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 February 27, 2014

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 3, 2014, was 1,070,379,433.

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	
	February 27, 2014	**February 28, 2013**	**February 27, 2014**	**February 28, 2013**
Net sales	$ 4,107	$ 2,078	$ 8,149	$ 3,912
Cost of goods sold	2,704	1,712	5,465	3,329
Gross margin	1,403	366	2,684	583
Selling, general and administrative	177	123	353	242
Research and development	344	214	664	438
Restructure and asset impairments	12	60	9	39
Other operating (income) expense, net	1	(8)	238	(16)
Operating income (loss)	869	(23)	1,420	(120)
Interest income	6	3	11	6
Interest expense	(83)	(56)	(184)	(113)
Other non-operating income (expense), net	(122)	(159)	(202)	(218)
	670	(235)	1,045	(445)
Income tax (provision) benefit	(63)	9	(143)	(4)
Equity in net income (loss) of equity method investees	134	(58)	220	(110)
Net income (loss)	741	(284)	1,122	(559)
Net income attributable to noncontrolling interests	(10)	(2)	(33)	(2)
Net income (loss) attributable to Micron	$ 731	$ (286)	$ 1,089	$ (561)
Earnings (loss) per share:				
Basic	$ 0.69	$ (0.28)	$ 1.03	$ (0.55)
Diluted	0.61	(0.28)	0.91	(0.55)
Number of shares used in per share calculations:				
Basic	1,060	1,016	1,053	1,015
Diluted	1,201	1,016	1,199	1,015

See accompanying notes to consolidated financial statements.

MICRON TECHNOLOGY, INC.

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

	Quarter Ended		Six Months Ended	
	February 27, 2014	**February 28, 2013**	**February 27, 2014**	**February 28, 2013**
Net income (loss)	$ 741	$ (284)	$ 1,122	$ (559)
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments	(10)	2	(4)	9
Gain (loss) on derivative instruments, net	(2)	(3)	(4)	(8)
Pension liability adjustments	2	—	2	(1)
Gain (loss) on investments, net	1	(3)	2	(1)
Other comprehensive income (loss)	(9)	(4)	(4)	(1)
Total comprehensive income (loss)	732	(288)	1,118	(560)
Comprehensive (income) loss attributable to noncontrolling interests	(10)	(2)	(33)	(2)
Comprehensive income (loss) attributable to Micron	$ 722	$ (290)	$ 1,085	$ (562)

See accompanying notes to consolidated financial statements.

MICRON TECHNOLOGY, INC.

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

As of	February 27, 2014	August 29, 2013
Assets		
Cash and equivalents	$ 4,305	$ 2,880
Short-term investments	199	221
Receivables	2,826	2,329
Inventories	2,462	2,649
Restricted cash	—	556
Other current assets	199	276
Total current assets	9,991	8,911
Long-term marketable investments	552	499
Property, plant and equipment, net	7,859	7,626
Equity method investments	618	396
Intangible assets, net	367	386
Deferred tax assets	741	861
Other noncurrent assets	487	439
Total assets	$ 20,615	$ 19,118
Liabilities and equity		
Accounts payable and accrued expenses	$ 2,679	$ 2,115
Deferred income	251	243
Equipment purchase contracts	145	182
Current debt	2,230	1,585
Total current liabilities	5,305	4,125
Long-term debt	4,317	4,452
Other noncurrent liabilities	858	535
Total liabilities	10,480	9,112
Commitments and contingencies		
Redeemable convertible notes	91	—
Micron shareholders' equity:		
Common stock, $0.10 par value, 3,000 shares authorized, 1,070 shares issued and outstanding (1,044 as of August 29, 2013)	107	104
Additional capital	8,282	9,187
Retained earnings (accumulated deficit)	836	(212)
Accumulated other comprehensive income	59	63
Total Micron shareholders' equity	9,284	9,142
Noncontrolling interests in subsidiaries	760	864
Total equity	10,044	10,006
Total liabilities and equity	$ 20,615	$ 19,118

See accompanying notes to consolidated financial statements.

