufacturing process technology that results in substantial manufacturing efficiencies through either a reduction in the minimum repeatable half pitch of a device (minimum physical feature size or line width) relative to the prior generation of such technology (e.g., the 42nm Process Node or the 30nm Process Node, etc.) or a change in memory cell architecture (e.g., $4F^2$ and $6F^2$ cells). The minimum physical feature size or line width of one manufacturer's Process Node does not need to be exactly the same as that of another manufacturer's Process Node in order for both Process Nodes to be of the same Node Generation. For example, a 16nm DRAM Process Node belongs to the same generation as a 17nm or 14nm DRAM Process Node. For the avoidance of doubt, Micron's 1X DRAM Process Node is the next Node Generation after (and therefor in a different Node Generation than) Micron's 20nm DRAM Process Node.

"**NTC**" shall have the meaning set forth in the preamble to this Agreement.

"**NTC Design Contractor**" means a Third Party engaged by NTC to develop designs for [***] to be manufactured at the NTC Qualified Fab using the Licensed Node [***] such Third Party is not a [***] in a [***] Micron or any of Micron's Affiliates (except where such Third Party is a [***] in a [***] Micron or any of Micron's Affiliates [***]).

"**NTC Permitted Entities**" means the entities identified in Schedule 4 and Schedule 5 [***] each such entity (a) is not a [***] in a [***] Micron or any of Micron's Affiliates (except where such Third Party is a [***] in a [***] Micron or any of Micron's Affiliates [***]), and (b) is not a Restricted Entity.

"**NTC Process Contractor**" means a Third Party engaged by NTC to develop process technology solely for use by NTC at the NTC Qualified Fab [***] such Third Party is not a[***] in a [***] Micron or any of Micron's Affiliates (except where such Third Party is a [***] in a [***] Micron or any of Micron's Affiliates [***]).

"**NTC Products**" means DRAM Products and/or DRAM Modules the design for which (i) is owned by NTC, either solely or jointly with Micron, or (ii) is licensed by Micron to NTC pursuant to this Agreement.

"**NTC Qualified Fab**" means the [***] semiconductor fabrication buildings ([***]) shown in the drawing attached hereto as Schedule 1, such buildings located at No. 98, Nanlin Rd., Taishan Dist., New Taipei City, Taiwan, ROC, but only for so long as (i) such buildings are [***], (ii) no other [***] has a [***] or [***], directly or indirectly, [***] any of the [***] in such buildings, and (iii) the [***] of such buildings does not [***]. For purposes of this definition, a [***] shall not be considered the type of [***] described in subsection (ii) above.

"**NTC Shareholders Meeting**" has the meaning ascribed thereto in Section 4.2(a) of this Agreement.

"**OEM**" shall have the meaning ascribed thereto in Section 4.2(c) of this Agreement.

"**Option**" shall have the meaning ascribed thereto in Section 2.1(a) of this Agreement.

"**Option Period**" shall have the meaning ascribed thereto in Section 2.1(a) of this Agreement.

"**Party**" or "**Parties**" shall have the meaning set forth in the preamble to this Agreement.

"**Patent Rights**" means all rights associated with any and all issued and unexpired patents and pending patent applications in any country in the world, together with any and all divisionals, continuations, continuations-in-part, reissues, reexaminations, extensions, foreign counterparts or equivalents of any of the foregoing, wherever and whenever existing.

"**Person**" means any natural person, corporation, joint stock company, limited liability company, association, partnership, firm, joint venture, organization, business, trust, estate or any other entity or organization of any kind or character.

"**Probe Yield**" means a percentage calculated based on NTC's probe testing of a quantity of wafers of DRAM Product(s) (such quantity not less than [***] wafers) within a period of [***] consecutive days, wherein such percentage is equal to a ratio in which (i) the denominator is the total number of DRAM die from such quantity of wafers, and (ii) the numerator is the total number of such DRAM die that pass probe testing based on the probe test program delivered by Micron to NTC as part of the Transferred Technology.

"**Process Node**" means a collection of process technology and equipment that enables the production of semiconductor wafers for a particular minimum repeatable half pitch of a device (minimum physical feature size or line width) and sometimes designated by the size of such pitch (*e.g.*, the 20nm Process Node).

"**Product Qualification**" means a determination by a customer of NTC that a DRAM Product or DRAM Module manufactured by NTC on the Licensed Node satisfies a specification of such customer, such determination evidenced by such customer (after testing such DRAM Product or DRAM Module) either (a) notifying NTC that such DRAM Product or DRAM Module is qualified, or (b) submitting to NTC an order to purchase a quantity of such DRAM Products or DRAM Modules. There may be multiple Product Qualifications for a single customer; for example, a first Product Qualification may occur when a particular customer determines that a particular DRAM Product satisfies a particular specification of such customer, and a second Product Qualification may occur when the same customer determines that a different DRAM Product satisfies the same or a different specification of such customer.

"**Qualification Notice**" means a written notice from Micron to NTC conspicuously labeled as "Qualification Notice" and indicating that Micron has achieved Internal Qualification of the Licensed Node.

"**Recoverable Taxes**" shall have the meaning set forth in Section 4.7(a).

"**Restricted Entity**" means (a) [***] and any Subsidiaries of the companies set forth above; (b) any successor-in-interest of any of the companies referenced in (a) above and any successors to all or substantially all of their respective Memory Products businesses; (c) any Affiliate of any company set forth in (a) above; or (d) a company that uses its Controlled Facility to manufacture Memory Products in wafer form and that derives (either on a consolidated or standalone basis) at least [***] percent ([***]%) of its revenue from the manufacture or sale of Memory Products (based on the last fiscal year of such revenue).

"**ROC**" means the Republic of China.

"**Secondary DRAM Design**" means the particular Micron DRAM Product design, in existence and in production by Micron prior to the Exercise Date, that is expressly identified as the Secondary DRAM Design pursuant to Section 3.1.

"**Software**" means computer program instruction code, whether in human-readable source code form, machine-executable binary form, firmware, scripts, interpretive text, or otherwise. The term "Software" does not include databases and other information stored in electronic form, other than executable instruction codes or source code that is intended to be compiled into executable instruction codes.

"**Subsidiary**" means, with respect to any specified Person, any other Person that, directly or indirectly, including through one or more intermediaries, is Controlled by such specified Person.

"**Tax**" or "**Taxes**" means any federal, state, local or foreign net income, gross income, gross receipts, sales, use ad valorem, transfer, franchise, profits, service, service use, withholding, payroll, employment, excise, severance, stamp, occupation, premium, property, customs, duties or other type of fiscal levy and all other taxes, governmental fees, registration fees, assessments or charges of any kind whatsoever, together with any interest and penalties, additions to tax or additional amounts imposed or assessed with respect thereto.

"**Taxing Authority**" means any Governmental Entity exercising any authority to impose, regulate or administer the imposition of Taxes.

"**Third Party**" means any Person other than NTC or Micron.

"**Trigger Date**" means the date that is the later of (i) the date on which the Qualification Notice is delivered to NTC, and (ii) the date of the closing of Micron's acquisition of all outstanding shares of Inotera Memories, Inc., pursuant to the Framework Agreement and/or Definitive Agreement.

"**Transferred Technology**" means (i) the information and deliverables described on Schedule 2 for the Licensed Node developed by Micron as of the Exercise Date for the manufacture of DRAM Products, (ii) the information and deliverables described on Schedule 3 for the Lead DRAM Design developed by Micron as of the Exercise Date, and (iii) the information and deliverables described on Schedule 3 for the Secondary DRAM Design developed by Micron as of the Exercise Date, in each case excluding any information that cannot be shared with NTC without further permission or consent of, further payment to, or breach of agreement with, any Third Party.

"**TTLA 1Y**" means the Technology Transfer and License Option Agreement for 1Y Process Node entered into between the Parties on even date herewith, as may be amended from time to time.

"**TTL Agreements**" means (a) the Third Amended and Restated Technology Transfer and License Agreement dated January 17, 2013, between the Parties, as amended from time to time, (b) the Second Amended and Restated Technology Transfer and License Agreement for 68-50nm Process Nodes dated January 17, 2013, between the Parties, as amended from time to time, (c) the Technology Transfer and License Option Agreement for 20nm Process Node dated January 17, 2013, between the Parties, as amended from time to time, and (d) the TTLA 1Y.

1.2 Certain Interpretive Matters.

(a) Unless the context requires otherwise, (1) all references to Sections, Articles, Exhibits, Appendices or Schedules are to Sections, Articles, Exhibits, Appendices or Schedules of or to this Agreement; (2) each accounting term not otherwise defined in this Agreement has the meaning commonly applied to it in accordance with GAAP; (3) words in the singular include the plural and vice versa; (4) the term "**including**" means "including without limitation"; and (5) the terms "**herein**," "**hereof**," "**hereunder**" and words of similar import shall mean references to this Agreement as a whole and not to any individual section or portion hereof. Unless otherwise denoted, all references to $ or dollar amounts will be to lawful currency of the United States of America. All references to "**day**" or "**days**" will mean calendar days.

(b) No provision of this Agreement will be interpreted in favor of, or against, either Party by reason of the extent to which (1) such Party or its counsel participated in the drafting thereof or (2) any such provision is inconsistent with any prior draft of this Agreement or such provision.

ARTICLE 2
OPTION; LICENSE; RESTRICTIONS

2.1 Option; Selection of DRAM Designs.

(a) From the Trigger Date until the date that is [***] after the Trigger Date (the "**Option Period**"), NTC shall have the right, but not the obligation, to obtain the license rights set forth in Section 2.2 (the "**Option**").

(b) Exercise Notice.

(i) NTC may only exercise the Option by providing to Micron, only during the Option Period, a written notice stating that NTC is exercising the Option (the "**Exercise Notice**").

(ii) Subject to NTC exercising the Option in accordance with this Section 2.1, NTC shall be granted the license rights set forth in Section 2.2, automatically and without any further action, upon Micron's receipt of the Exercise Notice (such date referred to herein as the "**Exercise Date**").

(c) Micron shall provide the Qualification Notice to NTC promptly after the date on which Micron achieves Internal Qualification of the Licensed Node.

(d) After receipt of the Qualification Notice, NTC may request and, if requested, Micron shall provide a good-faith rough estimate of the [***] that may be required for [***] to [***]. Such estimate may be provided as a single number, and Micron shall not be obligated to disclose any line-item cost detail to NTC. Micron shall bear no liability for the accuracy of such estimate, and any reliance by NTC on such estimate shall be at NTC's own risk.

2.2 License. Subject to the exercise of the Option by NTC in accordance with Section 2.1 and subject to the terms and conditions of this Agreement, Micron grants to NTC a [***] royalty-bearing license under Micron's IP Rights in the Transferred Technology:

(a) to [***] the Transferred Technology, only in [***], for the purpose of [***] and/or [***] and/or [***];

(b) to [***] and/or [***] in the [***] using the Transferred Technology; and

(c) to [***] the Transferred Technology as reasonably necessary for the purpose of [***], provided that any such [***] shall be deemed to be [***].

2.3 Restrictions.

(a) NTC shall not, during any [***], [***] more than a [***] of [***] using any technology licensed to NTC by Micron (regardless of whether licensed under this Agreement or any TTL Agreement). Any violation of the foregoing limitation will be deemed a material breach of this Agreement.

(b) NTC shall not [***] the Transferred Technology (or any portion thereof) [***] other than the [***]. If NTC properly exercises the Option under this Agreement, NTC shall have the rights set forth Section 2.2, but only if and for so long as the [***] is [***] and no other [***] has a [***] or [***], directly or indirectly, [***] any of the [***] in the [***].

(c) NTC shall not use the Transferred Technology (or any portion thereof) to manufacture any products other than NTC Products and Foundry Customer Products.

(d) The rights set forth in Section 2.2 do not include any [***] or any rights to [***].

(e) The rights set forth in Section 2.2 shall not be effective until NTC exercises the Option under this Agreement in accordance with Section 2.1(b).

(f) Except as expressly permitted under [***] with respect to [***], NTC shall not [***] the Transferred Technology (or any portion thereof) [***].

(g) Until [***], NTC shall not [***] from any [***] for any [***] or [***] for [***]. For the avoidance of doubt, NTC shall have no right to [***] the restriction described in [***] prior to [***].

(i) Any violation by NTC of the restriction set forth in this Section 2.3(g) shall be deemed a material breach of this Agreement.

(ii) After NTC exercises the Option, any [***] that NTC [***] the Licensed Node will be [***] and therefore subject to the [***] set forth in this Agreement. If NTC wishes to [***] after exercising the Option, NTC must (i) commission an independent Third Party auditor from an internationally recognized audit firm to [***], such audit to be performed at NTC's expense and subject to an obligation of confidentiality, and (ii) obtain from such auditor a certified written report in which such auditor unequivocally concludes and states that [***]. Such [***] shall continue, and NTC shall continue to [***], until Micron receives such certified written report in accordance with the foregoing requirements. NTC shall not be entitled to any [***] prior to Micron's receipt of such certified written report. Nothing in this paragraph shall be construed as a waiver of Micron's remedies or rights (including the right to challenge such report in a court of competent jurisdiction).

2.4 Reservations of Rights. Except as expressly set forth in Section 2.2, Micron reserves all of its rights, title and interest in, to and under the Transferred Technology. No right or license is granted under this Agreement by Micron to NTC expressly, impliedly, by estoppel or otherwise, in, to or under (i) any Patent Rights, or (ii) except as expressly set forth in Section 2.2, any IP Rights, material, technology or other intellectual property owned by or licensed to Micron or any of its Affiliates. NTC shall not exploit any IP Rights of Micron in the Transferred Technology beyond the scope of the rights expressly licensed under Section 2.2.

ARTICLE 3
TRANSFER OF TECHNOLOGY

3.1 Selection of Secondary DRAM Design.

(a) Within [***] months after NTC exercises the Option, NTC shall provide written notice to Micron indicating the type of DRAM design that NTC desires for the Secondary DRAM Design (e.g., examples of DRAM design types may include DDR4, DDR3, LPDDR4, LPDDR3, mobile, etc.).

(b) Promptly after receipt of such written notice, Micron shall disclose to NTC whether Micron has developed and put into commercial production any DRAM designs of the indicated type, and if so, Micron shall disclose to NTC a list naming such DRAM designs. NTC shall then promptly provide a written notice to Micron indicating the particular DRAM design, from such list, that NTC selects to be the Secondary DRAM Design.

(c) If Micron has not developed and put into commercial production any DRAM designs of the type indicated in the notice provided by NTC under Section 3.1(a), then Micron shall inform NTC of such fact and NTC shall provide another written notice indicating a different type of DRAM design that NTC desires for the Secondary DRAM Design, and the foregoing process shall be repeated until NTC has selected a Secondary DRAM Design.

(d) Micron and NTC shall cooperate in good faith to facilitate the selection of the Secondary DRAM Design within [***] months after NTC exercises the Option.

3.2 Transfer of Technology. If NTC exercises the Option under this Agreement, then Micron shall deliver the Transferred Technology, provide wafers, and provide the transfer session in accordance with the requirements set forth in Sections 3.2(a), (b), and (c).

(a) Delivery of Micron Transferred Technology to NTC.

(i) If NTC exercises the Option under this Agreement, then (to the extent not previously delivered) Micron shall deliver to NTC the Transferred Technology, in the form stored as of the Exercise Date, using reasonable delivery methods. Micron shall use commercially reasonable efforts to complete the delivery of the Transferred Technology within [***] days after the Exercise Date. Except as provided in Section 3.2(b), the foregoing obligation does not require Micron to create, make, adapt, develop, modify and/or translate any such information or materials. After Micron begins the delivery of Transferred Technology to NTC, NTC may provide a written request to Micron to [***] the [***] of such [***] with any [***] to be [***]; however, with respect to the subject matter of any such requests made more than [***] days after Micron provides written notice to NTC indicating that the delivery of Transferred Technology is complete, NTC shall be precluded from [***].

(ii) The manufacturing process information included in the Transferred Technology will be specific to the Lead DRAM Design. If NTC exercises the Option under this Agreement and selects a Secondary DRAM Design, Micron will deliver to NTC the design information for the Secondary DRAM Design as set forth in Section 4 (including (i) the particular

process modules that are unique to the Secondary DRAM Design and (ii) a version of the probe test program updated for the Secondary DRAM Design), *provided however*, that nothing herein shall be construed as obligating Micron to deliver to NTC any wafers for the Secondary DRAM Design or to perform a process transfer (e.g., delivery of process-of-record) for the Secondary DRAM Design.

(b) Preproduction Wafers; Reticles.

(i) Preproduction Wafers.

(1) If NTC exercises the Option under this Agreement, Micron shall provide to NTC the following wafers based on the Lead DRAM Design: [***] structure short-loop wafers and [***] blanket film or metrology correlation wafers relating to the Licensed Node or such lesser quantities as mutually agreed. The obligation to provide the foregoing wafers shall be contingent on NTC providing to Micron a full description of NTC's desired parameters for the foregoing wafers within [***] days after the Exercise Date. In the event that NTC provides such full description to Micron within [***] days after the Exercise Date, Micron shall provide the foregoing wafers to NTC within [***] days after the Exercise Date. In the event that NTC provides such full description to Micron more than [***] days but within [***] days after the Exercise Date, Micron shall provide the foregoing wafers to NTC within [***] after the Exercise Date.

(2) If NTC exercises the Option under this Agreement, then Micron shall provide to NTC, not earlier than [***] months and not later than [***] months after the Exercise Date, [***] production swap wafers relating to the Licensed Node or such lesser quantities as mutually agreed; *provided however*, in the event that Micron elects to discontinue commercial production of the Lead DRAM Design prior to the date that is [***] months after the Exercise Date, then Micron reserves the right to deliver such production swap wafers to NTC prior to such date. The obligation to provide the foregoing production swap wafers shall be contingent on NTC providing to Micron a full description of NTC's desired parameters for the foregoing production swap wafers within [***] days after the Exercise Date.

(3) Except as expressly set forth in this Section 3.2(b)(i), Micron shall not be obligated to provide any wafers to NTC under this Agreement.

(ii) If NTC exercises the Option under this Agreement, then within [***] days after the Exercise Date, Micron shall provide to NTC [***] of reticles for the Lead DRAM Design, and [***] of reticles for the Secondary DRAM Design. Except as expressly set forth in this Section 3.2(b)(ii), Micron shall not be obligated to provide any reticles to NTC under this Agreement.

(c) Tool Meeting; Transfer Session; Supplemental Session.

(i) Within [***] months after NTC delivers the Exercise Notice to Micron, Micron will allow a reasonable number of NTC employees (not to exceed [***] NTC employees) to attend a meeting (up to [***] consecutive days (i.e., [***] hours) in duration) in which personnel of Micron will provide explanation to such NTC employees regarding Tool of Record (TOR) information for the Licensed Node.

(ii) After Micron provides written notice to NTC indicating that the delivery of Transferred Technology to NTC is complete, Micron shall, at a time reasonably designated by Micron, allow a limited number of NTC employees to attend a transfer session at a facility of Micron (the particular facility to be designated at Micron's discretion). At such transfer session, Micron shall make available technical personnel to answer questions, address requests for clarifications, and provide explanation regarding the Transferred Technology. The daily meetings during such transfer session shall not exceed [***] hours per day. NTC shall be responsible for all travel, meal, and lodging expenses of its employees that attend the transfer session. Micron shall not be obligated to provide NTC employees with access to any tools located at the site of the transfer session. Such transfer session shall consist of two parts - a process part and a product and design part.