MICRON TECHNOLOGY, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)
(Unaudited)

Six Months Ended	February 27, 2014	February 28, 2013
Cash flows from operating activities		
Net income (loss)	$ 1,122	$ (559)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation expense and amortization of intangible assets	1,008	912
Amortization of debt discount and other costs	94	58
Loss on restructure of debt	166	31
Stock-based compensation	49	40
Adjustment to gain on acquisition of Elpida	33	—
(Gains) losses from currency hedges, net	21	173
Equity in net (income) loss of equity method investees	(220)	110
Change in operating assets and liabilities:		
Receivables	(458)	(3)
Inventories	188	27
Accounts payable and accrued expenses	489	(189)
Customer prepayments	153	(63)
Deferred income taxes, net	127	—
Other	125	(67)
Net cash provided by operating activities	2,897	470
Cash flows from investing activities		
Expenditures for property, plant and equipment	(1,031)	(761)
Purchases of available-for-sale securities	(359)	(430)
Decrease in restricted cash	556	—
Proceeds from sales and maturities of available-for-sale securities	320	198
Other	63	(6)
Net cash used for investing activities	(451)	(999)
Cash flows from financing activities		
Repayments of debt	(1,987)	(587)
Payments on equipment purchase contracts	(203)	(130)
Cash paid to purchase common stock	(73)	(5)
Cash paid for capped call transactions	—	(48)
Proceeds from issuance of debt	1,062	812
Proceeds from issuance of common stock under equity plans	224	24
Cash received from noncontrolling interests	49	10
Proceeds from equipment sale-leaseback transactions	14	73
Cash received from capped call transactions	—	24
Other	(92)	(42)
Net cash provided by (used for) financing activities	(1,006)	131
Effect of changes in currency exchange rates on cash and cash equivalents	(15)	—
Net increase (decrease) in cash and equivalents	1,425	(398)
Cash and equivalents at beginning of period	2,880	2,459
Cash and equivalents at end of period	$ 4,305	$ 2,061
Noncash investing and financing activities:		
Exchange of convertible notes	$ 756	$ —
Acquisition of noncontrolling interest	127	—
Equipment acquisitions on contracts payable and capital leases	208	209

See accompanying notes to consolidated financial statements.

Business and Basis of Presentation

Micron Technology, Inc., including its consolidated subsidiaries, (hereinafter referred to collectively as "we," "our," "us" and similar terms unless the context indicates otherwise) is one of the world's leading providers of advanced semiconductor solutions. Through our worldwide operations, we manufacture and market a full range of DRAM, NAND Flash and NOR Flash memory, as well as other innovative memory technologies, packaging solutions and semiconductor systems for use in leading-edge computing, consumer, networking, automotive, industrial, embedded and mobile products. The accompanying consolidated financial statements 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 August 29, 2013. In the opinion of our management, the accompanying unaudited consolidated financial statements contain all necessary adjustments, consisting of a normal recurring nature, to present fairly 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. Our second quarters of fiscal 2014 and 2013 ended on February 27, 2014 and February 28, 2013, respectively. 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 August 29, 2013.

Variable Interest Entities

We have interests in entities that are Variable Interest Entities ("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 Variable Interest Entities

Inotera: Inotera Memories, Inc. ("Inotera") is a VIE because its equity is not sufficient to permit it to finance its activities without additional support from its shareholders. 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 (1) limitations on our governance rights that require the consent of other parties for key operating decisions and (2) Inotera's dependence on Nanya Technology Corporation ("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 Entities: EQUVO HK Limited and EQUVA Capital 1 Pte. Ltd. (together, the "EQUVO Entities") are special purpose entities created to facilitate equipment sale-leaseback financing transactions between us and a consortium of financial institutions ("Financing Entities"). Neither we nor the Financing Entities have an equity interest in the EQUVO Entities. The EQUVO Entities are VIEs because their equity is not sufficient to permit them to finance their 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 arrangements with the EQUVO Entities are merely financing vehicles and we do not bear any significant risks from variable interests with the EQUVO Entities. Therefore, we have determined that we do not have the power to direct the activities of the EQUVO Entities that most significantly impact their economic performance and we do not consolidate the EQUVO Entities.