(1) The duration of the process part of the transfer session shall not exceed [***] Business Days. Micron shall allow up to (and NTC shall not send more than) [***] employees of NTC to attend the first [***] Business Days of the process part of the transfer session. Micron shall allow up to (and NTC shall not send more than) [***] employees of NTC to attend the last [***] Business Days of the process part of the transfer session.

(2) The duration of the product and design part of the transfer session shall not exceed [***] Business Days. Micron shall allow up to (and NTC shall not send more than) [***] employees of NTC to attend the product and design part of the transfer session.

(iii) From the end of the foregoing transfer session and continuing for [***] months or until NTC achieves [***], whichever is earlier, NTC may submit technical questions to Micron regarding the implementation of the Transferred Technology. During such period of time, if Micron determines (in its discretion) that it has personnel available to answer such questions, Micron will make such personnel available to address NTC's questions.

(iv) Following the transfer session referenced in Section 3.2(c)(ii), qualified and knowledgeable Micron personnel shall participate in a supplemental session at the NTC Qualified Fab. Such supplemental session shall be conducted in a question-and-answer format in which the participants will discuss and answer technical questions relating to the setup, implementation, and operation of the Transferred Technology at the NTC Qualified Fab. Such supplemental session shall not exceed [***] consecutive Business Days in duration. Micron shall not be obligated to send more than [***] Micron employees to attend such supplemental session. The Parties shall schedule such supplemental session to occur at a mutually-agreeable time within the [***] period referenced in Section 3.2(c)(iii) above. Subject to calendaring constraints, the Parties shall target to conduct such supplemental session prior to the start of engineering full flow (EFF) wafers on the Licensed Node at the NTC Qualified Fab. NTC shall provide Micron with at least [***] days' prior notice of its targeted date for starting EFF wafers at the NTC Qualified Fab.

3.3 No Engineering Services. Except as expressly set forth in Section 3.2, Micron shall not be obligated to provide any services to NTC under this Agreement. Without limiting the foregoing, Micron shall not be obligated under this Agreement to provide any design and/or engineering services to NTC in connection with NTC's implementation or use of the Licensed Node. If NTC requests such services from Micron after the Exercise Date, then (i) Micron and NTC shall engage in good faith discussions regarding whether and under what terms Micron may provide such services to NTC, and (ii) in the event that Micron (in its sole discretion) elects to provide such services, the Parties shall negotiate in good faith regarding the terms of a separate written agreement to govern the provision of such services.

3.4 [***]. The obligations under this Agreement to provide the Transferred Technology to NTC are limited to [***] as of [***]. Micron shall not be obligated under this Agreement to provide to NTC any [***] to the Transferred Technology after [***].

3.5 Feedback. NTC may from time to time provide [***] to Micron and/or its Affiliates regarding the Transferred Technology ("**Feedback**"). To the extent that NTC provides such Feedback, NTC hereby grants to Micron a [***] right and license, under all of [***] in or relating to the Feedback, for [***] and to [***]. Notwithstanding Section 5 of this Agreement, neither Micron nor its Affiliates shall be subject to any non-disclosure obligations with respect to such Feedback, even if designated as confidential.

3.6 Additional Materials and Technical Assistance. Micron is not obligated under this Agreement to provide to NTC additional materials or technical assistance beyond the requirements set forth above in this Article 3. If, after the Exercise Date, NTC submits to Micron a reasonable written request for such additional materials or technical assistance, then Micron and NTC shall negotiate in good faith regarding whether, to what extent, and under what terms Micron may provide such additional materials or technical assistance, and if the Parties reach mutual agreement regarding such terms, Micron and NTC shall enter into a separate written agreement to govern the provision of such additional materials or technical assistance.

ARTICLE 4
ROYALTIES; SHARE ISSUANCE; AND PAYMENTS

4.1 Royalties for Transferred Technology.

(a) Royalty Rate. In the event that NTC exercises the Option under this Agreement, NTC shall pay royalties to Micron equal to [***]% of Gross Revenues. NTC shall pay such royalties to Micron in cash (U.S. dollars). Such royalty payments shall be in addition to any consideration or payment due under Section 4.2 and Section 4.3. Such royalty payment obligation shall continue [***].

If a DRAM Product or DRAM Module originally manufactured by the NTC Qualified Fab is sold or otherwise transferred to an Affiliate of NTC that is either an end user or an original equipment manufacturer ("**OEM**"), then Gross Revenues will also include such sales or other transfer to the Affiliate and the Gross Revenues used in the calculation of royalties under this Section shall be the greater of (i) the [***] of the [***] the [***] as [***] in the [***] that are not [***] of [***] and (ii) the [***] associated with the [***] to the [***], as applicable.

(b) [***]. Once the [***], then [***].

(c) Royalty Reporting and Payment. Within [***] days following the end of [***] for so long as any Micron IP Royalties are payable hereunder, NTC shall submit to Micron a written report, which is certified by NTC's chief financial officer as complete and correct, setting forth in reasonable detail, the quantity of each DRAM Product disposed of by NTC and the applicable Micron IP Royalties due for the immediately preceding [***]. NTC shall cause each of its Affiliates (other than NTC Subsidiaries) who dispose of DRAM Product in a manner that causes Micron IP Royalties to be due to provide a written report, which is certified by each such Affiliate's chief financial officer as complete and correct, setting forth in reasonable detail such Affiliate's dispositions of DRAM Product and corresponding Micron IP Royalties for the [***] that is the subject of each of the foregoing reports of NTC. NTC shall provide a copy of each report from an Affiliate (other than NTC Subsidiaries) to Micron with submission of NTC's report. NTC shall pay to Micron all Micron IP Royalties due for such [***] contemporaneously with the submission of such report in accordance with Sections 4.1 and 4.5.

4.2 Share Issuance.

(a) Promptly and within [***] days after the occurrence of the Equity Payment Event, NTC shall hold a meeting of its Board of Directors to convene a special meeting of its shareholders ("**NTC Shareholders Meeting**") within [***] days after such Board of Directors meeting, for the purposes of authorizing a private placement of new common shares of NTC ("**New Shares**") sufficient for issuance to Micron of the Designated Number of New Shares, and the Board of Directors of NTC shall further, subsequent to and on the same day of the NTC Shareholders Meeting, approve the issuance of the Designated Number of New Shares to Micron, or its nominees; *provided however*, that in the case that NTC has already been authorized by its shareholders to issue New Shares through private placement in an amount no less than the Designated Number, the Board of Directors of NTC shall, within [***] days after the occurrence of the Equity Payment Event, approve the issuance of the Designated Number of New Shares to Micron, or its nominees.

(b) The closing of the issuance of New Shares ("**New Shares Closing**") shall take place within [***] Business Days after all required approvals have been obtained by Micron or its nominees including, without limitation, approval of the Taiwan Investment Commission, if applicable. NTC shall reasonably cooperate with the efforts of Micron or its nominees in obtaining such approvals. Prior to the New Shares Closing, NTC shall pay to Micron a fee ("**License Fee**") equal to the aggregate subscription price for the Designated Number of New Shares ("**New Shares Purchase Price**") sufficiently in advance of the New Shares Closing to allow Micron to pay the New Shares Purchase Price to NTC on the date of the New Shares Closing.

(c) Notwithstanding anything to the contrary in Section 4.7, if any taxes are required to be deducted or withheld from NTC's payment of the License Fee to Micron pursuant to the preceding paragraph, then the amount payable by NTC to Micron shall be increased by such amount as is necessary to make the actual amount received by Micron (after such taxes and after any additional taxes on account of such additional payment) equal to the amount due before the application of any such taxes.

(d) The "**Designated Number**" of New Shares shall be that number of shares that is equal in value to [***] percent ([***]%) of the total value of all shares of NTC existing on the date of the Equity Payment Event. Thus, the value of the Designated Number of New Shares shall be equal in value to [***] percent ([***]%) of the total equity of NTC existing on the date of the Equity Payment Event.

(e) The "**Equity Payment Event**" shall be deemed to occur on the later of:

(i) the date on which Micron completes the delivery of information under Section 3.2(a), the provision of wafers under Section 3.2(b), and the transfer session under Section 3.2(c) ("**Event A**");

(ii) the date on which NTC achieves at least [***] of at least [***] on the [***] ("**Event B**"); and

(iii) the date on which Event C occurs. "**Event C**" will be deemed to occur on the earlier of (a) the date on which NTC has completed [***] on the [***] ("**Event C**"), or (b) the date that is [***] months after the date on which Event A occurs. (For the avoidance of doubt, Event A, Event B, and Event C (or the passage of [***] months after Event A) must occur in order for the Equity Payment Event to be deemed to have occurred.)

(f) Promptly and within [***] days after the Equity Payment Event, NTC shall provide written notice to Micron stating that the Equity Payment Event has occurred. Beginning upon the start of the transfer session under Section 3.2(c) and continuing until NTC provides the foregoing notice to Micron, NTC shall provide [***] reports to Micron indicating NTC's current [***] and the status of all [***] by NTC.

(g) NTC shall cooperate in good faith with Micron's efforts to achieve Event A. Except for the technology transfer obligations expressly set forth in Article 3, Micron is not obligated under this Agreement to support NTC in achieving Event B or Event C. NTC shall use commercially reasonable efforts to achieve Event B and Event C in a timely manner.

4.3 Costs. NTC shall pay Micron for all costs incurred by Micron and arising from the performance of Micron's obligations under Article 3, including, without limitation, labor costs (at a rate of [***] U.S. dollars ($[***] USD) per hour); costs of wafers; payment for reticles (fair market price for reticles); costs of materials; and costs of travel, lodging, meal, airport parking, and other out-of-pocket expenses incurred by Micron.

4.4 Audit Rights and Records. Micron shall have the right to have an independent Third Party auditor audit [***], upon reasonable advance written notice, during normal business hours and on a confidential basis subject to an obligation of confidentiality, all records and accounts of NTC relevant to the calculation of Micron IP Royalties in the [***] period immediately preceding the date of the audit; *provided*, *however*, NTC shall not be obligated to provide any records and book of accounts existing prior to the Exercise Date. NTC shall, for at least a period of [***] from the date of their creation, keep complete and accurate records and books of accounts concerning all transactions relevant to calculation of Micron IP Royalties in sufficient detail to enable a complete and detailed audit to be conducted. In the event any such audit determines that Micron IP Royalties have been underpaid by more than [***] U.S. dollars ($[***] USD) in any one [***], NTC shall promptly pay Micron such underpayment amount, together with interest, and reimburse Micron for its reasonable costs and expenses of the audit.

4.5 Reports and Invoices; Payments.

(a) All reports and invoices under this Agreement may be sent by any method described in Section 9.1 or electronically with hardcopy confirmation sent promptly thereafter by any method described in Section 9.1. Such reports and invoices should be sent to the following contacts or such other contact as may be specified hereafter pursuant to a notice sent in accordance with Section 9.1:

(i) Invoices to NTC:
[***]
Nanya Technology Corp.
Hwa-Ya Technology Park 669, Fuhsing 3 Rd. Kueishan, Taoyuan, Taiwan, R. O. C.
Fax: [***]
E-Mail: [***]

(ii) Reports to Micron:
[***]
[***]
Micron Technology, Inc.
8000 S. Federal Way
P.O. Box 6
Mail Stop 1-107
Boise, Idaho 83707
Fax: [***]
E-Mail: [***]

(b) All amounts owed by a Party under this Agreement are stated, calculated and shall be paid in United States Dollars ($ USD).

(c) Payment is due on all amounts properly invoiced within thirty (30) days of receipt of invoice. All payments made under this Agreement shall be made by wire transfer to a Micron bank account designated by the following person or by such other person designated by notice:

Payments to Micron:

Micron Technology, Inc.
C/O [***]
[***]
Account #[***]
ABA #[***]
SWIFT [***]

4.6 Interest. Any amounts payable to Micron hereunder and not paid within the time period provided shall accrue interest, from the time such payment was due until the time payment is actually received, at the rate of [***] percent ([***]%), compounded annually or the highest rate permitted by Applicable Law, whichever is lower.

4.7 Taxes

(a) All sales, use and other transfer Taxes imposed directly on or solely as a result of the services, rights licensed or technology transfers or the payments therefor provided herein shall be stated separately on the service provider's, licensor's or technology transferor's invoice, collected from the service recipient, licensee or technology transferee and shall be remitted by service provider, licensor or technology transferor to the appropriate Taxing Authority ("**Recoverable Taxes**"), unless the service recipient, licensee or technology transferee provides valid proof of tax exemption prior to the Exercise Date or otherwise as permitted by Applicable Law prior to the time the service provider, licensor or technology transferor is required to pay such Taxes to the appropriate Taxing Authority. When property is delivered, rights granted and/or services are provided or the benefit of services occurs within jurisdictions in which collection and remittance of Taxes by the service recipient, licensee or technology transferee is required by Applicable Law, the service recipient, licensee or technology transferee shall have sole responsibility for payment of said Taxes to the appropriate Taxing Authority. In the event any Taxes are Recoverable Taxes and the service provider, licensor or technology transferor does not collect such Taxes from the service recipient, licensee or technology transferee or pay such Taxes to the appropriate Governmental Entity on a timely basis, and is subsequently audited by any Taxing Authority, liability of the service recipient, licensee or technology transferee will be limited to the Tax assessment for such Recoverable Taxes, with no reimbursement for penalty or interest charges or other amounts incurred in connection therewith. Except as provided in Section 4.7(b), Taxes other than Recoverable Taxes shall not be reimbursed by the service recipient, licensee or technology transferee, and each Party is responsible for its own respective income Taxes (including franchise and other Taxes based on net income or a variation thereof), Taxes based upon gross revenues or receipts, and Taxes with respect to general overhead, including but not limited to business and occupation Taxes, and such Taxes shall not be Recoverable Taxes.

(b) In the event that the service recipient, licensee or technology transferee is prohibited by Applicable Law from making payments to the service provider, licensor or technology transferor unless the service recipient, licensee or technology transferee deducts or withholds Taxes therefrom and remits such Taxes to the local Taxing Authority, then the service recipient, licensee or technology transferee shall duly withhold and remit such Taxes and shall pay to the service provider, licensor or technology transferor the remaining net amount after the Taxes have been withheld [***] and, in the case of [***], after the [***] of any [***] the service provider, licensor or technology transferor as a result of [***] the service provider, licensor or technology transferor [***], the service provider, licensor or technology transferor [***]. In case the service recipient, licensee or technology transferee is entitled under Applicable Law to apply for reductions of Taxes referenced herein, the service provider, licensor or technology transferor shall, upon request, provide the service recipient, licensee or technology transferee with commercially reasonable assistance for such application; provided that the service recipient, licensee or technology transferee shall reimburse the service provider, licensor or technology transferor for any costs or fees reasonably incurred in providing such assistance.

4.8 Payment Delay. Notwithstanding anything to the contrary in this Agreement, if requested by Micron by notice in accordance with Section 9.1, NTC will delay making any payments hereunder when due until notified by Micron in accordance with Section 9.1.

ARTICLE 5
CONFIDENTIALITY; OTHER INTELLECTUAL PROPERTY MATTERS

5.1 Confidentiality. The Micron-NTC Mutual NDA is incorporated herein by reference, and the Parties agree that the Micron-NTC Mutual NDA shall govern the confidentiality and non-disclosure obligations of the Parties in connection with information exchanged under this Agreement. If the Micron-NTC Mutual NDA is terminated or expires and is not replaced, then Confidential Information provided, disclosed, obtained or accessed in the performance of the Parties' activities under this Agreement shall continue to be subject to all applicable provisions of the Micron-NTC Mutual NDA notwithstanding such termination or expiration. The Parties acknowledge and agree that the Transferred Technology shall be deemed to be the Confidential Information of Micron without any further requirement or obligation of identification, labeling, marking or confirmation. Furthermore, each Party shall treat the terms of this Agreement as if they were the Confidential Information of the other Party. To the extent there is a conflict or inconsistency between the terms of this Agreement and the Micron-NTC Mutual NDA, the terms of this Agreement shall govern to the extent of such conflict or inconsistency.

5.2 Additional Restrictions.

(a) To the extent that Micron provides to NTC any layout data, schematics data, scribe line test patterns, internal architecture specifications, test modes and configurations, and/or similarly sensitive information, NTC shall only store such information on secure servers subject to password protection, and NTC shall limit access to such information to only those of its Representatives (as defined in the Micron-NTC Mutual NDA) who have a need to access such information for the purposes of exercising NTC's rights under this Agreement.

(b) NTC shall only store the Transferred Technology at the NTC Qualified Fab and, except as expressly permitted under Section 5.3 of this Agreement, NTC shall not transfer, send, or otherwise transmit the Transferred Technology (or any portion thereof) to any facility other than the NTC Qualified Fab.

(c) To the extent that a Party receives from the other Party any materials or documentation (whether in physical or electronic form) that include such other Party's Confidential Information, the receiving Party shall not remove any product identification, copyright or other proprietary or confidentiality notices from such materials or documentation.

(d) Notwithstanding any provision of the Micron-NTC Mutual NDA, NTC shall not have the right to disclose any portion of the Transferred Technology to any contractors of NTC other than NTC Design Contractors and NTC Process Contractors subject to Sections 5.3(ii) and 5.3(iii).

5.3 Permitted Disclosures by NTC. Notwithstanding any other provision of this Agreement, NTC may make the following disclosures to the following entities, provided that (a) such entities are subject to written nondisclosure obligations at least as strict as the nondisclosure obligations set forth in this Agreement (including, without limitation, the Micron-NTC Mutual NDA), and (b) NTC shall have no right to (and shall not) disclose any Intel Confidential Information to any semiconductor manufacturing entity:

(i) Only as necessary to [***] by NTC [***], and only after [***] from the date on which Micron [***] of the [***], NTC may disclose to its [***] the following aspects of the Transferred Technology for the Licensed Node: [***] (if applicable for the Licensed Node), [***], and [***].

(ii) Only as necessary to [***] NTC Products to be manufactured at the NTC Qualified Fab using the Licensed Node, NTC may disclose only the following aspects of the Transferred Technology for the Licensed Node to (a) the [***] for use only [***], and (b) [***]: [***] (if applicable for the Licensed Node), [***], and [***]. Notwithstanding the foregoing, NTC shall not disclose the Transferred Technology (or any portion thereof) to any [***] that is [***] at the time of such disclosure.

(iii) NTC may disclose to [***] only [***] the Transferred Technology that [***] by NTC at the NTC Qualified Fab; *provided however*, that NTC shall not disclose the Transferred Technology (or any portion thereof) to any [***] that is [***] at the time of such disclosure.

(iv) NTC may disclose to [***] only for use [***] only [***] the Transferred Technology that [***] at the NTC Qualified Fab using the Licensed Node.

(v) NTC may disclose to [***] only [***] Transferred Technology that [***] by or for NTC [***] using the Transferred Technology. Any such disclosure relating to [***] the Transferred Technology shall be limited to only [***].

5.4 Intellectual Properties Retained. Nothing in this Agreement shall be construed to transfer ownership of any intellectual property rights from one Party to another Party.