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. SCHE is a VIE due to the nature of its tolling agreements with us and our purchase and call options for SCHE's assets. We do not have an equity ownership interest in SCHE. We do not control the operation and maintenance of the plant, which we have determined are the activities of SCHE that most significantly impacts its economic performance. Therefore, we do not consolidate SCHE.

Consolidated Variable Interest Entities

IMFT: IM Flash Technologies, LLC ("IMFT") is a VIE because all of its costs are passed to us and its other member, Intel Corporation ("Intel"), through product purchase agreements and IMFT is dependent upon us or Intel for any 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 also determined that we have the obligation to absorb losses and the right to receive benefits from IMFT that could potentially be significant to it. As a result, we have determined that we have the power to direct the activities of IMFT that most significantly impact its economic performance and, therefore, we consolidate IMFT.

MP Mask: MP Mask Technology Center, LLC ("MP Mask") is a VIE because substantially all of its costs are passed to us and its other member, Photronics, Inc. ("Photronics"), through product purchase agreements and MP Mask is dependent upon us or Photronics for any 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 also determined that we have the obligation to absorb losses and the right to receive benefits from MP Mask that could potentially be significant to it. As a result, we have determined that we have the power to direct the activities of MP Mask that most significantly impact its economic performance and, therefore, we consolidate MP Mask.

For further information regarding our consolidated VIEs, see "Equity – Noncontrolling Interests in Subsidiaries" note.

Recently Issued Accounting Standards

There have been no recently issued accounting pronouncements that have had or are expected to have a material impact on our financial statements.

Elpida Memory, Inc.

On July 31, 2013, we acquired Elpida Memory, Inc. ("Elpida") and 89% of Rexchip Electronics Corporation ("Rexchip"), now known as Micron Memory Taiwan Co., Ltd. ("MMT") for an aggregate of $949 million in cash (collectively, the "Elpida Acquisition"). In the second quarter of 2014, we purchased an additional 9.87% of MMT's outstanding common stock. (See "Equity – Noncontrolling Interest in Subsidiaries – MMT" note.) Both Elpida and MMT manufacture semiconductor memory products including mobile DRAM targeted toward mobile phones and tablets.

In connection with the Elpida Acquisition, we recorded net assets of $2,601 million and noncontrolling interests of $168 million. Because the fair value of the net assets acquired, less noncontrolling interests, exceeded our purchase price, we recognized a gain on the acquisition of $1,484 million. In the second quarter of 2014, the provisional amounts as of the acquisition date were adjusted, primarily for pre-petition liabilities. As a result, we recorded a charge of $33 million in the second quarter of 2014 in other non-operating expense for these measurement period adjustments to adjust the gain on the acquisition of Elpida.

The following unaudited pro forma financial information presents the combined results of operations as if the Elpida Acquisition had occurred on September 2, 2011. The pro forma financial information includes the accounting effects of the business combination, including adjustments to the amortization of intangible assets, depreciation of property, plant and equipment, interest expense and elimination of intercompany activities. The unaudited pro forma financial information for the quarter and six months ended February 28, 2013 includes our results for the quarter and six months ended February 28, 2013 and the results of Elpida and MMT, including the adjustments described above, for the quarter and six months ended December 31, 2012. The unaudited pro forma financial information below is not necessarily indicative of either future results of operations or results that might have been achieved had the Elpida Acquisition occurred on September 2, 2011.

	Quarter Ended February 28, 2013	Six Months Ended February 28, 2013
Net sales	$ 2,912	$ 5,531
Net loss	(120)	(346)
Net loss attributable to Micron	(132)	(369)
Loss per share:		
Basic	$ (0.13)	$ (0.36)
Diluted	(0.13)	(0.36)

Investments

As of February 27, 2014 and August 29, 2013, the fair values, which approximated amortized costs, of available-for-sale investments were as follows:

As of	February 27, 2014	August 29, 2013
Money market funds	$ 1,137	$ 1,188
Corporate bonds	456	414
Government securities	141	168
Asset-backed securities	123	97
Certificates of deposit	100	349
Commercial paper	23	61
Marketable equity securities	1	6
	$ 1,981	$ 2,283

The table below presents the fair value of available-for-sale debt securities as of February 27, 2014, by contractual maturity:

Money market funds not due at a single maturity date	$ 1,137
Due in 1 year or less	292
Due in 1 - 2 years	268
Due in 2 - 4 years	266
Due after 4 years	17
	$ 1,980

Proceeds from the sales of available-for-sale securities were $110 million and $223 million for the second quarter and first six months of 2014, respectively, and $67 million and $160 million for the second quarter and first six months of 2013, respectively. Gross realized gains and losses for the second quarter and first six months of 2014 and 2013 were not significant. As of February 27, 2014, no available-for-sale security had been in a loss position for longer than 12 months.

Receivables

As of	February 27, 2014	August 29, 2013
Trade receivables (net of allowance for doubtful accounts of $4 and $5, respectively)	$ 2,548	$ 2,069
Income and other taxes	65	74
Other	213	186
	$ 2,826	$ 2,329

As of February 27, 2014 and August 29, 2013, other receivables included $39 million and $34 million, respectively, due from Intel for amounts related to NAND Flash and certain emerging memory technologies product design and process development activities under cost-sharing agreements. (See "Equity – Noncontrolling Interests in Subsidiaries – IMFT" note.)

Inventories

As of	February 27, 2014	August 29, 2013
Finished goods	$ 829	$ 796
Work in process	1,447	1,719
Raw materials and supplies	186	134
	$ 2,462	$ 2,649

Property, Plant and Equipment

As of	February 27, 2014	August 29, 2013
Land	$ 86	$ 86
Buildings	4,962	4,835
Equipment	16,474	15,600
Construction in progress	88	84
Software	329	315
	21,939	20,920
Accumulated depreciation	(14,080)	(13,294)
	$ 7,859	$ 7,626

Depreciation expense was $486 million and $954 million for the second quarter and first six months of 2014, respectively, and $434 million and $871 million for the second quarter and first six months of 2013, respectively. Other noncurrent assets included land held for development of $55 million as of February 27, 2014 and $54 million as of August 29, 2013.

Equity Method Investments

As of	February 27, 2014		August 29, 2013	
	Investment Balance	Ownership Percentage	Investment Balance	Ownership Percentage
Inotera[1]	$ 566	35%	$ 344	35%
Tera Probe	41	40%	40	40%
Other	11	Various	12	Various
	$ 618		$ 396	

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

As of February 27, 2014, substantially all of our maximum exposure to loss from our VIEs that were not consolidated was our $566 million investment balance in Inotera. We may also incur losses in connection with our rights and obligations to purchase substantially all of Inotera's wafer production capacity under a supply agreement with Inotera.

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

	Quarter Ended		Six Months Ended	
	February 27, 2014	February 28, 2013	February 27, 2014	February 28, 2013
Inotera	$ 131	$ (55)	$ 215	$ (108)
Tera Probe	4	—	6	—
Other	(1)	(3)	(1)	(2)
	$ 134	$ (58)	$ 220	$ (110)

Inotera

We have partnered with Nanya in Inotera, a Taiwan DRAM memory company, since the first quarter of 2009. As of February 27, 2014, we held a 35% ownership interest, Nanya and its affiliates held a 36% ownership interest and the remaining ownership interest in Inotera was publicly held.