5.5 [***] by Foundry Customers. In the event that (i) NTC begins using the Transferred Technology to design, develop, manufacture, and/or test Foundry Customer Products for a Third Party [***] such Third Party [***] as set forth in [***] above, and (ii) such Third Party thereafter becomes a [***] in a [***] Micron or any of Micron's Affiliates (except where such Third Party is a [***] in a [***] Micron or any of Micron's Affiliates [***]), the Parties agree that:

(a) NTC shall not have any right under this Agreement to use the Transferred Technology to [***] for such Third Party for so long as such Third Party [***]; and

(b) Micron shall not [***] based solely on NTC using the Transferred Technology to [***] for such Third Party [***] such Third Party [***] until [***] such Third Party [***].

ARTICLE 6
WARRANTIES; DISCLAIMERS

6.1 No Implied Obligation or Rights. Nothing contained in this Agreement shall be construed as:

(a) a warranty or representation that any manufacture, sale, lease, use or other disposition of any products based upon any of the IP Rights licensed or technology transferred hereunder will be free from infringement, misappropriation or other violation of any Patent Rights, IP Rights or other intellectual property rights of any Person;

(b) an agreement to bring or prosecute proceedings against Third Parties for infringement, misappropriation or other violation of rights or conferring any right to bring or prosecute proceedings against Third Parties for infringement, misappropriation or other violation of rights; or

(c) conferring any right to use in advertising, publicity, or otherwise, any trademark, trade name or names, or any contraction, abbreviation or simulation thereof, of either Party.

6.2 Third Party Software. Exploitation of any of the rights licensed or technology transferred hereunder may require use of Software owned by a Third Party and not subject to any license granted under this Agreement or any other agreements between Micron and NTC. NTC shall be solely responsible for procuring licenses for such Software from such Third Parties. Nothing in this Agreement shall be construed as granting to any Party any right, title or interest in, to or under any Software owned by any Third Party. Moreover, should a Party who transfers technology under this Agreement discover after such transfer that it has provided Software to the other Party that it was not entitled to provide, such providing Party shall promptly notify the other Party and the recipient shall return such Software to the providing Party and not retain any copy thereof.

6.3 DISCLAIMER. EACH OF NTC AND MICRON DISCLAIMS ANY WARRANTY, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR AGAINST INFRINGEMENT WITH RESPECT TO ANY TECHNOLOGY, IP RIGHTS, MICRON TRANSFERRED TECHNOLOGY, OR OTHER RIGHTS OR MATERIALS LICENSED OR TRANSFERRED UNDER THIS AGREEMENT. NEITHER NTC NOR MICRON MAKES ANY WARRANTIES WITH RESPECT TO THE OTHER PARTY'S ABILITY TO: (A) USE ANY OF THE FOREGOING, OR (B) MANUFACTURE OR HAVE MANUFACTURED ANY PRODUCTS BASED THEREON. NEITHER NTC NOR MICRON MAKES ANY WARRANTY, EXPRESS, IMPLIED, STATUTORY OR OTHERWISE, THAT THE USE, PRACTICE OR COMMERCIAL EXPLOITATION OF ANYTHING PROVIDED PURSUANT TO THIS AGREEMENT WILL NOT INFRINGE THE INTELLECTUAL PROPERTY RIGHTS OF ANY THIRD PARTY.

ARTICLE 7
LIMITATION OF LIABILITY

7.1 LIMITATION OF LIABILITY. EXCEPT FOR LIABILITY DUE TO BREACH OF CONFIDENTIALITY OBLIGATIONS, IN NO EVENT SHALL ONE PARTY BE LIABLE TO THE OTHER PARTY FOR ANY SPECIAL, CONSEQUENTIAL, INCIDENTAL OR OTHER INDIRECT DAMAGES OR ANY PUNITIVE DAMAGES ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT, WHETHER SUCH DAMAGES ARE BASED ON BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE) OR OTHER THEORY OF LIABILITY. THESE LIMITATIONS SHALL APPLY EVEN IF A PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES AND NOTWITHSTANDING THE FAILURE OF ESSENTIAL PURPOSE OF ANY REMEDY. THE PARTIES ACKNOWLEDGE THAT THE LIMITATIONS ON POTENTIAL LIABILITIES SET FORTH HEREIN ARE AN ESSENTIAL ELEMENT IN THE CONSIDERATION PROVIDED BY EACH PARTY UNDER THIS AGREEMENT.

ARTICLE 8
TERM AND TERMINATION

8.1 Term. This Agreement shall become effective as of the Effective Date and shall continue in effect until terminated by mutual agreement or until terminated pursuant to Section 8.2.

8.2 Termination.

(a) Micron may terminate this Agreement by written notice to NTC in the event that (i) the Framework Agreement is terminated in accordance with its terms (except in the event such termination is caused only by the parties to the Framework Agreement entering into the Definitive Agreement), or (ii) the Definitive Agreement is terminated in accordance with its terms.

(b) This Agreement shall automatically terminate upon expiration of the Option Period if NTC has not properly exercised the Option (in accordance with Section 2.1) prior to the expiration of the Option Period.

(c) In the event NTC commits a material breach of this Agreement and such breach remains uncured for more than [***] days after NTC receives written notice of such breach, Micron may terminate this Agreement by written notice to NTC.

(d) Micron may terminate this Agreement upon written notice to NTC in the event that one or more of the following events occur: (i) appointment of a trustee or receiver for all or any part of the assets of NTC; (ii) insolvency or bankruptcy of NTC; (iii) a general assignment by NTC for the benefit of creditor(s); or (iv) dissolution or liquidation of NTC.

(e) Micron may terminate this Agreement upon written notice to NTC in the event that (i) NTC undergoes a Change of Control, or (ii) the NTC Qualified Fab is otherwise acquired, whether de factor or de jure, by any Third Party. NTC shall provide written notice to Micron prior to such Change of Control or such acquisition by a Third Party of the NTC Qualified Fab.

(f) Micron may terminate this Agreement upon written notice to NTC in the event that any of the TTL Agreements is terminated due to an uncured material breach by NTC.

8.3 Effects of Termination.

(a) Termination of this Agreement hereunder shall not affect any of the Parties' respective rights accrued or obligations owed before termination. In addition, the following shall survive termination for any reason: Sections 1, 2.3, 3.5, 4.1 through 4.8, 5.1, 5.4, 6, 7, 8.3 and 9.

(b) In the event of termination of this Agreement, all licenses and rights granted to NTC under this Agreement shall terminate and NTC shall cease all use of the Transferred Technology and shall promptly, as directed by Micron, either destroy or return to Micron all copies of the Transferred Technology in NTC's possession or under NTC's control, and an officer of NTC shall provide written certification to Micron that such destruction or return has been completed.

ARTICLE 9
MISCELLANEOUS

9.1 Notices. All notices and other communications hereunder shall be in writing and shall be deemed given upon (a) transmitter's confirmation of a receipt of a facsimile transmission, (b) confirmed delivery by a standard overnight carrier or when delivered by hand, or (c) delivery in person, addressed at the following addresses (or at such other address for a party as shall be specified by like notice):

If to NTC: Nanya Technology Corporation
Hwa-Ya Technology Park 669
Fuhsing 3 RD. Kueishan
Taoyuan, Taiwan, ROC
Attention: [***]
Fax: [***]

If to Micron: Micron Technology, Inc.
8000 S. Federal Way
Mail Stop 1-507
Boise, ID 83716
Attention: [***]
Fax: [***]

9.2 Waiver. The failure at any time of a Party to require performance by the other Party of any responsibility or obligation required by this Agreement shall in no way affect a Party's right to require such performance at any time thereafter, nor shall the waiver by a Party of a breach of any provision of this Agreement by the other Party constitute a waiver of any other breach of the same or any other provision nor constitute a waiver of the responsibility or obligation itself.

9.3 Assignment. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of each Party hereto*; provided, however*, that neither this Agreement nor any right or obligation hereunder may be assigned or delegated by either Party (including, without limitation, by merger, operation of law, or through the transfer of substantially all of the equity, assets, or business of a Party to this Agreement) in whole or in part to any other Person without the prior written consent of the non-assigning Party. Any purported assignment in violation of the provisions of this Section 9.3 shall be null and void and have no effect. Notwithstanding the foregoing, Micron may assign and delegate its rights and obligations under this Agreement to an Affiliate of Micron without the consent of NTC, and in such case, Micron shall promptly notify NTC of such assignment or delegation.

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

9.5 Force Majeure. The Parties shall be excused from any failure to perform any obligation hereunder to the extent such failure is caused by a Force Majeure Event.

9.6 Choice of Law. This Agreement shall be construed and enforced in accordance with and governed by the laws of the State of Delaware, USA, without giving effect to the principles of conflict of laws thereof.

9.7 Jurisdiction; Venue. Any suit, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement shall be brought in a state or federal court of competent jurisdiction located in the State of California, USA, and each of the Parties to this Agreement hereby consents and submits to the exclusive jurisdiction of such courts (and of the appropriate appellate courts therefrom) in any such suit, action or proceeding and irrevocably waives, to the fullest extent permitted by Applicable Law, any objection which it may now or hereafter have to the laying of the venue of any such suit, action or proceeding in any such court or that any such suit, action or proceeding which is brought in any such court has been brought in an inconvenient forum.

9.8 Inspection and Audit. Without limiting any other rights or remedies of Micron under this Agreement, Micron shall have the right to have an independent Third Party auditor inspect and audit, [***] and upon reasonable advance written notice, during normal business hours and on a confidential basis subject to an obligation of confidentiality, the facilities and records of NTC relevant to NTC's compliance with the conditions and limitations set forth herein (including, without limitation, the limitations set forth in Article 2). NTC shall, for at least a period of [***] from the date of their creation, keep complete and accurate records concerning compliance with such conditions and limitations (including, without limitation, the limitations set forth in Article 2). If any such audit shows material noncompliance by NTC, then without limiting or waiving any remedies of Micron, Micron shall be entitled to, and NTC shall promptly reimburse Micron for, the reasonable costs and expenses of the audit.

9.9 Headings. The headings of the Articles and Sections in this Agreement are provided for convenience of reference only and shall not be deemed to constitute a part hereof.

9.10 Export Compliance. Each Party agrees that it will not knowingly: (a) export or re-export, directly or indirectly, any technical data (as defined by the U.S. Export Administration Regulations) provided by the other Party or (b) disclose such technical data for use in, or export or re-export directly or indirectly, any direct product of such technical data, including Software, to any destination to which such export or re-export is restricted or prohibited by United States or non-United States law, without obtaining prior authorization from the U.S. Department of Commerce and other competent Government Entities to the extent required by Applicable Laws.

9.11 Entire Agreement. This Agreement, together with its Schedules and the agreements and instruments expressly provided for herein, including the applicable terms of the other Joint Venture Documents, constitute the entire agreement of the Parties hereto with respect to the subject matter hereof and supersede all prior agreements, amendments and understandings, oral and written, between the Parties hereto with respect to the subject matter hereof, provided that, in the event that any right, obligation or other provision of this Agreement conflicts with any right, obligation or provision of that certain Waiver and Consent Side Letter Agreement, entered into by and between the Parties and effective October 11, 2012, as amended, the Waiver and Consent Side Letter Agreement shall prevail, and the Parties shall conduct their affairs to give effect to such rights, obligations or provisions as are set forth in the Waiver and Consent Side Letter Agreement.

9.12 Severability. Should any provision of this Agreement be deemed in contradiction with the laws of any jurisdiction in which it is to be performed or unenforceable for any reason, such provision shall be deemed null and void, but this Agreement shall remain in full force in all other respects. Should any provision of this Agreement be or become ineffective because of changes in Applicable Laws or interpretations thereof, or should this Agreement fail to include a provision that is required as a matter of law, the validity of the other provisions of this Agreement shall not be affected thereby. If such circumstances arise, the Parties hereto shall negotiate in good faith appropriate modifications to this Agreement to reflect those changes that are required by Applicable Law.

9.13 Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

< Signature pages follow >

IN WITNESS WHEREOF, this Agreement has been executed and delivered as of the date first above written.

MICRON TECHNOLOGY, INC.

By: /s/ Michael Sadler

Name: Michael Sadler

Title: Vice President, Corporate Development

THIS IS THE SIGNATURE PAGE FOR THE TECHNOLOGY TRANSFER AND LICENSE OPTION AGREEMENT FOR 1X PROCESS NODE ENTERED INTO BY AND BETWEEN MICRON AND NTC

NANYA TECHNOLOGY CORPORATION

By: /s/ Pei-Ing Lee

Name: Pei-Ing Lee

Title: President

THIS IS THE SIGNATURE PAGE FOR THE TECHNOLOGY TRANSFER AND LICENSE OPTION AGREEMENT FOR 1X PROCESS NODE ENTERED INTO BY AND BETWEEN MICRON AND NTC

Schedule 1

[***]

Schedule 2

Transferred Technology-Licensed Node

I. **Information deliverables for the Licensed Node**

A. [***], consisting of:

1. [***] extracted from [***] database containing [***]

B. [***], consisting of:

1. [***] containing pertinent information relating to [***] and [***]
2. [***] for [***]
3. [***] and [***]

C. [***], consisting of:

1. Document containing [***]
2. Document to describe [***]

D. [***], consisting of:

1. [***] and [***]
2. [***] of [***] as used for [***]
3. [***] as used for [***]

E. [***], consisting of:

1. [***] containing [***] for [***] and [***]
2. [***] containing pertinent [***] information [***] and [***]

F. Information regarding [***], consisting of:

1. [***]
2. [***]
3. Description of [***]
4. Description of [***]
5. [***] and [***]

G. [***], consisting of:

1. [***]

H. [***], consisting of:

1. [***] (but not including [***])

I. [***], consisting of:

1. [***]and [***]

2. [***] and [***]

J. [***]

K. Description of [***] (but not including [***]), consisting of:

1. [***] and [***]

2. [***][1] [***] and [***], including [***]

3. [***] and [***]

L. [***], consisting of:

1. [***] containing [***]

2. [***] showing [***]

M. Information regarding [***], consisting of:

1. [***] containing [***] and [***]

2. [***]

N. [***] and [***] and [***]

O. [***] classifications, consisting of:

1. [***]

2. [***]

P. [***] information, consisting of:

1. [***] information as available at the time of [***]

Q. [***], consisting of:

1. [***]

2. Summaries of [***]

R. [***], consisting of:

1. [***], and [***] for [***]

[1] To the extent that [***] includes [***], Micron will [***]. However, if [***], Micron will not be obligated to [***].

S. [***], consisting of:

1. Document containing relevant [***] on [***].

T. [***][2], consisting of:

1. [***]
2. [***] and description of [***]
3. [***]
4. [***]
5. [***], and [***] information compiled by [***]
6. [***] documents
7. [***]
8. [***]

U. [***], consisting of:

1. [***] for [***]

V. Information regarding [***], and [***], consisting of:

1. Relevant documents [***] information related [***]

[2] As with other items listed in this Schedule, Micron's delivery obligation is limited to [***]. To the extent any items listed in this Schedule do not exist for the Licensed Node, Micron is not obligated to generate such items especially for NTC.

Schedule 3

Transferred Technology-Design and Product Information

I. **Information Deliverables for the Lead DRAM Design and Secondary DRAM Design**

A. [***] and [***], consisting of:

1. [***] and [***]
2. [***] and [***] (including, but not limited to, [***] (but not [***]))
3. [***] (including [***])
4. [***] ([***] and [***])
5. [***] (including [***])
6. [***] file and [***]
7. [***] file
8. [***] file

B. [***], consisting of:

1. [***] database
2. [***] library [***] ([***])

C. [***] (but not including [***]), consisting of:

1. [***]
2. [***]
3. [***]
4. [***]
5. [***]
6. [***]

D. Other deliverables

1. [***] for [***]
2. [***] for [***]

E. [***], consisting of:

1. [***]
    a. [***] and [***] and [***]

b. [***] and [***] and [***]

2. [***] report, including [***] report

3. [***] information, consisting of:

   a. [***][3]

   b. [***]

   c. [***]

   d. [***]

   e. [***]

4. [***] and [***] information:

   a. [***]

      (1) [***] and [***][4]

      (2) [***] and [***] information for [***]

      (3) [***]

      (4) [***]

      (5) [***] description with [***]

   b. [***], consisting of [***]

      (1) [***] and [***] information for [***]

5. [***], consisting of:

   a. [***] and [***] (consisting of [***])

   b. Results of [***], including [***]

   c. [***] and [***] used for [***]

   d. [***] for [***]

6. Hardware components, consisting of:

   a. Wafers, consisting of:

      (1) [***]

      (2) [***]

[3] Micron shall provide [***]; provided, however, that NTC shall not [***] received from Micron under this Agreement [***].
[4] Micron shall provide [***]; provided, however, that NTC shall not [***] received from Micron under this Agreement [***].

(3) [***]

b. [***] wafers [***] for [***] wafers; provided, however, that such wafers shall be included in and shall be counted against the number of short-loop wafers to be provided under Section 3.2(b) of the Agreement

c. [***], consisting of:

(1) [***], consisting of:

(a) [***]

(2) [***], consisting of:

(a) [***]

(b) [***]

(3) [***], consisting of:

(a) [***]

(b) [***]

d. [***], consisting of:

(1) [***]

(a) [***]

(d) [***]

(2) [***]

(a) [***]

(b) [***]

(c) [***]

Schedule 4

Site of NTC Permitted Entity for the [***]:

- [***] facilities of [***]

Schedule 5

Sites of NTC Permitted Entity for the [***]:

- [***] facility of [***], at [***]
- [***] facility of [***], at [***]
- [***] facility of [***] located at [***]

[***] DENOTES CONFIDENTIAL MATERIALS OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT

CONFIDENTIAL

TECHNOLOGY TRANSFER AND LICENSE OPTION AGREEMENT FOR 1Y PROCESS NODE

This **TECHNOLOGY TRANSFER AND LICENSE OPTION AGREEMENT FOR 1Y PROCESS NODE** (this "**Agreement**"), is made and entered into as of February 3, 2016, by and between Micron Technology, Inc., a Delaware corporation ("**Micron**"), and Nanya Technology Corporation (Nanya Technology Corporation [Translation from Chinese]), a company incorporated under the laws of the Republic of China ("**NTC**"). (Micron and NTC are referred to in this Agreement individually as a "**Party**" and collectively as the "**Parties**").

RECITALS

A. Micron is developing and/or has developed technology for a 1Y Process Node for the manufacture of DRAM Products.

B. NTC desires to receive an option to have such technology transferred and licensed to NTC for its use in the manufacture of DRAM Products.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises and agreements herein set forth, the Parties, intending to be legally bound, hereby agree as follows.

ARTICLE 1
DEFINITIONS; CERTAIN INTERPRETATIVE MATTERS

1.1 Definitions.

"**Affiliate**" means, with respect to any specified Person, any other Person that directly or indirectly, including through one or more intermediaries, controls, or is controlled by, or is under common control with such specified Person. The term "**affiliated**" has a meaning correlative to the foregoing.

"**Agreement**" shall have the meaning set forth in the preamble to this Agreement.

"**Applicable Law**" means any applicable laws, statutes, rules, regulations, ordinances, orders, codes, arbitration awards, judgments, decrees or other legal requirements of any Governmental Entity.

"**Bar Date**" means the date that is the earlier of (i) the date on which NTC exercises the Option (i.e., the Exercise Date), (ii) the date on which the Option Period expires in accordance with Section 2.1(a), and (iii) December 31, 2022.

"**Business Day**" means a day that is not a Saturday, Sunday, or statutory holiday in the state of Idaho or in Taiwan.

"**Change of Control**" means, with respect to a Party: (i) any Third Party becoming the beneficial owner of securities of such Party representing more than fifty percent (50%) of the total of all then outstanding voting securities; (ii) a merger or consolidation of such Party with or into a Third Party, other than a merger or consolidation that would result in the holders of the voting securities immediately prior thereto holding securities that represent immediately after such merger or consolidation more than fifty percent (50%) of the total combined voting power of the entity that survives such merger or consolidation or the parent of the entity that survives such merger or consolidation; or (iii) the sale or disposition of all or substantially all of the assets of such Party to a Third Party wherein the holders of such Party's outstanding voting securities immediately before such sale do not, immediately after such sale, own or control (directly or indirectly) equity representing a majority of the outstanding voting securities of such Third Party.

"**Confidential Information**" shall have the meaning ascribed thereto in the Micron-NTC Mutual NDA.

.57"**Control**" means the power or authority, whether exercised or not, to direct the business, management and policies of a Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, which power or authority shall conclusively be presumed to exist upon possession of beneficial ownership or power to direct the vote of more than fifty percent (50%) of the votes entitled to be cast at a meeting of the members, shareholders or other equity holders of such Person or power to control the composition of a majority of the board of directors or like governing body of such Person. The terms "**Controlling**" and "**Controlled**" have meanings correlative to the foregoing. Notwithstanding the foregoing, instances of the term "control" that are not capitalized in this Agreement shall be construed based on the customary meaning of such term as dictated by the context of each instance.

"**Controlled Facility**" of a company means (i) a wafer fabrication facility owned by such company, (ii) a wafer fabrication facility owned by an entity that is Controlled by such company, and/or (iii) a wafer fabrication facility for which such company has a contractual right to receive at least [***] percent ([***]%) of the output of such wafer fabrication facility for at least [***] consecutive months.

"**Definitive Agreement**" has the meaning ascribed thereto in the Framework Agreement.

"**Density**" means the physical density of (i.e., total number of bits that can be stored in) a DRAM Product.

"**Designated Number**" has the meaning ascribed thereto in Section 4.2(d) of the Agreement.

"**DRAM**" means dynamic random access memory cells that function by using a capacitor arrayed predominantly above the semiconductor substrate.

"**DRAM Module**" means one or more DRAM Products in a package or module (whether as part of a SIMM, DIMM, multi-chip package, memory card or other memory module or package).

"**DRAM Product**" means any memory device comprising DRAM, whether in die or wafer form, manufactured by using the Licensed Node that implements the Transferred Technology licensed hereunder.

"**Effective Date**" means February 3, 2016.

"**Equity Payment Event**" has the meaning ascribed thereto in Section 4.2(b) of this Agreement.

"**Exercise Date**" shall have the meaning ascribed thereto in Section 2.1(b) of this Agreement.

"**Exercise Notice**" shall have the meaning ascribed thereto in Section 2.1(b) of this Agreement.

"**Feedback**" shall have the meaning ascribed thereto in Section 3.5 of this Agreement.

"**Force Majeure Event**" means the occurrence of an event or circumstance beyond the reasonable control of a Party and includes, without limitation, (a) explosions, fires, flood, earthquakes, catastrophic weather conditions, or other elements of nature or acts of God; (b) acts of war (declared or undeclared), acts of terrorism, insurrection, riots, civil disorders, rebellion or sabotage; (c) acts of federal, state, local or foreign Governmental Entity; (d) labor disputes, lockouts, strikes or other industrial action, whether direct or indirect and whether lawful or unlawful; (e) failures or fluctuations in electrical power or telecommunications service or equipment; and (f) delays caused by the other Party or third-party nonperformance (except for delays caused by a Party's contractors, subcontractors or agents).

"**Foundry Customer**" means a Third Party customer for DRAM Products, the design for which is owned by the customer or licensed to the customer by a Third Party, for so long as (and only for so long as):

(a) such customer:

(i) does not [***] DRAM Products in any [***] and does not develop any [***] for use in the [***]; and

(ii) is not a [***] in a [***] Micron or any of Micron's Affiliates (except where such customer is a [***] in a [***] Micron or any of Micron's Affiliates [***]); and

(b) all DRAM Products to [***]:

(i) have a [***] that is [***] (wherein a [***] is the [***] of the [***] with respect to a [***], so that [***]) the [***] for the relevant [***], and

(ii) are not [***] that has been in [***] for [***] after [***].

"**Foundry Customer Products**" means DRAM Products manufactured by NTC for a Foundry Customer where such products are provided to such Foundry Customer for resale by or on behalf of that Foundry Customer or for internal use by that Foundry Customer.

"**Framework Agreement**" means that certain Framework Agreement among Inotera Memories, Inc., Micron Technology B.V., and Micron Semiconductor Taiwan Co., Ltd., dated as of December 14, 2015.

"**GAAP**" means, with respect to Micron, United States generally accepted accounting principles, and with respect to NTC, Republic of China generally accepted accounting principles, in each case, as consistently applied by the Party for all periods at issue.

"**Governmental Entity**" means any governmental authority or entity, including any agency, board, bureau, commission, court, municipality, department, subdivision or instrumentality thereof.

"**Gross Revenues**" means, with respect to a DRAM Product or DRAM Module, the gross proceeds actually received by NTC or its Affiliate for the sale or other transfer of such DRAM Product or DRAM Module to any Third Party (including any customer or Foundry Customer) that is not an Affiliate, less any credits, discounts, returns and rebates actually applied or allowed or refunds actually given with respect to such DRAM Product or DRAM Module; *provided, however*, that Gross Revenues cannot be less than zero.

"**Intel Confidential Information**" means information that (i) is developed by Micron and/or Intel Corporation under or in connection with a joint development agreement between Micron and Intel Corporation, and/or (ii) otherwise relates to IM Flash Technologies, LLC, and is subject to a confidentiality obligation between or among Micron and Intel Corporation or any of their respective Affiliates.

"**Internal Qualification**" means, with respect to a particular Process Node, the point in time at which Micron, together with its Affiliates, has used such Process Node to commercially produce more than [***] DRAM wafers per week for at least [***] consecutive weeks, provided that the following shall not be considered commercially produced wafers: (i) any DRAM wafers manufactured in Micron's R&D fabrication facility; (ii) any DRAM wafers that are engineering samples or experimental products; and (iii) any DRAM wafers that Micron and/or its Affiliates divert to a distribution channel for reduced-specification products (e.g., SpecTek).

"**IP Rights**" means copyrights, rights in trade secrets, Mask Work Rights and pending applications or registrations of any of the foregoing anywhere in the world. The term "IP Rights" does not include any Patent Rights or rights in trademarks.

"**Lead DRAM Design**" means the particular Micron DRAM Product design that is to be designated by Micron to serve as the transfer vehicle for the transfer of the Licensed Node from Micron to NTC.

"**License Fee**" has the meaning ascribed thereto in Section 4.2(b) of the Agreement.

"**Licensed Node**" means the next Primary Process Node (also known as the 1Y Node) to be Internally Qualified by Micron after the 1X Node.

"**Mainstream DRAM Product**" means, for a [***], the particular DRAM Product, manufactured on the Licensed Node by [***], of which [***] the [***] by unit [***], which are manufactured on the Licensed Node.

"**Mask Work Rights**" means rights under the United States Semiconductor Chip Protection Act of 1984, as amended from time to time, or under any similar equivalent laws in countries other than the United States.

"**Memory Product**" means one or more integrated circuits, printed circuit boards, multi-chip packages or other assemblies with which such integrated circuits are attached or otherwise associated that are designed, developed, marketed or used primarily for storing digital information including, for example and without limitation, any DRAM, NAND Flash, NOR, PCM, dynamic, static, volatile, low volatility or non-volatile memory, whether as discrete integrated circuits, or as part of a SIMM, DIMM, multi-chip package, memory card (e.g., compact flash card, SD card, etc.) or other memory module or package.

"**Micron**" shall have the meaning set forth in the preamble to this Agreement.

"**Micron IP Royalties**" mean any royalties owed pursuant to Section 4.2.

"**Micron-NTC Mutual NDA**" means the Micron-NTC Mutual Nondisclosure Agreement entered into by and between Micron and NTC on January 17, 2013.

"**New Shares**" has the meaning ascribed thereto in Section 4.2(a) of the Agreement.

"**New Shares Closing**" has the meaning ascribed thereto in Section 4.2(b) of the Agreement.

"**New Shares Purchase Price**" has the meaning ascribed thereto in Section 4.2(b) of the Agreement.

"**Node Generation**" means a generation of DRAM manufacturing process technology that results in substantial manufacturing efficiencies through either a reduction in the minimum repeatable half pitch of a device (minimum physical feature size or line width) relative to the prior generation of such technology (e.g., the 42nm Process Node or the 30nm Process Node, etc.) or a change in memory cell architecture (e.g., $4F^2$ and $6F^2$ cells). The minimum physical feature size or line width of one manufacturer's Process Node does not need to be exactly the same as that of another manufacturer's Process Node in order for both Process Nodes to be of the same Node Generation. For example, a 16nm DRAM Process Node belongs to the same generation as a 17nm or 14nm DRAM Process Node. For the avoidance of doubt, Micron's 1X DRAM Process Node is the next Node Generation after (and therefor in a different Node Generation than) Micron's 20nm DRAM Process Node.

"**NTC**" shall have the meaning set forth in the preamble to this Agreement.

"**NTC Design Contractor**" means a Third Party engaged by NTC to develop designs for [***] to be manufactured at the NTC Qualified Fab using the Licensed Node [***] such Third Party is not a [***] in a [***] Micron or any of Micron's Affiliates (except where such Third Party is a [***] in a [***] Micron or any of Micron's Affiliates [***]).

"**NTC Permitted Entities**" means the entities identified in Schedule 4 and Schedule 5 [***] each such entity (a) is not a [***] in a [***] Micron or any of Micron's Affiliates (except where such Third Party is a [***] in a [***] Micron or any of Micron's Affiliates [***]), and (b) is not a Restricted Entity.

"**NTC Process Contractor**" means a Third Party engaged by NTC to develop process technology solely for use by NTC at the NTC Qualified Fab [***] such Third Party is not a [***] in a [***] Micron or any of Micron's Affiliates (except where such Third Party is a [***] in a [***] Micron or any of Micron's Affiliates [***]).

"**NTC Products**" means DRAM Products and/or DRAM Modules the design for which (i) is owned by NTC, either solely or jointly with Micron, or (ii) is licensed by Micron to NTC pursuant to this Agreement.

"**NTC Qualified Fab**" means the [***] semiconductor fabrication buildings ([***]) shown in the drawing attached hereto as Schedule 1, such buildings located at No. 98, Nanlin Rd., Taishan Dist., New Taipei City, Taiwan, ROC, but only for so long as (i) such buildings are [***], (ii) no other [***] has a [***] or [***], directly or indirectly, [***] any of the [***] in such buildings, and (iii) the [***] of such buildings does not [***]. For purposes of this definition, a [***] shall not be considered the type of [***] described in subsection (ii) above.

"**NTC Shareholders Meeting**" has the meaning ascribed thereto in Section 4.2(a) of this Agreement.

"**OEM**" shall have the meaning ascribed thereto in Section 4.2(c) of this Agreement.

"**Option**" shall have the meaning ascribed thereto in Section 2.1(a) of this Agreement.

"**Option Period**" shall have the meaning ascribed thereto in Section 2.1(a) of this Agreement.

"**Party**" or "**Parties**" shall have the meaning set forth in the preamble to this Agreement.

"**Patent Rights**" means all rights associated with any and all issued and unexpired patents and pending patent applications in any country in the world, together with any and all divisionals, continuations, continuations-in-part, reissues, reexaminations, extensions, foreign counterparts or equivalents of any of the foregoing, wherever and whenever existing.

"**Person**" means any natural person, corporation, joint stock company, limited liability company, association, partnership, firm, joint venture, organization, business, trust, estate or any other entity or organization of any kind or character.

"**Probe Yield**" means a percentage calculated based on NTC's probe testing of a quantity of wafers of DRAM Product(s) (such quantity not less than [***] wafers) within a period of [***] consecutive days, wherein such percentage is equal to a ratio in which (i) the denominator is the total number of DRAM die from such quantity of wafers, and (ii) the numerator is the total number of such DRAM die that pass probe testing based on the probe test program delivered by Micron to NTC as part of the Transferred Technology.

"**Process Node**" means a collection of process technology and equipment that enables the production of semiconductor wafers for a particular minimum repeatable half pitch of a device (minimum physical feature size or line width) and sometimes designated by the size of such pitch (*e.g.*, the 20nm Process Node).

"**Product Qualification**" means a determination by a customer of NTC that a DRAM Product or DRAM Module manufactured by NTC on the Licensed Node satisfies a specification of such customer, such determination evidenced by such customer (after testing such DRAM Product or DRAM Module) either (a) notifying NTC that such DRAM Product or DRAM Module is qualified, or (b) submitting to NTC an order to purchase a quantity of such DRAM Products or DRAM Modules. There may be multiple Product Qualifications for a single customer; for example, a first Product Qualification may occur when a particular customer determines that a particular DRAM Product satisfies a particular specification of such customer, and a second Product Qualification may occur when the same customer determines that a different DRAM Product satisfies the same or a different specification of such customer.

"**Qualification Notice**" means a written notice from Micron to NTC conspicuously labeled as "Qualification Notice" and indicating that Micron has achieved Internal Qualification of the Licensed Node.

"**Recoverable Taxes**" shall have the meaning set forth in Section 4.7(a).

"**Restricted Entity**" means (a) [***] and any Subsidiaries of the companies set forth above; (b) any successor-in-interest of any of the companies referenced in (a) above and any successors to all or substantially all of their respective Memory Products businesses; (c) any Affiliate of any company set forth in (a) above; or (d) a company that uses its Controlled Facility to manufacture Memory Products in wafer form and that derives (either on a consolidated or standalone basis) at least [***] percent ([***]%) of its revenue from the manufacture or sale of Memory Products (based on the last fiscal year of such revenue).

"**ROC**" means the Republic of China.

"**Secondary DRAM Design**" means the particular Micron DRAM Product design, in existence and in production by Micron prior to the Exercise Date, that is expressly identified as the Secondary DRAM Design pursuant to Section 3.1.

"**Software**" means computer program instruction code, whether in human-readable source code form, machine-executable binary form, firmware, scripts, interpretive text, or otherwise. The term "Software" does not include databases and other information stored in electronic form, other than executable instruction codes or source code that is intended to be compiled into executable instruction codes.

"**Subsidiary**" means, with respect to any specified Person, any other Person that, directly or indirectly, including through one or more intermediaries, is Controlled by such specified Person.

"**Tax**" or "**Taxes**" means any federal, state, local or foreign net income, gross income, gross receipts, sales, use ad valorem, transfer, franchise, profits, service, service use, withholding, payroll, employment, excise, severance, stamp, occupation, premium, property, customs, duties or other type of fiscal levy and all other taxes, governmental fees, registration fees, assessments or charges of any kind whatsoever, together with any interest and penalties, additions to tax or additional amounts imposed or assessed with respect thereto.

"**Taxing Authority**" means any Governmental Entity exercising any authority to impose, regulate or administer the imposition of Taxes.

"**Third Party**" means any Person other than NTC or Micron.

"**Trigger Date**" means the date that is the later of (i) the date on which the Qualification Notice is delivered to NTC, and (ii) the date of the closing of Micron's acquisition of all outstanding shares of Inotera Memories, Inc., pursuant to the Framework Agreement and/or Definitive Agreement.

"**Transferred Technology**" means (i) the information and deliverables described on Schedule 2 for the Licensed Node developed by Micron as of the Exercise Date for the manufacture of DRAM Products, (ii) the information and deliverables described on Schedule 3 for the Lead DRAM Design developed by Micron as of the Exercise Date, and (iii) the information and deliverables described on Schedule 3 for the Secondary DRAM Design developed by Micron as of the Exercise Date, in each case excluding any information that cannot be shared with NTC without further permission or consent of, further payment to, or breach of agreement with, any Third Party.

"**TTLA 1X**" means the Technology Transfer and License Option Agreement for 1X Process Node entered into between the Parties on even date herewith, as may be amended from time to time.

"**TTL Agreements**" means (a) the Third Amended and Restated Technology Transfer and License Agreement dated January 17, 2013, between the Parties, as amended from time to time, (b) the Second Amended and Restated Technology Transfer and License Agreement for 68-50nm Process Nodes dated January 17, 2013, between the Parties, as amended from time to time, (c) the Technology Transfer and License Option Agreement for 20nm Process Node dated January 17, 2013, between the Parties, as amended from time to time, and (d) the TTLA 1X.

1.2 Certain Interpretive Matters.

(a) Unless the context requires otherwise, (1) all references to Sections, Articles, Exhibits, Appendices or Schedules are to Sections, Articles, Exhibits, Appendices or Schedules of or to this Agreement; (2) each accounting term not otherwise defined in this Agreement has the meaning commonly applied to it in accordance with GAAP; (3) words in the singular include the plural and vice versa; (4) the term "**including**" means "including without limitation"; and (5) the terms "**herein**," "**hereof**," "**hereunder**" and words of similar import shall mean references to this Agreement as a whole and not to any individual section or portion hereof. Unless otherwise denoted, all references to $ or dollar amounts will be to lawful currency of the United States of America. All references to "**day**" or "**days**" will mean calendar days.

(b) No provision of this Agreement will be interpreted in favor of, or against, either Party by reason of the extent to which (1) such Party or its counsel participated in the drafting thereof or (2) any such provision is inconsistent with any prior draft of this Agreement or such provision.

ARTICLE 2
OPTION; LICENSE; RESTRICTIONS

2.1 Option; Selection of DRAM Designs.

(a) From the Trigger Date until the date that is [***] after the Trigger Date (the "**Option Period**"), NTC shall have the right, but not the obligation, to obtain the license rights set forth in Section 2.2 (the "**Option**").

(b) Exercise Notice.

(i) NTC may only exercise the Option by providing to Micron, only during the Option Period, a written notice stating that NTC is exercising the Option (the "**Exercise Notice**").

(ii) Subject to NTC exercising the Option in accordance with this Section 2.1, NTC shall be granted the license rights set forth in Section 2.2, automatically and without any further action, upon Micron's receipt of the Exercise Notice (such date referred to herein as the "**Exercise Date**").

(c) Micron shall provide the Qualification Notice to NTC promptly after the date on which Micron achieves Internal Qualification of the Licensed Node.

(d) After receipt of the Qualification Notice, NTC may request and, if requested, Micron shall provide a good-faith rough estimate of the [***] that may be required for [***] to [***]. Such estimate may be provided as a single number, and Micron shall not be obligated to disclose any line-item cost detail to NTC. Micron shall bear no liability for the accuracy of such estimate, and any reliance by NTC on such estimate shall be at NTC's own risk.

2.2 License. Subject to the exercise of the Option by NTC in accordance with Section 2.1 and subject to the terms and conditions of this Agreement, Micron grants to NTC a [***], royalty-bearing license under Micron's IP Rights in the Transferred Technology:

(a) to [***] the Transferred Technology, only in [***], for the purpose of [***] and/or [***] and/or [***];

(b) to [***] and/or [***] in the [***] using the Transferred Technology; and

(c) to [***] the Transferred Technology as reasonably necessary for the purpose of [***], provided that any such [***] shall be deemed to be [***].