As of February 27, 2014, the market value of our equity interest in Inotera was $1.81 billion based on the closing trading price of its shares in an active market. As of February 27, 2014 and August 29, 2013, there were gains of $45 million and $44 million, respectively, in accumulated other comprehensive income (loss) for cumulative translation adjustments from our equity investment in Inotera.

As of December 31, 2013, Inotera's current liabilities exceeded its current assets by $129 million, which exposes Inotera to liquidity risk. As of December 31, 2013, Inotera was not in compliance with certain loan covenants and had not been in compliance for the past several years. The terms of the loan covenants require Inotera to cure the noncompliance no later than June 30, 2014. Inotera has requested a waiver from complying with the December 31, 2013 financial covenants. For the year ended December 31, 2013, Inotera generated net income of $703 million, which has improved its liquidity.

Through December 2012, we had rights and obligations to purchase 50% of Inotera's wafer production capacity based on a margin-sharing formula among Nanya, Inotera and us. In the second quarter of 2013, we entered into agreements with Nanya and Inotera to amend the joint venture relationship involving Inotera. The amendments included a new supply agreement (the "Inotera Supply Agreement") with Inotera under which we were obligated to purchase for an initial period through December 2015 substantially all of Inotera's output at a purchase price based on a discount from market prices for our comparable components. The Inotera Supply Agreement contemplates annual negotiations with respect to potential successive one-year extensions, and if in any year the parties do not agree to an extension, the agreement will terminate following the end of the then-existing term plus a subsequent three-year wind-down period. Our share of Inotera's capacity would decline over the three year wind-down period. In the second quarter of 2014, we extended the initial period of the Inotera Supply Agreement through December 2016. Under the Inotera supply agreements, we purchased $714 million and $1,301 million of DRAM products in the second quarter and first six months of 2014, respectively, and $200 million and $401 million in the second quarter and first six months of 2013, respectively.

Pursuant to a cost-sharing arrangement with Nanya, which was effective through December 31, 2012, our research and development ("R&D") costs were reduced by $4 million and $19 million in the second quarter and first six months of 2013, respectively. Nanya ceased participating in the joint development program after December 31, 2012.

Tera Probe

In the fourth quarter of 2013, as part of the Elpida Acquisition, we acquired a 40% interest in Tera Probe, Inc. ("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 earnings through equity in net income (loss) of equity method investees (the "Tera Probe Amortization"). As of February 27, 2014, the remaining balance of the Tera Probe Amortization was $32 million and is expected to be amortized over a weighted-average period of 6 years. As of February 27, 2014, based on the closing trading price of Tera Probe's shares in an active market, the market value of our equity interest was $42 million. Included in our cost of goods sold for the second quarter and first six months of 2014 is $31 million and $64 million, respectively, for services performed by Tera Probe.

Other

Aptina: Other equity method investments included a 30% equity interest in Aptina. The amount of cumulative loss we recognized from our investment in Aptina through the second quarter of 2012 reduced our investment balance to zero and we ceased recognizing our proportionate share of Aptina's results of operations.

In the second quarter and first six months of 2013, we recognized net sales of $48 million and $109 million, respectively, and cost of goods sold of $57 million and $138 million, respectively, from products sold to Aptina under a wafer supply agreement. In the third quarter of 2013, in connection with our sale of Micron Technology Italia, S.r.l. ("MIT") to LFoundry Marsica S.r.l. ("LFoundry"), we assigned to LFoundry our supply agreement with Aptina to manufacture image sensors at MIT. In 2013, we also loaned $45 million to Aptina under a short-term, interest-free, unsecured agreement which was repaid in the first six months of 2014.