2.3 Restrictions.

(a) NTC shall not, during any [***], [***] more than a [***] of [***] using any technology licensed to NTC by Micron (regardless of whether licensed under this Agreement or any TTL Agreement). Any violation of the foregoing limitation will be deemed a material breach of this Agreement.

(b) NTC shall not [***] the Transferred Technology (or any portion thereof) [***] other than the [***]. If NTC properly exercises the Option under this Agreement, NTC shall have the rights set forth Section 2.2, but only if and for so long as the [***] is [***] and no other [***] has a [***] or [***], directly or indirectly, [***] any of the [***] in the [***].

(c) NTC shall not use the Transferred Technology (or any portion thereof) to manufacture any products other than NTC Products and Foundry Customer Products.

(d) The rights set forth in Section 2.2 do not include any [***] or any rights to [***].

(e) The rights set forth in Section 2.2 shall not be effective until NTC exercises the Option under this Agreement in accordance with Section 2.1(b).

(f) Except as expressly permitted under [***] with respect to [***], NTC shall not [***] the Transferred Technology (or any portion thereof) [***].

(g) Until [***], NTC shall not [***] from any [***] for any [***] or [***] for [***]. For the avoidance of doubt, NTC shall have no right to [***] the restriction described in [***] prior to [***].

(i) Any violation by NTC of the restriction set forth in this Section 2.3(g) shall be deemed a material breach of this Agreement.

(ii) After NTC exercises the Option, any [***] that NTC [***] the Licensed Node will be [***] and therefore subject to the [***] set forth in this Agreement. If NTC wishes to [***] after exercising the Option, NTC must (i) commission an independent Third Party auditor from an internationally recognized audit firm to [***], such audit to be performed at NTC's expense and subject to an obligation of confidentiality, and (ii) obtain from such auditor a certified written report in which such auditor unequivocally concludes and states that [***]. Such [***] shall continue, and NTC shall continue to [***], until Micron receives such certified written report in accordance with the foregoing requirements. NTC shall not be entitled to any [***] prior to Micron's receipt of such certified written report. Nothing in this paragraph shall be construed as a waiver of Micron's remedies or rights (including the right to challenge such report in a court of competent jurisdiction).

2.4 Reservations of Rights. Except as expressly set forth in Section 2.2, Micron reserves all of its rights, title and interest in, to and under the Transferred Technology. No right or license is granted under this Agreement by Micron to NTC expressly, impliedly, by estoppel or otherwise, in, to or under (i) any Patent Rights, or (ii) except as expressly set forth in Section 2.2, any IP Rights, material, technology or other intellectual property owned by or licensed to Micron or any of its Affiliates. NTC shall not exploit any IP Rights of Micron in the Transferred Technology beyond the scope of the rights expressly licensed under Section 2.2.

ARTICLE 3
TRANSFER OF TECHNOLOGY

3.1 Selection of Secondary DRAM Design.

(a) Within [***] months after NTC exercises the Option, NTC shall provide written notice to Micron indicating the type of DRAM design that NTC desires for the Secondary DRAM Design (e.g., examples of DRAM design types may include DDR4, DDR3, LPDDR4, LPDDR3, mobile, etc.).

(b) Promptly after receipt of such written notice, Micron shall disclose to NTC whether Micron has developed and put into commercial production any DRAM designs of the indicated type, and if so, Micron shall disclose to NTC a list naming such DRAM designs. NTC shall then promptly provide a written notice to Micron indicating the particular DRAM design, from such list, that NTC selects to be the Secondary DRAM Design.

(c) If Micron has not developed and put into commercial production any DRAM designs of the type indicated in the notice provided by NTC under Section 3.1(a), then Micron shall inform NTC of such fact and NTC shall provide another written notice indicating a different type of DRAM design that NTC desires for the Secondary DRAM Design, and the foregoing process shall be repeated until NTC has selected a Secondary DRAM Design.

(d) Micron and NTC shall cooperate in good faith to facilitate the selection of the Secondary DRAM Design within [***] months after NTC exercises the Option.

3.2 Transfer of Technology. If NTC exercises the Option under this Agreement, then Micron shall deliver the Transferred Technology, provide wafers, and provide the transfer session in accordance with the requirements set forth in Sections 3.2(a), (b), and (c).

(a) Delivery of Micron Transferred Technology to NTC.

(i) If NTC exercises the Option under this Agreement, then (to the extent not previously delivered) Micron shall deliver to NTC the Transferred Technology, in the form stored as of the Exercise Date, using reasonable delivery methods. Micron shall use commercially reasonable efforts to complete the delivery of the Transferred Technology within [***] days after the Exercise Date. Except as provided in Section 3.2(b), the foregoing obligation does not require Micron to create, make, adapt, develop, modify and/or translate any such information or materials. After Micron begins the delivery of Transferred Technology to NTC, NTC may provide a written request to Micron to [***] the [***] of such [***] with any [***] to be [***]; however, with respect to the subject matter of any such requests made more than [***] days after Micron provides written notice to NTC indicating that the delivery of Transferred Technology is complete, NTC shall be precluded from [***].

(ii) The manufacturing process information included in the Transferred Technology will be specific to the Lead DRAM Design. If NTC exercises the Option under this Agreement and selects a Secondary DRAM Design, Micron will deliver to NTC the design information for the Secondary DRAM Design as set forth in Section 4 (including (i) the particular

process modules that are unique to the Secondary DRAM Design and (ii) a version of the probe test program updated for the Secondary DRAM Design), *provided however*, that nothing herein shall be construed as obligating Micron to deliver to NTC any wafers for the Secondary DRAM Design or to perform a process transfer (e.g., delivery of process-of-record) for the Secondary DRAM Design.

(b) Preproduction Wafers; Reticles.

(i) Preproduction Wafers.

(1) If NTC exercises the Option under this Agreement, Micron shall provide to NTC the following wafers based on the Lead DRAM Design: [***] structure short-loop wafers and [***] blanket film or metrology correlation wafers relating to the Licensed Node or such lesser quantities as mutually agreed. The obligation to provide the foregoing wafers shall be contingent on NTC providing to Micron a full description of NTC's desired parameters for the foregoing wafers within [***] days after the Exercise Date. In the event that NTC provides such full description to Micron within [***] days after the Exercise Date, Micron shall provide the foregoing wafers to NTC within [***] days after the Exercise Date. In the event that NTC provides such full description to Micron more than [***] days but within [***] days after the Exercise Date, Micron shall provide the foregoing wafers to NTC within [***] after the Exercise Date.

(2) If NTC exercises the Option under this Agreement, then Micron shall provide to NTC, not earlier than [***] months and not later than [***] months after the Exercise Date, [***] production swap wafers relating to the Licensed Node or such lesser quantities as mutually agreed; *provided however*, in the event that Micron elects to discontinue commercial production of the Lead DRAM Design prior to the date that is [***] months after the Exercise Date, then Micron reserves the right to deliver such production swap wafers to NTC prior to such date. The obligation to provide the foregoing production swap wafers shall be contingent on NTC providing to Micron a full description of NTC's desired parameters for the foregoing production swap wafers within [***] days after the Exercise Date.

(3) Except as expressly set forth in this Section 3.2(b)(i), Micron shall not be obligated to provide any wafers to NTC under this Agreement.

(ii) If NTC exercises the Option under this Agreement, then within [***] days after the Exercise Date, Micron shall provide to NTC [***] of reticles for the Lead DRAM Design, and one (1) set of reticles for the Secondary DRAM Design. Except as expressly set forth in this Section 3.2(b)(ii), Micron shall not be obligated to provide any reticles to NTC under this Agreement.

(c) Tool Meeting; Transfer Session; Supplemental Session.

(i) Within [***] months after NTC delivers the Exercise Notice to Micron, Micron will allow a reasonable number of NTC employees (not to exceed [***] NTC employees) to attend a meeting (up to [***] consecutive days (i.e., [***] hours) in duration) in which personnel of Micron will provide explanation to such NTC employees regarding Tool of Record (TOR) information for the Licensed Node.

(ii) After Micron provides written notice to NTC indicating that the delivery of Transferred Technology to NTC is complete, Micron shall, at a time reasonably designated by Micron, allow a limited number of NTC employees to attend a transfer session at a facility of Micron (the particular facility to be designated at Micron's discretion). At such transfer session, Micron shall make available technical personnel to answer questions, address requests for clarifications, and provide explanation regarding the Transferred Technology. The daily meetings during such transfer session shall not exceed [***] hours per day. NTC shall be responsible for all travel, meal, and lodging expenses of its employees that attend the transfer session. Micron shall not be obligated to provide NTC employees with access to any tools located at the site of the transfer session. Such transfer session shall consist of two parts - a process part and a product and design part.

(1) The duration of the process part of the transfer session shall not exceed [***] Business Days. Micron shall allow up to (and NTC shall not send more than) [***] employees of NTC to attend the first [***] Business Days of the process part of the transfer session. Micron shall allow up to (and NTC shall not send more than) [***] employees of NTC to attend the last [***] Business Days of the process part of the transfer session.

(2) The duration of the product and design part of the transfer session shall not exceed [***] Business Days. Micron shall allow up to (and NTC shall not send more than) [***] employees of NTC to attend the product and design part of the transfer session.

(iii) From the end of the foregoing transfer session and continuing for [***] months or until NTC achieves [***], whichever is earlier, NTC may submit technical questions to Micron regarding the implementation of the Transferred Technology. During such period of time, if Micron determines (in its discretion) that it has personnel available to answer such questions, Micron will make such personnel available to address NTC's questions.

(iv) Following the transfer session referenced in Section 3.2(c)(ii), qualified and knowledgeable Micron personnel shall participate in a supplemental session at the NTC Qualified Fab. Such supplemental session shall be conducted in a question-and-answer format in which the participants will discuss and answer technical questions relating to the setup, implementation, and operation of the Transferred Technology at the NTC Qualified Fab. Such supplemental session shall not exceed [***] consecutive Business Days in duration. Micron shall not be obligated to send more than [***] Micron employees to attend such supplemental session. The Parties shall schedule such supplemental session to occur at a mutually-agreeable time within the [***] period referenced in Section 3.2(c)(iii) above. Subject to calendaring constraints, the Parties shall target to conduct such supplemental session prior to the start of engineering full flow (EFF) wafers on the Licensed Node at the NTC Qualified Fab. NTC shall provide Micron with at least [***] days' prior notice of its targeted date for starting EFF wafers at the NTC Qualified Fab.

3.3 No Engineering Services. Except as expressly set forth in Section 3.2, Micron shall not be obligated to provide any services to NTC under this Agreement. Without limiting the foregoing, Micron shall not be obligated under this Agreement to provide any design and/or engineering services to NTC in connection with NTC's implementation or use of the Licensed Node. If NTC requests such services from Micron after the Exercise Date, then (i) Micron and NTC shall engage in good faith discussions regarding whether and under what terms Micron may provide such services to NTC, and (ii) in the event that Micron (in its sole discretion) elects to provide such services, the Parties shall negotiate in good faith regarding the terms of a separate written agreement to govern the provision of such services.

3.4 [***]. The obligations under this Agreement to provide the Transferred Technology to NTC are limited to [***] as of [***]. Micron shall not be obligated under this Agreement to provide to NTC any [***] to the Transferred Technology after [***].

3.5 Feedback. NTC may from time to time provide [***] to Micron and/or its Affiliates regarding the Transferred Technology ("**Feedback**"). To the extent that NTC provides such Feedback, NTC hereby grants to Micron a [***] right and license, under all of [***] in or relating to the Feedback, for [***] and to [***]. Notwithstanding Section 5 of this Agreement, neither Micron nor its Affiliates shall be subject to any non-disclosure obligations with respect to such Feedback, even if designated as confidential.

3.6 Additional Materials and Technical Assistance. Micron is not obligated under this Agreement to provide to NTC additional materials or technical assistance beyond the requirements set forth above in this Article 3. If, after the Exercise Date, NTC submits to Micron a reasonable written request for such additional materials or technical assistance, then Micron and NTC shall negotiate in good faith regarding whether, to what extent, and under what terms Micron may provide such additional materials or technical assistance, and if the Parties reach mutual agreement regarding such terms, Micron and NTC shall enter into a separate written agreement to govern the provision of such additional materials or technical assistance.

ARTICLE 4
ROYALTIES; SHARE ISSUANCE; AND PAYMENTS

4.1 Royalties for Transferred Technology.

(a) Royalty Rate. In the event that NTC exercises the Option under this Agreement, NTC shall pay royalties to Micron equal to [***]% of Gross Revenues. NTC shall pay such royalties to Micron in cash (U.S. dollars). Such royalty payments shall be in addition to any consideration or payment due under Section 4.2 and Section 4.3. Such royalty payment obligation shall continue [***].

If a DRAM Product or DRAM Module originally manufactured by the NTC Qualified Fab is sold or otherwise transferred to an Affiliate of NTC that is either an end user or an original equipment manufacturer ("**OEM**"), then Gross Revenues will also include such sales or other transfer to the Affiliate and the Gross Revenues used in the calculation of royalties under this Section shall be the greater of (i) the [***] of the [***] the [***] as [***] in the [***] that are not [***] of [***] and (ii) the [***] associated with the [***] to the [***], as applicable.

(b) [***]. Once the [***], then [***].

(c) Royalty Reporting and Payment. Within [***] days following the end of [***] for so long as any Micron IP Royalties are payable hereunder, NTC shall submit to Micron a written report, which is certified by NTC's chief financial officer as complete and correct, setting forth in reasonable detail, the quantity of each DRAM Product disposed of by NTC and the applicable Micron IP Royalties due for the immediately preceding [***]. NTC shall cause each of its Affiliates (other than NTC Subsidiaries) who dispose of DRAM Product in a manner that causes Micron IP Royalties to be due to provide a written report, which is certified by each such Affiliate's chief financial officer as complete and correct, setting forth in reasonable detail such Affiliate's dispositions of DRAM Product and corresponding Micron IP Royalties for the [***] that is the subject of each of the foregoing reports of NTC. NTC shall provide a copy of each report from an Affiliate (other than NTC Subsidiaries) to Micron with submission of NTC's report. NTC shall pay to Micron all Micron IP Royalties due for such [***] contemporaneously with the submission of such report in accordance with Sections 4.1 and 4.5.

4.2 Share Issuance.

(a) Promptly and within [***] days after the occurrence of the Equity Payment Event, NTC shall hold a meeting of its Board of Directors to convene a special meeting of its shareholders ("**NTC Shareholders Meeting**") within [***] days after such Board of Directors meeting, for the purposes of authorizing a private placement of new common shares of NTC ("**New Shares**") sufficient for issuance to Micron of the Designated Number of New Shares, and the Board of Directors of NTC shall further, subsequent to and on the same day of the NTC Shareholders Meeting, approve the issuance of the Designated Number of New Shares to Micron, or its nominees; *provided however*, that in the case that NTC has already been authorized by its shareholders to issue New Shares through private placement in an amount no less than the Designated Number, the Board of Directors of NTC shall, within [***] days after the occurrence of the Equity Payment Event, approve the issuance of the Designated Number of New Shares to Micron, or its nominees.

(b) The closing of the issuance of New Shares ("**New Shares Closing**") shall take place within [***] Business Days after all required approvals have been obtained by Micron or its nominees including, without limitation, approval of the Taiwan Investment Commission, if applicable. NTC shall reasonably cooperate with the efforts of Micron or its nominees in obtaining such approvals. Prior to the New Shares Closing, NTC shall pay to Micron a fee ("**License Fee**") equal to the aggregate subscription price for the Designated Number of New Shares ("**New Shares Purchase Price**") sufficiently in advance of the New Shares Closing to allow Micron to pay the New Shares Purchase Price to NTC on the date of the New Shares Closing.

(c) Notwithstanding anything to the contrary in Section 4.7, if any taxes are required to be deducted or withheld from NTC's payment of the License Fee to Micron pursuant to the preceding paragraph, then the amount payable by NTC to Micron shall be increased by such amount as is necessary to make the actual amount received by Micron (after such taxes and after any additional taxes on account of such additional payment) equal to the amount due before the application of any such taxes.

(d) The "**Designated Number**" of New Shares shall be that number of shares that is equal in value to [***] percent ([***]%) of the total value of all shares of NTC existing on the date of the Equity Payment Event. Thus, the value of the Designated Number of New Shares shall be equal in value to [***] percent ([***]%) of the total equity of NTC existing on the date of the Equity Payment Event.

(e) The "**Equity Payment Event**" shall be deemed to occur on the later of:

(i) the date on which Micron completes the delivery of information under Section 3.2(a), the provision of wafers under Section 3.2(b), and the transfer session under Section 3.2(c) ("**Event A**");

(ii) the date on which NTC achieves at least [***] of at least [***] on the [***] ("**Event B**"); and

(iii) the date on which Event C occurs. "**Event C**" will be deemed to occur on the earlier of (a) the date on which NTC has completed [***] on the [***] ("**Event C**"), or (b) the date that is [***] months after the date on which Event A occurs. (For the avoidance of doubt, Event A, Event B, and Event C (or the passage of [***] months after Event A) must occur in order for the Equity Payment Event to be deemed to have occurred.)

(f) Promptly and within [***] days after the Equity Payment Event, NTC shall provide written notice to Micron stating that the Equity Payment Event has occurred. Beginning upon the start of the transfer session under Section 3.2(c) and continuing until NTC provides the foregoing notice to Micron, NTC shall provide [***] reports to Micron indicating NTC's current [***] and the status of all [***] by NTC.

(g) NTC shall cooperate in good faith with Micron's efforts to achieve Event A. Except for the technology transfer obligations expressly set forth in Article 3, Micron is not obligated under this Agreement to support NTC in achieving Event B or Event C. NTC shall use commercially reasonable efforts to achieve Event B and Event C in a timely manner.

4.3 Costs. NTC shall pay Micron for all costs incurred by Micron and arising from the performance of Micron's obligations under Article 3, including, without limitation, labor costs (at a rate of [***] U.S. dollars ($[***] USD) per hour); costs of wafers; payment for reticles (fair market price for reticles); costs of materials; and costs of travel, lodging, meal, airport parking, and other out-of-pocket expenses incurred by Micron.

4.4 Audit Rights and Records. Micron shall have the right to have an independent Third Party auditor audit [***], upon reasonable advance written notice, during normal business hours and on a confidential basis subject to an obligation of confidentiality, all records and accounts of NTC relevant to the calculation of Micron IP Royalties in the [***] period immediately preceding the date of the audit; *provided*, *however*, NTC shall not be obligated to provide any records and book of accounts existing prior to the Exercise Date. NTC shall, for at least a period of [***] from the date of their creation, keep complete and accurate records and books of accounts concerning all transactions relevant to calculation of Micron IP Royalties in sufficient detail to enable a complete and detailed audit to be conducted. In the event any such audit determines that Micron IP Royalties have been underpaid by more than [***] U.S. dollars ($[***] USD) in any one [***], NTC shall promptly pay Micron such underpayment amount, together with interest, and reimburse Micron for its reasonable costs and expenses of the audit.

4.5 Reports and Invoices; Payments.

(a) All reports and invoices under this Agreement may be sent by any method described in Section 9.1 or electronically with hardcopy confirmation sent promptly thereafter by any method described in Section 9.1. Such reports and invoices should be sent to the following contacts or such other contact as may be specified hereafter pursuant to a notice sent in accordance with Section 9.1:

(i) Invoices to NTC:
[***]
Nanya Technology Corp.
Hwa-Ya Technology Park 669, Fuhsing 3 Rd. Kueishan, Taoyuan, Taiwan, R. O. C.
Fax: [***]
E-Mail: [***]

(ii) Reports to Micron:
[***]
[***]
Micron Technology, Inc.
8000 S. Federal Way
P.O. Box 6
Mail Stop 1-107
Boise, Idaho 83707
Fax: [***]
E-Mail: [***]

(b) All amounts owed by a Party under this Agreement are stated, calculated and shall be paid in United States Dollars ($ USD).

(c) Payment is due on all amounts properly invoiced within thirty (30) days of receipt of invoice. All payments made under this Agreement shall be made by wire transfer to a Micron bank account designated by the following person or by such other person designated by notice:

Payments to Micron:

Micron Technology, Inc.
C/O [***]
[***]
Account #[***]
ABA #[***]
SWIFT [***]

4.6 Interest. Any amounts payable to Micron hereunder and not paid within the time period provided shall accrue interest, from the time such payment was due until the time payment is actually received, at the rate of [***] percent ([***]%), compounded annually or the highest rate permitted by Applicable Law, whichever is lower.

4.7 Taxes

(a) All sales, use and other transfer Taxes imposed directly on or solely as a result of the services, rights licensed or technology transfers or the payments therefor provided herein shall be stated separately on the service provider's, licensor's or technology transferor's invoice, collected from the service recipient, licensee or technology transferee and shall be remitted by service provider, licensor or technology transferor to the appropriate Taxing Authority ("**Recoverable Taxes**"), unless the service recipient, licensee or technology transferee provides valid proof of tax exemption prior to the Exercise Date or otherwise as permitted by Applicable Law prior to the time the service provider, licensor or technology transferor is required to pay such Taxes to the appropriate Taxing Authority. When property is delivered, rights granted and/or services are provided or the benefit of services occurs within jurisdictions in which collection and remittance of Taxes by the service recipient, licensee or technology transferee is required by Applicable Law, the service recipient, licensee or technology transferee shall have sole responsibility for payment of said Taxes to the appropriate Taxing Authority. In the event any Taxes are Recoverable Taxes and the service provider, licensor or technology transferor does not collect such Taxes from the service recipient, licensee or technology transferee or pay such Taxes to the appropriate Governmental Entity on a timely basis, and is subsequently audited by any Taxing Authority, liability of the service recipient, licensee or technology transferee will be limited to the Tax assessment for such Recoverable Taxes, with no reimbursement for penalty or interest charges or other amounts incurred in connection therewith. Except as provided in Section 4.7(b), Taxes other than Recoverable Taxes shall not be reimbursed by the service recipient, licensee or technology transferee, and each Party is responsible for its own respective income Taxes (including franchise and other Taxes based on net income or a variation thereof), Taxes based upon gross revenues or receipts, and Taxes with respect to general overhead, including but not limited to business and occupation Taxes, and such Taxes shall not be Recoverable Taxes.

(b) In the event that the service recipient, licensee or technology transferee is prohibited by Applicable Law from making payments to the service provider, licensor or technology transferor unless the service recipient, licensee or technology transferee deducts or withholds Taxes therefrom and remits such Taxes to the local Taxing Authority, then the service recipient, licensee or technology transferee shall duly withhold and remit such Taxes and shall pay to the service provider, licensor or technology transferor the remaining net amount after the Taxes have been withheld [***] and, in the case of [***], after the [***] of any [***] the service provider, licensor or technology transferor as a result of [***] the service provider, licensor or technology transferor [***], the service provider, licensor or technology transferor [***]. In case the service recipient, licensee or technology transferee is entitled under Applicable Law to apply for reductions of Taxes referenced herein, the service provider, licensor or technology transferor shall, upon request, provide the service recipient, licensee or technology transferee with commercially reasonable assistance for such application; provided that the service recipient, licensee or technology transferee shall reimburse the service provider, licensor or technology transferor for any costs or fees reasonably incurred in providing such assistance.

4.8 Payment Delay. Notwithstanding anything to the contrary in this Agreement, if requested by Micron by notice in accordance with Section 9.1, NTC will delay making any payments hereunder when due until notified by Micron in accordance with Section 9.1.

ARTICLE 5
CONFIDENTIALITY; OTHER INTELLECTUAL PROPERTY MATTERS

5.1 Confidentiality. The Micron-NTC Mutual NDA is incorporated herein by reference, and the Parties agree that the Micron-NTC Mutual NDA shall govern the confidentiality and non-disclosure obligations of the Parties in connection with information exchanged under this Agreement. If the Micron-NTC Mutual NDA is terminated or expires and is not replaced, then Confidential Information provided, disclosed, obtained or accessed in the performance of the Parties' activities under this Agreement shall continue to be subject to all applicable provisions of the Micron-NTC Mutual NDA notwithstanding such termination or expiration. The Parties acknowledge and agree that the Transferred Technology shall be deemed to be the Confidential Information of Micron without any further requirement or obligation of identification, labeling, marking or confirmation. Furthermore, each Party shall treat the terms of this Agreement as if they were the Confidential Information of the other Party. To the extent there is a conflict or inconsistency between the terms of this Agreement and the Micron-NTC Mutual NDA, the terms of this Agreement shall govern to the extent of such conflict or inconsistency.

5.2 Additional Restrictions.

(a) To the extent that Micron provides to NTC any layout data, schematics data, scribe line test patterns, internal architecture specifications, test modes and configurations, and/or similarly sensitive information, NTC shall only store such information on secure servers subject to password protection, and NTC shall limit access to such information to only those of its Representatives (as defined in the Micron-NTC Mutual NDA) who have a need to access such information for the purposes of exercising NTC's rights under this Agreement.

(b) NTC shall only store the Transferred Technology at the NTC Qualified Fab and, except as expressly permitted under Section 5.3 of this Agreement, NTC shall not transfer, send, or otherwise transmit the Transferred Technology (or any portion thereof) to any facility other than the NTC Qualified Fab.

(c) To the extent that a Party receives from the other Party any materials or documentation (whether in physical or electronic form) that include such other Party's Confidential Information, the receiving Party shall not remove any product identification, copyright or other proprietary or confidentiality notices from such materials or documentation.

(d) Notwithstanding any provision of the Micron-NTC Mutual NDA, NTC shall not have the right to disclose any portion of the Transferred Technology to any contractors of NTC other than NTC Design Contractors and NTC Process Contractors subject to Sections 5.3(ii) and 5.3(iii).

5.3 Permitted Disclosures by NTC. Notwithstanding any other provision of this Agreement, NTC may make the following disclosures to the following entities, provided that (a) such entities are subject to written nondisclosure obligations at least as strict as the nondisclosure obligations set forth in this Agreement (including, without limitation, the Micron-NTC Mutual NDA), and (b) NTC shall have no right to (and shall not) disclose any Intel Confidential Information to any semiconductor manufacturing entity:

(i) Only as necessary to [***] by NTC [***], and only after [***] from the date on which Micron [***] of the [***], NTC may disclose to its [***] the following aspects of the Transferred Technology for the Licensed Node: [***] (if applicable for the Licensed Node), [***], and [***].

(ii) Only as necessary to [***] NTC Products to be manufactured at the NTC Qualified Fab using the Licensed Node, NTC may disclose only the following aspects of the Transferred Technology for the Licensed Node to (a) the [***] for use only [***], and (b) [***]: [***] (if applicable for the Licensed Node), [***], and [***]. Notwithstanding the foregoing, NTC shall not disclose the Transferred Technology (or any portion thereof) to any [***] that is [***] at the time of such disclosure.

(iii) NTC may disclose to [***] only [***] the Transferred Technology that [***] by NTC at the NTC Qualified Fab; *provided however*, that NTC shall not disclose the Transferred Technology (or any portion thereof) to any [***] that is [***] at the time of such disclosure.

(iv) NTC may disclose to [***], only for use [***] only [***] the Transferred Technology that [***] at the NTC Qualified Fab using the Licensed Node.

(v) NTC may disclose to [***] only [***] Transferred Technology that [***] by or for NTC [***] using the Transferred Technology. Any such disclosure relating to [***] the Transferred Technology shall be limited to only [***].

5.4 Intellectual Properties Retained. Nothing in this Agreement shall be construed to transfer ownership of any intellectual property rights from one Party to another Party.

5.5 [***] by Foundry Customers. In the event that (i) NTC begins using the Transferred Technology to design, develop, manufacture, and/or test Foundry Customer Products for a Third Party [***] such Third Party [***] as set forth in Section 1 above, and (ii) such Third Party thereafter becomes a [***] in a [***] Micron or any of Micron's Affiliates (except where such Third Party is a [***] in a [***] Micron or any of Micron's Affiliates [***]), the Parties agree that:

(a) NTC shall not have any right under this Agreement to use the Transferred Technology to [***] for such Third Party for so long as such Third Party [***]; and

(b) Micron shall not [***] based solely on NTC using the Transferred Technology to [***] for such Third Party [***] such Third Party [***] until [***] such Third Party [***].

5.6 Future Process Nodes. Nothing in this Agreement shall obligate Micron to deliver and/or license to NTC any Process Node that Micron may develop after the 1Y Process Node (i.e., the Licensed Node). Subject to [***], in the event that [***] and [***], [***], upon [***] with [***] and [***].

ARTICLE 6
WARRANTIES; DISCLAIMERS

6.1 No Implied Obligation or Rights. Nothing contained in this Agreement shall be construed as:

(a) a warranty or representation that any manufacture, sale, lease, use or other disposition of any products based upon any of the IP Rights licensed or technology transferred hereunder will be free from infringement, misappropriation or other violation of any Patent Rights, IP Rights or other intellectual property rights of any Person;

(b) an agreement to bring or prosecute proceedings against Third Parties for infringement, misappropriation or other violation of rights or conferring any right to bring or prosecute proceedings against Third Parties for infringement, misappropriation or other violation of rights; or

(c) conferring any right to use in advertising, publicity, or otherwise, any trademark, trade name or names, or any contraction, abbreviation or simulation thereof, of either Party.

6.2 Third Party Software. Exploitation of any of the rights licensed or technology transferred hereunder may require use of Software owned by a Third Party and not subject to any license granted under this Agreement or any other agreements between Micron and NTC. NTC shall be solely responsible for procuring licenses for such Software from such Third Parties. Nothing in this Agreement shall be construed as granting to any Party any right, title or interest in, to or under any Software owned by any Third Party. Moreover, should a Party who transfers technology under this Agreement discover after such transfer that it has provided Software to the other Party that it was not entitled to provide, such providing Party shall promptly notify the other Party and the recipient shall return such Software to the providing Party and not retain any copy thereof.

6.3 DISCLAIMER. EACH OF NTC AND MICRON DISCLAIMS ANY WARRANTY, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR AGAINST INFRINGEMENT WITH RESPECT TO ANY TECHNOLOGY, IP RIGHTS, MICRON TRANSFERRED TECHNOLOGY, OR OTHER RIGHTS OR MATERIALS LICENSED OR TRANSFERRED UNDER THIS AGREEMENT. NEITHER NTC NOR MICRON MAKES ANY WARRANTIES WITH RESPECT TO THE OTHER PARTY'S ABILITY TO: (A) USE ANY OF THE FOREGOING, OR (B) MANUFACTURE OR HAVE MANUFACTURED ANY PRODUCTS BASED THEREON. NEITHER NTC NOR MICRON MAKES ANY WARRANTY, EXPRESS, IMPLIED, STATUTORY OR OTHERWISE, THAT THE USE, PRACTICE OR COMMERCIAL EXPLOITATION OF ANYTHING PROVIDED PURSUANT TO THIS AGREEMENT WILL NOT INFRINGE THE INTELLECTUAL PROPERTY RIGHTS OF ANY THIRD PARTY.

ARTICLE 7
LIMITATION OF LIABILITY

7.1 LIMITATION OF LIABILITY. EXCEPT FOR LIABILITY DUE TO BREACH OF CONFIDENTIALITY OBLIGATIONS, IN NO EVENT SHALL ONE PARTY BE LIABLE TO THE OTHER PARTY FOR ANY SPECIAL, CONSEQUENTIAL, INCIDENTAL OR OTHER INDIRECT DAMAGES OR ANY PUNITIVE DAMAGES ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT, WHETHER SUCH DAMAGES ARE BASED ON BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE) OR OTHER THEORY OF LIABILITY. THESE LIMITATIONS SHALL APPLY EVEN IF A PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES AND NOTWITHSTANDING THE FAILURE OF ESSENTIAL PURPOSE OF ANY REMEDY. THE PARTIES ACKNOWLEDGE THAT THE LIMITATIONS ON POTENTIAL LIABILITIES SET FORTH HEREIN ARE AN ESSENTIAL ELEMENT IN THE CONSIDERATION PROVIDED BY EACH PARTY UNDER THIS AGREEMENT.

ARTICLE 8
TERM AND TERMINATION

8.1 Term. This Agreement shall become effective as of the Effective Date and shall continue in effect until terminated by mutual agreement or until terminated pursuant to Section 8.2.

8.2 Termination.

(a) Micron may terminate this Agreement by written notice to NTC in the event that (i) the Framework Agreement is terminated in accordance with its terms (except in the event such termination is caused only by the parties to the Framework Agreement entering into the Definitive Agreement), or (ii) the Definitive Agreement is terminated in accordance with its terms.

(b) This Agreement shall automatically terminate upon expiration of the Option Period if NTC has not properly exercised the Option (in accordance with Section 2.1) prior to the expiration of the Option Period.

(c) In the event NTC commits a material breach of this Agreement and such breach remains uncured for more than [***] days after NTC receives written notice of such breach, Micron may terminate this Agreement by written notice to NTC.

(d) Micron may terminate this Agreement upon written notice to NTC in the event that one or more of the following events occur: (i) appointment of a trustee or receiver for all or any part of the assets of NTC; (ii) insolvency or bankruptcy of NTC; (iii) a general assignment by NTC for the benefit of creditor(s); or (iv) dissolution or liquidation of NTC.

(e) Micron may terminate this Agreement upon written notice to NTC in the event that (i) NTC undergoes a Change of Control, or (ii) the NTC Qualified Fab is otherwise acquired, whether de factor or de jure, by any Third Party. NTC shall provide written notice to Micron prior to such Change of Control or such acquisition by a Third Party of the NTC Qualified Fab.

(f) Micron may terminate this Agreement upon written notice to NTC in the event that any of the TTL Agreements is terminated due to an uncured material breach by NTC.

8.3 Effects of Termination.

(a) Termination of this Agreement hereunder shall not affect any of the Parties' respective rights accrued or obligations owed before termination. In addition, the following shall survive termination for any reason: Sections 1, 2.3, 3.5, 4.1 through 4.8, 5.1, 5.4, 6, 7, 8.3 and 9.

(b) In the event of termination of this Agreement, all licenses and rights granted to NTC under this Agreement shall terminate and NTC shall cease all use of the Transferred Technology and shall promptly, as directed by Micron, either destroy or return to Micron all copies of the Transferred Technology in NTC's possession or under NTC's control, and an officer of NTC shall provide written certification to Micron that such destruction or return has been completed.

ARTICLE 9
MISCELLANEOUS

9.1 Notices. All notices and other communications hereunder shall be in writing and shall be deemed given upon (a) transmitter's confirmation of a receipt of a facsimile transmission, (b) confirmed delivery by a standard overnight carrier or when delivered by hand, or (c) delivery in person, addressed at the following addresses (or at such other address for a party as shall be specified by like notice):

If to NTC: Nanya Technology Corporation
Hwa-Ya Technology Park 669
Fuhsing 3 RD. Kueishan
Taoyuan, Taiwan, ROC
Attention: [***]
Fax: [***]

If to Micron: Micron Technology, Inc.
8000 S. Federal Way
Mail Stop 1-507
Boise, ID 83716
Attention: [***]
Fax: [***]

9.2 Waiver. The failure at any time of a Party to require performance by the other Party of any responsibility or obligation required by this Agreement shall in no way affect a Party's right to require such performance at any time thereafter, nor shall the waiver by a Party of a breach of any provision of this Agreement by the other Party constitute a waiver of any other breach of the same or any other provision nor constitute a waiver of the responsibility or obligation itself.

9.3 Assignment. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of each Party hereto*; provided, however*, that neither this Agreement nor any right or obligation hereunder may be assigned or delegated by either Party (including, without limitation, by merger, operation of law, or through the transfer of substantially all of the equity, assets, or business of a Party to this Agreement) in whole or in part to any other Person without the prior written consent of the non-assigning Party. Any purported assignment in violation of the provisions of this Section 9.3 shall be null and void and have no effect. Notwithstanding the foregoing, Micron may assign and delegate its rights and obligations under this Agreement to an Affiliate of Micron without the consent of NTC, and in such case, Micron shall promptly notify NTC of such assignment or delegation.

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

9.5 Force Majeure. The Parties shall be excused from any failure to perform any obligation hereunder to the extent such failure is caused by a Force Majeure Event.

9.6 Choice of Law. This Agreement shall be construed and enforced in accordance with and governed by the laws of the State of Delaware, USA, without giving effect to the principles of conflict of laws thereof.

9.7 Jurisdiction; Venue. Any suit, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement shall be brought in a state or federal court of competent jurisdiction located in the State of California, USA, and each of the Parties to this Agreement hereby consents and submits to the exclusive jurisdiction of such courts (and of the appropriate appellate courts therefrom) in any such suit, action or proceeding and irrevocably waives, to the fullest extent permitted by Applicable Law, any objection which it may now or hereafter have to the laying of the venue of any such suit, action or proceeding in any such court or that any such suit, action or proceeding which is brought in any such court has been brought in an inconvenient forum.

9.8 Inspection and Audit. Without limiting any other rights or remedies of Micron under this Agreement, Micron shall have the right to have an independent Third Party auditor inspect and audit, [***] and upon reasonable advance written notice, during normal business hours and on a confidential basis subject to an obligation of confidentiality, the facilities and records of NTC relevant to NTC's compliance with the conditions and limitations set forth herein (including, without limitation, the limitations set forth in Article 2). NTC shall, for at least a period of [***] from the date of their creation, keep complete and accurate records concerning compliance with such conditions and limitations (including, without limitation, the limitations set forth in Article 2). If any such audit shows material noncompliance by NTC, then without limiting or waiving any remedies of Micron, Micron shall be entitled to, and NTC shall promptly reimburse Micron for, the reasonable costs and expenses of the audit.

9.9 Headings. The headings of the Articles and Sections in this Agreement are provided for convenience of reference only and shall not be deemed to constitute a part hereof.

9.10 Export Compliance. Each Party agrees that it will not knowingly: (a) export or re-export, directly or indirectly, any technical data (as defined by the U.S. Export Administration Regulations) provided by the other Party or (b) disclose such technical data for use in, or export or re-export directly or indirectly, any direct product of such technical data, including Software, to any destination to which such export or re-export is restricted or prohibited by United States or non-United States law, without obtaining prior authorization from the U.S. Department of Commerce and other competent Government Entities to the extent required by Applicable Laws.

9.11 Entire Agreement. This Agreement, together with its Schedules and the agreements and instruments expressly provided for herein, including the applicable terms of the other Joint Venture Documents, constitute the entire agreement of the Parties hereto with respect to the subject matter hereof and supersede all prior agreements, amendments and understandings, oral and written, between the Parties hereto with respect to the subject matter hereof, provided that, in the event that any right, obligation or other provision of this Agreement conflicts with any right, obligation or provision of that certain Waiver and Consent Side Letter Agreement, entered into by and between the Parties and effective October 11, 2012, as amended, the Waiver and Consent Side Letter Agreement shall prevail, and the Parties shall conduct their affairs to give effect to such rights, obligations or provisions as are set forth in the Waiver and Consent Side Letter Agreement.

9.12 Severability. Should any provision of this Agreement be deemed in contradiction with the laws of any jurisdiction in which it is to be performed or unenforceable for any reason, such provision shall be deemed null and void, but this Agreement shall remain in full force in all other respects. Should any provision of this Agreement be or become ineffective because of changes in Applicable Laws or interpretations thereof, or should this Agreement fail to include a provision that is required as a matter of law, the validity of the other provisions of this Agreement shall not be affected thereby. If such circumstances arise, the Parties hereto shall negotiate in good faith appropriate modifications to this Agreement to reflect those changes that are required by Applicable Law.

9.13 Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

< Signature pages follow >

IN WITNESS WHEREOF, this Agreement has been executed and delivered as of the date first above written.

MICRON TECHNOLOGY, INC.

By: /s/ Michael Sadler

Name: Michael Sadler

Title: Vice President, Corporate Development

THIS IS THE SIGNATURE PAGE FOR THE TECHNOLOGY TRANSFER AND LICENSE OPTION AGREEMENT FOR 1Y PROCESS NODE ENTERED INTO BY AND BETWEEN MICRON AND NTC

NANYA TECHNOLOGY CORPORATION

By: /s/ Pei-Ing Lee

Name: Pei-Ing Lee

Title: President

THIS IS THE SIGNATURE PAGE FOR THE TECHNOLOGY TRANSFER AND LICENSE OPTION AGREEMENT FOR 1Y PROCESS NODE ENTERED INTO BY AND BETWEEN MICRON AND NTC

Schedule 1

[***]

Schedule 2

Transferred Technology-Licensed Node

I. **Information deliverables for the Licensed Node**

A. [***], consisting of:

1. [***] extracted from [***] database containing [***]

B. [***], consisting of:

1. [***] containing pertinent information relating to [***] and [***]
2. [***] for [***]
3. [***] and [***]

C. [***], consisting of:

1. Document containing [***]
2. Document to describe [***]

D. [***], consisting of:

1. [***] and [***]
2. [***] of [***] as used for [***]
3. [***] as used for [***]

E. [***], consisting of:

1. [***] containing [***] for [***] and [***]
2. [***] containing pertinent [***] information [***] and [***]

F. Information regarding [***], consisting of:

1. [***]
2. [***]
3. Description of [***]
4. Description of [***]
5. [***] and [***]

G. [***], consisting of:

1. [***]

H. [***], consisting of:

1. [***] (but not including [***])

I. [***], consisting of:

1. [***] and [***]
2. [***] and [***]

J. [***]

K. Description of [***] (but not including [***]), consisting of:

1. [***] and [***]
2. [***][1] [***] and [***], including [***]
3. [***] and [***]

L. [***], consisting of:

1. [***] containing [***]
2. [***] showing [***]

M. Information regarding [***], consisting of:

1. [***] containing [***] and [***]
2. [***]

N. [***] and [***] and [***]

O. [***] classifications, consisting of:

1. [***]
2. [***]

P. [***] information, consisting of:

1. [***] information as available at the time of [***]

Q. [***], consisting of:

1. [***]
2. Summaries of [***]

R. [***], consisting of:

1. [***], and [***] for [***]

[1] To the extent that [***] includes [***], Micron will [***]. However, if [***], Micron will not be obligated to [***].

S. [***], consisting of:

1. Document containing relevant [***] on [***].

T. [***],[2] consisting of:

1. [***]
2. [***] and description of [***]
3. [***]
4. [***]
5. [***], and [***] information compiled by [***]
6. [***] documents
7. [***]
8. [***]

U. [***], consisting of:

1. [***] for [***]

V. Information regarding [***], and [***], consisting of:

1. Relevant documents [***] information related [***]

[2] As with other items listed in this Schedule, Micron's delivery obligation is limited to [***]. To the extent any items listed in this Schedule do not exist for the Licensed Node, Micron is not obligated to generate such items especially for NTC.

Schedule 3

Transferred Technology-Design and Product Information

I. **Information Deliverables for the Lead DRAM Design and Secondary DRAM Design**

A. [***] and [***], consisting of:

1. [***] and [***]
2. [***] and [***] (including, but not limited to, [***] (but not [***]))
3. [***] (including [***])
4. [***] ([***] and [***])
5. [***] (including [***])
6. [***] file and [***]
7. [***] file
8. [***] file

B. [***], consisting of:

1. [***] database
2. [***] library [***] ([***])

C. [***] (but not including [***]), consisting of:

1. [***]
2. [***]
3. [***]
4. [***]
5. [***]
6. [***]

D. Other deliverables

1. [***] for [***]
2. [***] for [***]

E. [***], consisting of:

1. [***]
    a. [***] and [***] and [***]

b. [***] and [***] and [***]

2. [***] report, including [***] report

3. [***] information, consisting of:

   a. [***][3]

   b. [***]

   c. [***]

   d. [***]

   e. [***]

4. [***] and [***] information:

   a. [***]

      (1) [***] and [***][4]

      (2) [***] and [***] information for [***]

      (3) [***]

      (4) [***]

      (5) [***] description with [***]

   b. [***], consisting of [***]

      (1) [***] and [***] information for [***]

5. [***], consisting of:

   a. [***] and [***] (consisting of [***])

   b. Results of [***], including [***]

   c. [***] and [***] used for [***]

   d. [***] for [***]

6. Hardware components, consisting of:

   a. Wafers, consisting of:

      (1) [***]

      (2) [***]

[3] Micron shall provide [***]; provided, however, that NTC shall not [***] received from Micron under this Agreement [***].
[4] Micron shall provide [***]; provided, however, that NTC shall not [***] received from Micron under this Agreement [***].

(3) [***]

b. [***] wafers [***] for [***] wafers; provided, however, that such wafers shall be included in and shall be counted against the number of short-loop wafers to be provided under Section 3.2(b) of the Agreement

c. [***], consisting of:

(1) [***], consisting of:

(a) [***]

(2) [***], consisting of:

(a) [***]

(b) [***]

(3) [***], consisting of:

(a) [***]

(b) [***]

d. [***], consisting of:

(1) [***]

(a) [***]

(b) [***]

(2) [***]

(a) [***]

(b) [***]

(c) [***]

Schedule 4

Site of NTC Permitted Entity for the [***]:

- [***] facilities of [***]

Schedule 5

Sites of NTC Permitted Entity for the [***]:

- [***] facility of [***], at [***]
- [***] facility of [***], at [***]
- [***] facility of [***] located at [***]

EXHIBIT 10.58

FORM OF
VOTING AND SUPPORT AGREEMENT

THIS VOTING AND SUPPORT AGREEMENT (this "Agreement"), dated as of _____, is being entered into by and among Micron Technology B.V., a company incorporated and in existence under the laws of The Netherlands ("Parent"), Micron Semiconductor Taiwan Co. Ltd., a company incorporated and in existence under the laws of the Republic of China (the "ROC") ("Buyer"), _____, a company incorporated and in existence under the laws of the ROC ("NTC" or "Shareholder"), Numonyx Holdings B.V., a company incorporated and in existence under the laws of The Netherlands ("NNH") and Micron Semiconductor B.V., a company incorporated and in existence under the laws of The Netherlands ("MNL").

RECITALS

WHEREAS, it is proposed that Buyer will implement a 100% share swap pursuant to Article 29 of the ROC Enterprise Mergers and Acquisitions Act (the "M&A Act") with Inotera Memories, Inc., a company incorporated and in existence under the laws of the ROC ("Company"), whereby Buyer will acquire 100% of the issued and outstanding shares (the "Shares") of the Company (such transaction, the "Share Swap");

WHEREAS, as a condition to the willingness of Buyer to further pursue the Share Swap, Shareholder agrees to vote its Sale Shares (as defined in Section 3.2) and support the Share Swap on the terms and conditions set forth herein and in that certain Framework Agreement by and among Parent, Buyer and the Company dated as of the date hereof (the "Framework Agreement");

WHEREAS, as a further condition to the willingness of Buyer to further pursue the Share Swap, Shareholder agrees to take certain actions to assure the continued provision of certain services currently being provided by Shareholder and certain of its Affiliates and related Persons to the Company;

WHEREAS, for the limited purposes of Section 2.1 and Section 2.2, each of NNH and MNL also agrees to vote its Shares and support the Share Swap in accordance with Section 2.1 and Section 2.2; and

WHEREAS, the parties hereto desire to make certain representations, warranties, covenants and agreements in connection with the Share Swap and the other matters as specified herein.

AGREEMENT

NOW, THEREFORE, in consideration of the premises, and of the representations, warranties, covenants and agreements contained herein, and intending to be legally bound hereby, Parent, Buyer and the Shareholder hereby agree, and each of NNH and MNL, for the limited purposes of Section 2.1 and Section 2.2, agrees, as follows:

ARTICLE I
DEFINITIONS

Section 1.1 Certain Definitions. For purposes of this Agreement:

"Affiliate" of any Person means any other Person that, at the time of determination, directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with, such first Person.

"Business Day" means any day other than a Saturday, a Sunday or a day on which banks in New York, U.S.A., Amsterdam, The Netherlands or Taipei, Taiwan are authorized by Law or executed order to be closed.

"control" (including the terms "controlled," "controlled by" and "under common control with") means the possession, directly or indirectly or as trustee or executor, of the power to direct or cause the direction of the management policies of a Person, whether through the ownership of stock, as trustee or executor, by contract or credit arrangement or otherwise.

"Definitive Agreement" has the meaning ascribed thereto in the Framework Agreement.

"Governmental Entity" means any governmental or regulatory (including stock exchange) authority, agency, court, commission or other governmental body.

"Law" means any statute, law, ordinance, rule, regulation, order, judgment or decree.

"Person" means an individual, corporation, partnership, limited liability company, association, trust or other entity or organization, including any Governmental Entity.

Section 1.2 Interpretation.

When a reference is made in this Agreement to a Section, Article or Exhibit, such reference shall be to a Section, Article or Exhibit of this Agreement unless otherwise indicated. The table of contents and headings contained in this Agreement or in any Exhibit are for convenience of reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. All words used in this Agreement will be construed to be of such gender or number as the circumstances require. Any capitalized terms used in any Exhibit but not otherwise defined therein shall have the meaning set forth in this Agreement. All Exhibits annexed hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth herein. The words "include," "includes" and "including" and words of similar import when used in this Agreement will mean "include, without limitation," "includes, without limitation" or "including, without limitation," unless otherwise specified.

ARTICLE II
VOTING

Section 2.1 Agreement to Vote at Board Meetings.

From and after the date hereof and until this Agreement terminates pursuant to Section 7.1 hereof, at any meeting of the board of directors of the Company, whenever called, relating to any proposed action with respect to any matter relevant to the transactions contemplated by this Agreement and/or the Framework Agreement (or Definitive Agreement, as the case may be), each of Shareholder, NNH and MNL shall, or shall cause its representatives on the board of directors of the Company to, appear at each such board meeting or otherwise to be counted as present thereat for purposes of calculating a quorum, and vote affirmatively in favor of and to approve such matter unless and only to the extent that Shareholder, NNH or MNL, or any representative of Shareholder, NNH or MNL, as the case may be, at such board meeting is mandatorily required by applicable Law to recuse itself from voting at such board meeting. Notwithstanding the foregoing, none of Shareholder, NNH or MNL shall be required to vote in favor of or approve any matter that (x) would result in a change of the form of Consideration (as defined in the Framework Agreement) or an adverse change of the amount of Consideration or (y) would reasonably be expected to have an adverse impact on such holder of Shares that is disproportionately adverse to such holder as compared to the other holders of Shares.

Section 2.2 Agreement to Vote at Shareholders' Meetings.

From and after the date hereof and until this Agreement terminates pursuant to Section 7.1 hereof, at any meeting of the shareholders of the Company, whenever called, relating to any proposed action with respect to the Share Swap or any matter relevant to the transactions contemplated by this Agreement and/or the Framework Agreement (or Definitive Agreement, as the case may be), each of Shareholder, NNH and MNL shall, or shall cause its representatives to, appear at each such shareholders' meeting or otherwise to be counted as present thereat for purposes of calculating a quorum, and vote affirmatively in favor of and approve such matter unless and only to the extent that Shareholder, NNH or MNL, or any representative of Shareholder, NNH or MNL, as the case may be, at such shareholders' meeting is mandatorily required by applicable Law to recuse itself from voting at such shareholders' meeting. Notwithstanding the foregoing, none of Shareholder, NNH or MNL shall be required to vote in favor of or approve any matter that (x) would result in a change of the form of Consideration (as defined in the Framework Agreement) or an adverse change of the amount of Consideration or (y) would reasonably be expected to have an adverse impact on such holder of Shares that is disproportionately adverse to such holder as compared to the other holders of Shares.

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF SHAREHOLDER

Shareholder represents and warrants to Parent and Buyer as follows:

Section 3.1 Organization; Power; Authorization.

(a) Shareholder (i) is a corporation or other entity validly existing and in good standing (with respect to jurisdictions that recognize such concept) under the Laws of the jurisdiction of its incorporation or organization, (ii) has all requisite corporate power and authority to own, lease and operate its properties and assets and to carry on its business as now being conducted, and (iii) is duly qualified or licensed to do business and is in good standing in each jurisdiction in which the nature of its business or the ownership, leasing or operation of its properties makes such qualification or licensing necessary, except for any such failures

as could not reasonably be expected, either individually or in the aggregate, to materially impair the ability of the Shareholder to perform the Shareholder's obligations hereunder or to consummate the transactions contemplated hereby on a timely basis.

(b) This Agreement has been duly executed and delivered by the Shareholder and, assuming the due authorization, execution and delivery by Parent, Buyer, NNH and MNL, constitutes a valid and binding obligation of the Shareholder, enforceable in accordance with its terms (except to the extent that enforceability may be limited by applicable bankruptcy, insolvency, moratorium, reorganization or similar Laws affecting the enforcement of creditors' rights generally or by general principles of equity).

Section 3.2 Ownership.

As of the date hereof, the number of the Shares beneficially owned by the Shareholder is specified in Exhibit A to this Agreement. Such Shares are, and any additional Shares and any options to purchase Shares acquired by the Shareholder after the date hereof (collectively referred to as the "Sale Shares") will be owned beneficially by the Shareholder. As of the date hereof, the Sale Shares set forth on Exhibit A to this Agreement constitute all of the Shares held of record, beneficially owned by or for which voting power or disposition power is held or shared by the Shareholder. The Shareholder has and will have at all times through the termination of this Agreement sole voting power, sole power of disposition, sole power to issue instructions with respect to the matters set forth in Article II hereof, and sole power to agree to all of the matters set forth in this Agreement, in each case with respect to all of the Sale Shares at all times, with no limitations, qualifications or restrictions on such rights, subject to applicable Laws and the terms of this Agreement. The Shareholder has good title to the Sale Shares, free and clear of any liens, and the Shareholder will have good title to such Sale Shares and any additional Shares and options to purchase Shares acquired by the Shareholder after the date hereof and prior to the termination of this Agreement, free and clear of any liens.

Section 3.3 No Violation.

The execution and delivery of this Agreement by the Shareholder does not, and the performance by the Shareholder of its obligations under this Agreement will not, (i) conflict with or violate any Law applicable to the Shareholder or by which any of their assets or properties is bound, or (ii) conflict with, result in any breach of or constitute a default (or an event that with notice or lapse of time or both would become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation of, or require payment under, or result in the creation of any lien on the properties or assets of the Shareholder pursuant to, any note, bond, mortgage, indenture, contract, agreement, lease, license, permit, franchise or other instrument or obligation to which the Shareholder is a party or by which the Shareholder or any of the Shareholder's assets or properties is bound, except for any of the foregoing as could not reasonably be expected, either individually or in the aggregate, to materially impair the ability of the Shareholder to perform the Shareholder's obligations hereunder or to consummate the transactions contemplated hereby on a timely basis.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF PARENT AND BUYER

Parent and Buyer represents and warrants to the Shareholder as follows:

Section 4.1 Organization; Power.

Each of Parent and Buyer (i) is a corporation duly formed, validly existing and in good standing (with respect to jurisdictions that recognize such concept) under the Laws of the jurisdiction of its incorporation or organization, (ii) has all requisite corporate power and authority to own, lease and operate its properties and assets and to carry on its business as now being conducted and (iii) is duly qualified or licensed to do business and is in good standing in each jurisdiction in which the nature of its business or the ownership, leasing or operation of its properties makes such qualification or licensing necessary, except for any such failures that individually or in the aggregate, have not had, and would not reasonably be expected to impair its ability to perform its obligations hereunder or to consummate the transactions contemplated hereby on a timely basis.

Section 4.2 Authorization.

This Agreement has been duly executed and delivered by Parent and Buyer and, assuming the due authorization, execution and delivery by the Shareholder, constitutes a legal, valid and binding obligation of each of Parent and Buyer, enforceable against such party in accordance with its terms (except to the extent that enforceability may be limited by applicable bankruptcy, insolvency, moratorium, reorganization or similar Laws affecting the enforcement of creditors' rights generally or by general principles of equity).

ARTICLE V
COVENANTS

Section 5.1 Restrictions on Transfer.

Shareholder hereby agrees, while this Agreement is in effect, and except as expressly contemplated hereby and except for any sale or transfer in the Share Swap, not to sell, transfer, pledge, encumber, assign, distribute, gift or otherwise dispose of (collectively, a "Transfer") or enter into any contract, option or other arrangement or understanding with respect to any Transfer (whether by actual disposition or effective economic disposition due to hedging, cash settlement or otherwise) of, any of the Sale Shares, any additional Shares and options to purchase Shares acquired beneficially or of record by the Shareholder after the date hereof, or any interest therein. Shareholder agrees, while this Agreement is in effect, to notify Parent and Buyer promptly in writing of the number of any additional Shares, any options to purchase Shares or other securities of the Company acquired by the Shareholder, if any, after the date hereof.

Section 5.2 No Solicitation; Other Offers.

Shareholder hereby agrees to comply with the obligations imposed on the Company's Representatives pursuant to Section 6.3 (Acquisition Proposals) of the Framework Agreement (and to the same obligations as and when such are reflected in the Definitive Agreement) as if a party thereto.

Section 5.3 No Exercise of Appraisal Rights.

Shareholder agrees not to exercise any appraisal rights or dissenters' rights in respect of its Sale Shares which may arise with respect to the Share Swap.

Section 5.4 Notification of Certain Matters.

Parent and Buyer, on the one hand, and the Shareholder, on the other hand, shall promptly notify each other of the discovery of any inaccurate, untrue, incomplete representations and warranties set forth in Articles III and IV; provided, however, that the delivery of any notice pursuant to this Section 5.4 shall not (i) cure any breach of, or non-compliance with, any other provision of this Agreement or (ii) limit the remedies available to the party sending or receiving such notice.

Section 5.5 Confidentiality.

(a) Except as contemplated by the Framework Agreement (or Definitive Agreement, as the case may be) or as otherwise required by Law, no disclosure (whether or not in response to an inquiry) of the subject matter of this Agreement or the Framework Agreement (or Definitive Agreement, as the case may be) shall be made prior to the Share Swap Record Date by the Shareholder (including any Representatives of the Shareholder) (other than disclosures to managers, advisors or equity holders of the Shareholder on a need to know basis in connection with the approval of the Framework Agreement (and Definitive Agreement, if applicable) and the transactions contemplated thereby) unless approved by Buyer prior to such disclosure. Notwithstanding the immediately preceding sentence, in the event that the Shareholder is required by Law to make any such disclosure, the Shareholder may make such disclosure; provided that the Shareholder shall notify Buyer prior to making such disclosure, shall use its commercially reasonable efforts to give Buyer an opportunity (as is reasonable under the circumstances) to comment on such disclosure, and shall make only such disclosure as it is legally obligated to disclose.

(b) Notwithstanding anything in the Framework Agreement (or Definitive Agreement, if applicable) to the contrary, Shareholder consents to and authorizes the publication and disclosure Parent, Buyer and their Affiliates of Shareholder's identity and holding of Sale Shares, the nature of its commitments and obligations under this Agreement (including, for the avoidance of doubt, the disclosure of this Agreement) and any other information, in each case, that Buyer reasonably determines is required to be disclosed by applicable Law in any press release or any other disclosure documents in connection with the Share Swap and the transactions contemplated by the Framework Agreement (or, if applicable, the Definitive Agreement), provided, that Parent or Buyer shall use commercially reasonable efforts to give notice (as is reasonable under the circumstances) to Shareholder prior to making such disclosure.

ARTICLE VI
PROVISION OF SUPPORT SERVICES

Section 6.1 Support Services.

Shareholder shall, and shall use its reasonable best efforts to cause its Affiliates and other related Persons that currently provide services to the Company (each such Person, including Shareholder, a "Service Provider" and, without limiting the generality of the foregoing, each of the following shall be deemed a Service Provider: Nan Ya Plastics Corporation, Hwa-Ya Power Corporation, Formosa Technologies Corporation, and Formosa Sumco Technology Corporation) to, continue to provide such services to the Company following the Share Swap Record Date on terms pursuant to existing agreements relating to such services (or on current terms and practices if such services are provided without any written agreement), subject to changes in accordance with such existing agreements, provided, that in all cases if the terms of existing agreements are to be amended or if new agreements for such services are to be entered into with any Service Provider, the terms shall be no less favorable than the terms that the Formosa Plastics group of companies receive for similar services at the applicable time. Following the date hereof, Parent and Buyer shall work in good faith with the Company and the Service Providers to (a) identify those services that the Company will not require, or will require only for a transitional period, following the Share Swap Record Date (such services, "Transition Services") and (b) on or before the Share Swap Record Date, enter into appropriate services agreements for such Transition Services on terms and conditions mutually satisfactory to Parent, Buyer, the Company and the relevant Service Provider.

ARTICLE VII
TERMINATION, AMENDMENT AND WAIVER

Section 7.1 Termination. This Agreement may be terminated only as follows:

(a) by mutual written consent of Parent and Buyer, on the one hand, and the Shareholder, on the other, at any time;

(b) by either Parent and Buyer, on the one hand, or the Shareholder, on the other, if any court of competent jurisdiction or other governmental entity shall have issued a judgment, order, injunction, rule or decree, or taken any other action restraining, enjoining or otherwise prohibiting any of the transactions contemplated by this Agreement, and such judgment, order, injunction, rule, decree or other action shall have become final and nonappealable;

(c) automatically concurrent with any termination of the Framework Agreement (other than a termination of the Framework Agreement pursuant to Section 8.1(i) thereof upon execution of the Definitive Agreement); or

(d) automatically concurrent with any termination of the Definitive Agreement.

Section 7.2 Effect of Termination.

In the event of termination of this Agreement, this Agreement shall forthwith become void and have no effect, without any liability or obligation on the part of Parent, Buyer or the Shareholder, except that the provisions of Section 5.5(a) (Confidentiality), this Section 7.2, Section 7.3 (Fees and Expenses), Section 7.4 (Amendment or Supplement), and Article VIII (General Provisions) of this Agreement shall survive the termination hereof. Notwithstanding the foregoing, nothing contained herein shall relieve any party hereto of liability for an intentional breach of its covenants or agreements set forth in this Agreement prior to such termination or for fraud.

Section 7.3 Fees and Expenses.

Unless provided otherwise herein, all fees and expenses incurred in connection with this Agreement, the Share Swap and the other transactions contemplated hereby shall be borne and timely paid by the party incurring such fees or expenses, whether or not the Share Swap is consummated.

Section 7.4 Amendment or Supplement.

This Agreement may not be amended, modified or supplemented in any manner, whether by course of conduct or otherwise, except by an instrument in writing specifically designated as an amendment hereto, signed on behalf of each of the parties in interest at the time of the amendment.

ARTICLE VIII
GENERAL PROVISIONS

Section 8.1 Survival of Representations and Warranties.

The representations and warranties of the Shareholder, Parent and Buyer contained in this Agreement and all rights and remedies in connection therewith shall continue notwithstanding that the completion of Share Swap or the termination of this Agreement pursuant to Section 7.1 have occurred, and shall survive for a period of 12 months thereafter.

Section 8.2 Notices.

All notices or other communications required or permitted hereunder shall reference this Agreement, shall be in writing in the English language, shall be delivered personally, by facsimile (with confirming copy sent by one of the other delivery methods specified herein) or by overnight courier, by electronic mail or by certified, registered or express air mail, postage prepaid, and shall be deemed given when so delivered personally, when so received by facsimile or courier, if given by electronic mail, when receipt of the message is confirmed to the sender by the systems of the Party to which notice is intended to be given, or if mailed, five Business Days after the date of mailing, as follows:

(i) if to Parent, to:

Micron Technology B.V.
Olympia 1A, 1213NS Hilversum
The Netherlands

Attention: Chairman

with copies (which shall not constitute notice) to:

Micron Technology, Inc.
8000 South Federal Way
Boise, Idaho, 83707
USA

Attention: General Counsel

(ii) if to Buyer, to:

Micron Semiconductor Taiwan Co. Ltd.
10F, No. 333, Section 1, Keelung Rd.,
Taipei, Taiwan 110

Attention: Chairman

with copies (which shall not constitute notice) to:

Micron Technology, Inc.
8000 South Federal Way
Boise, Idaho, 83707
USA

Attention: General Counsel

(iii) if to Shareholder, to:

Buyer

Section 8.3 Entire Agreement.

This Agreement (including the Exhibits hereto) constitutes the entire agreement with respect to the subject matter hereof and thereof, and supersede all prior written agreements, arrangements, communications and understandings and all prior and contemporaneous oral agreements, arrangements, communications and understandings among the parties with respect to the subject matter hereof and thereof.

Section 8.4 Governing Law.

This Agreement and all disputes or controversies arising out of or relating to this Agreement or the transactions contemplated hereby shall be governed by, and construed in accordance with, the Laws of the ROC, without regard to the Laws of any other jurisdiction that might be applied because of the conflicts of Laws principles of the ROC.

Section 8.5 Dispute Resolution.

(a) Each of the parties irrevocably agrees that any dispute, legal action or proceeding arising out of or relating to this Agreement (an "Arbitrable Dispute") brought by any party or its successors or assigns shall be brought and determined to be settled by binding arbitration. Notwithstanding the preceding sentence, nothing in this Section 8.5 shall prevent a party from seeking specific performance as contemplated by Section 8.7 from a court of competent jurisdiction pending settlement of any Arbitrable Dispute.

(b) Except as otherwise specifically stated herein, any Arbitrable Dispute shall be resolved by arbitration in Taipei, Taiwan in accordance with the ROC Arbitration Act. The arbitration shall be conducted in English and by the Chinese Arbitration Association, Taipei ("CAA") in accordance with the Arbitration Rules of the CAA. Any judgment upon the award rendered by the arbitrator shall be entered in any court having jurisdiction over the subject matter thereof, including, without limitation, the Taipei District Court. The final decision of the arbitrators, as entered by a court of competent jurisdiction, will be furnished by the arbitrators to the parties in writing and will constitute a final, conclusive and non-appealable determination of the issue in question, binding upon the parties, and an order with respect thereto may be entered in any court of competent jurisdiction, including, without limitation, the Taipei District Court.

(c) Any such arbitration will be conducted before a panel of three (3) arbitrators, each of whom will be compensated for his or her services at a rate to be determined by CAA. Each of the claimant and the respondent shall appoint one (1) arbitrator, and the two (2) arbitrators appointed by the claimant and the respondent shall jointly appoint the third arbitrator as the chief arbitrator. If the parties are unable to agree within thirty (30) days following submission of the dispute to CAA by one of the parties, CAA will have the authority to select the arbitrators from a list of arbitrators who satisfy the criteria set forth in Section 8.5(d).

(d) No arbitrator shall have any past or present family, business or other relationship with Buyer, Parent, the Company, Shareholder, or any Affiliate, Subsidiary, director or officer thereof, unless following full disclosure of all such relationships, Parent and Buyer, on the one hand, and the Shareholder, on the other, agree in writing to waive such requirement with respect to an individual in connection with any Arbitrable Dispute.

(e) The claimant shall advance the arbitration fees required by the CAA upon demanding for arbitration; provided, however, that: (i) the prevailing party in any arbitration will be entitled to an award of attorneys' fees and costs; and (ii) all fees and costs of arbitration will be paid by the losing party, unless otherwise provided in the arbitral award. The arbitrator will be authorized to determine the identity of the prevailing party and the losing party.

(f) Except as specifically otherwise provided herein, arbitration will be the sole and exclusive remedy of the parties for any Arbitrable Dispute or any other dispute arising out of or relating to this Agreement.

Section 8.6 Assignment; Successors.

Neither this Agreement nor any of the rights, interests or obligations under this Agreement may be assigned or delegated, as a whole or in part, by operation of Law or otherwise, by any party without the prior written consent of the other parties, and any such assignment without such prior written consent shall be null and void; provided, however, that Buyer may, upon written notice to the other parties hereto, assign in its sole discretion and without the consent of any other party, any or all of its rights, interests and obligations under this Agreement to any Affiliate, but no such assignment shall relieve Buyer of its obligations hereunder. Subject to the preceding sentence, this Agreement will be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and permitted assigns.

Section 8.7 Enforcement.

The parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. Accordingly, each of the Shareholder, Parent and Buyer shall be entitled to specific performance of the terms hereof, including an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement in a court of competent jurisdiction, including, without limitation, the Taipei District Court, this being in addition to any other remedy to which such party is entitled at Law or in equity. Each of the parties hereby further waives any requirement under any Law to post security as a prerequisite to obtaining equitable relief.

Section 8.8 Severability.

Whenever possible, each provision or portion of any provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable Law, but if any provision or portion of any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable Law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or portion of any provision in such jurisdiction, and this Agreement shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision or portion of any provision had never been contained herein, so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such a determination, the parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the fullest extent possible.

Section 8.9 Counterparts.

This Agreement may be executed in five or more counterparts, all of which shall be considered one and the same instrument and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other party.

Section 8.10 Electronic Signature.

This Agreement may be executed by facsimile signature or electronically scanned signature and such signatures shall constitute an original for all purposes.

[Signature page follows.]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

Micron Technology B.V.

By: _____
Name:
Title:

By: _____
Name:
Title:

Micron Semiconductor Taiwan Co. Ltd.

By: _____
Name:
Title:

Buyer

By: _____
Name:
Title:

[Signature Page to Voting and Support Agreement]

For Purposes of Section 2.1 and 2.2 only

Numonyx Holdings B.V.

By: _____

Name:

Title:

By: _____

Name:

Title:

Micron Semiconductor B.V.

By: _____

Name:

Title:

By: _____

Name:

Title:

[Signature Page to Voting and Support Agreement]

Exhibit A

Number of Shares
Beneficially Owned

Shareholder	Shares

EXHIBIT 10.59

EXECUTION COPY

FIRST AMENDMENT TO
THE SECOND AMENDED AND RESTATED OPERATING AGREEMENT

January 5, 2016

Intel Corporation
2200 Mission College Blvd.
Santa Clara, CA 95054

Ladies and Gentlemen:

Reference is hereby made to the Second Amended and Restated Limited Liability Company Operating Agreement of IM Flash Technologies, LLC, a Delaware limited liability company (the "**Operating Agreement**"), dated April 6, 2012, by and between Micron Technology, Inc., a Delaware corporation, ("**Micron**"), and Intel Corporation, a Delaware corporation ("**Intel**"). Each of Micron and Intel may be referred to herein as a "**Party**" and collectively as the "**Parties**." Unless otherwise specified, capitalized terms used in this First Amendment to the Second Amended and Restated Operating Agreement (this "**Amendment**") and not defined shall have the respective meanings ascribed to such terms in the Operating Agreement.

The Parties desire to amend the Operating Agreement to move out by one year the dates of the Scheduled Intel Put Option Exercise Period and the Scheduled Micron Call Option Exercise Period. Accordingly, in consideration of the covenants and agreements contained herein, and intending to be legally bound hereby, the Parties hereby agree as follows:

1. Amendments to the Operating Agreement.

1.1 The references to "January 1, 2015" and "December 31, 2017" in the first sentence of Section 13.1(A) of the Operating Agreement are hereby replaced with "January 1, 2016" and "December 31, 2018," respectively, such that the first sentence now reads, in part:

> "(A) If, and only if, Micron has not timely provided to Intel a Micron Call Option Exercise Notice in accordance with Section 13.2(A) and a Change of Control Micron Call Option Exercise Period is not then subsisting, then at any time between and including January 1, 2016 and December 31, 2018 (the "**Scheduled Intel Put Option Exercise Period**")…"

1.2 The references to "January 1, 2018" and "December 31, 2020" in the first sentence of Section 13.2(A) of the Operating Agreement are hereby replaced with "January 1, 2019" and "December 31, 2021," respectively, such that the first sentence now reads, in part:

> "(A) If, and only if, Intel has not timely provided to Micron an Intel Put Option Exercise Notice in accordance with Section 13.1(A) and a Change of Control Intel Put Option Exercise Period is not then subsisting, then at any time between and including January 1, 2019 and December 31, 2021 (the "**Scheduled Micron Call Option Exercise Period**")…"

1.3 The reference to January 1, 2021 in the definition of "Distribution Amount" in Appendix A to the Operating Agreement is hereby replaced with January 1, 2022.

1.4 Effect of Amendment. This Amendment, however, shall not constitute a consent with respect to, or modification, amendment or waiver of, the Operating Agreement beyond the terms expressly set forth in Section 1. Except as specifically modified by Section 1, all other provisions of the Operating Agreement remain in full force and effect.

2. Miscellaneous.

2.1 Severability. Should any provision of this Amendment be deemed in contradiction with the Applicable Laws of any jurisdiction in which it is to be performed or unenforceable for any reason, such provision shall be deemed null and void, but this Amendment shall remain in full force in all other respects. Should any provision of this Amendment be or become ineffective because of changes in Applicable Law or interpretations thereof, or should this Amendment fail to include a provision that is required as a matter of law, the validity of the other provisions of this Amendment shall not be affected thereby. If such circumstances arise, the Parties shall negotiate in good faith appropriate modifications to this Amendment to reflect those changes that are required by Applicable Law.

2.2 Governing Law and Venue.

(A) This Amendment shall be construed and enforced in accordance with and governed by the laws of the State of Delaware, without giving effect to the principles of conflict of laws thereof.

(B) Any suit, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Amendment shall be brought in a state or federal court located in Delaware and each of the Parties hereby consents and submits to the exclusive jurisdiction of such courts (and of the appropriate appellate courts therefrom) in any such suit, action or proceeding and irrevocably waives, to the fullest extent permitted by Applicable Law, any objection which it may now or hereafter have to the laying of the venue of any such suit, action or proceeding in any such court or that any such suit, action or proceeding which is brought in any such court has been brought in an inconvenient forum. Process in any such suit, action or proceeding may be served on any Party anywhere in the world, whether within or without the jurisdiction of any such court.

2.3 Headings; Interpretation. The headings in this Amendment are provided for convenience of reference only and shall not be deemed to constitute a part hereof. No provision of this Amendment will be interpreted in favor of, or against, any of the Parties by reason of the extent to which any such Party or its counsel participated in the drafting thereof or by reason of the extent to which any such provision is inconsistent with any prior draft of this Amendment or such provision.

2.4 Counterparts. This Amendment may be executed in several counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Delivery by a Party of an executed counterpart of this Amendment via facsimile or other electronic method of transmission pursuant to which the signature of such Person can be seen (including Adobe Corporation's Portable Document Format) will have the same force and effect as the delivery of an original executed counterpart of this Amendment.

2.5 Confidentiality. All information provided, disclosed or obtained in the performance of any of the Parties' activities under this Amendment shall be subject to all applicable provisions of the Confidentiality Agreement. Furthermore, the terms and conditions of this Amendment shall be considered "Confidential Information" under the Confidentiality Agreement for which each Party is considered a "Receiving Party" under such agreement. To the extent there is a conflict between this Amendment and the Confidentiality Agreement, the terms of this Amendment shall control.

[Remainder of Page Intentionally Left Blank]

Please confirm that the above correctly reflects our understanding and agreement with respect to the foregoing matters by signing the enclosed copy of this letter and returning such copy to Micron.

Very truly yours,

MICRON TECHNOLOGY, INC.

By: */s/ D. Mark Durcan*
Name: D. Mark Durcan
Title: Chief Executive Officer

Agreed and Accepted:

INTEL CORPORATION

By: /s/ Robert Crooke
Name: Robert Crooke
Title: SVP

THIS IS THE SIGNATURE PAGE FOR
THE FIRST AMENDMENT TO THE SECOND AMENDED AND RESTATED
LIMITED LIABILITY COMPANY OPERATING AGREEMENT
BY AND BETWEEN MICRON TECHNOLOGY, INC.
AND INTEL CORPORATION

EXHIBIT 31.1

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

I, D. Mark Durcan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Micron Technology, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 8, 2016

/s/ D. Mark Durcan

D. Mark Durcan
Chief Executive Officer

EXHIBIT 31.2

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

I, Ernest E. Maddock, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Micron Technology, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 8, 2016

/s/ Ernest E. Maddock

Ernest E. Maddock
Chief Financial Officer and Vice President, Finance

EXHIBIT 32.1

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

I, D. Mark Durcan, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of Micron Technology, Inc. on Form 10-Q for the period ended March 3, 2016, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in the Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Micron Technology, Inc.

Date: April 8, 2016

/s/ D. Mark Durcan

D. Mark Durcan
Chief Executive Officer

EXHIBIT 32.2

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

I, Ernest E. Maddock, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of Micron Technology, Inc. on Form 10-Q for the period ended March 3, 2016, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in the Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Micron Technology, Inc.

Date: April 8, 2016

/s/ Ernest E. Maddock

Ernest E. Maddock
Chief Financial Officer and Vice President, Finance