Intangible Assets

As of	February 27, 2014		August 29, 2013	
	Gross Amount	Accumulated Amortization	Gross Amount	Accumulated Amortization
Product and process technology	$ 660	$ (307)	$ 642	$ (269)
Customer relationships	127	(122)	127	(114)
Other	16	(7)	—	—
	$ 803	$ (436)	$ 769	$ (383)

During the first six months of 2014 and 2013, we capitalized $19 million and $16 million, respectively, for product and process technology with weighted-average useful lives of 10 years.

Amortization expense was $31 million and $54 million for the second quarter and first six months of 2014, respectively, and $21 million and $41 million for the second quarter and first six months of 2013, respectively. Annual amortization expense is estimated to be $106 million for 2014, $74 million for 2015, $64 million for 2016, $54 million for 2017 and $44 million for 2018.

Accounts Payable and Accrued Expenses

As of	February 27, 2014	August 29, 2013
Accounts payable	$ 1,155	$ 1,048
Related party payables	714	374
Salaries, wages and benefits	352	267
Customer advances	156	140
Income and other taxes	38	47
Other	264	239
	$ 2,679	$ 2,115

As of February 27, 2014 and August 29, 2013, related party payables included $700 million and $345 million, respectively, due to Inotera primarily for the purchase of DRAM products under the Inotera Supply Agreement. As of February 27, 2014 and August 29, 2013, respectively, related party payables also included $14 million and $29 million due to Tera Probe for probe services performed. (See "Equity Method Investments" note.)

As of February 27, 2014 and August 29, 2013, customer advances included $61 million and $134 million, respectively, for amounts received from Intel to be applied to Intel's future purchases under a NAND Flash supply agreement. (See "Equity – Noncontrolling Interests in Subsidiaries – IMFT" note.) As of February 27, 2014, customer advances also included $90 million for amounts received from a customer in the first quarter of 2014 under a DRAM supply agreement to be applied to purchases at market pricing through September 2016. As of February 27, 2014, other noncurrent liabilities included $135 million from the DRAM supply agreement.

As of February 27, 2014 and August 29, 2013, other accounts payable included $14 million and $8 million, respectively, due to Intel for NAND Flash product design and process development and licensing fees pursuant to cost-sharing agreements. (See "Equity – Noncontrolling Interests in Subsidiaries – IMFT" note.)

Debt

Instrument[1]	Stated Rate	Effective Rate	February 27, 2014			August 29, 2013		
			Current	Long-Term	Total	Current	Long-Term	Total
Elpida creditor installment payments; $1,392 and $1,969 principal amount	N/A	6.25%	$ 189	$ 926	$ 1,115	$ 527	$ 1,117	$ 1,644
Capital lease obligations; imputed rate of 4.33% and 4.07%	N/A	N/A	352	694	1,046	407	845	1,252
2014 convertible senior notes; $419 and $485 principal amount	1.875%	7.88%	677	—	677	465	—	465
2019 senior notes; $462 principal amount	1.258%	1.97%	92	370	462	—	—	—
2022 senior notes; $600 principal amount	5.875%	6.16%	—	600	600	—	—	—
2027 convertible senior notes; $0 and $175 principal amount	1.875%	6.95%	—	—	—	—	147	147
2031A convertible senior notes; $0 and $345 principal amount	1.500%	6.55%	—	—	—	—	277	277
2031B convertible senior notes;[2][3] $114 and $345 principal amount	1.875%	6.98%	85	—	85	—	253	253
2032C convertible senior notes;[2] $450 and $550 principal amount	2.375%	5.95%	—	385	385	—	463	463
2032D convertible senior notes;[2] $412 and $450 principal amount	3.125%	6.33%	—	342	342	—	369	369
2033E convertible senior notes;[2][3] $300 principal amount	1.625%	4.50%	275	—	275	—	272	272
2033F convertible senior notes;[2][3] $300 principal amount	2.125%	4.93%	263	—	263	—	260	260
2043G convertible senior notes; $1,025 principal amount	3.000%	6.77%	—	631	631	—	—	—
Other notes payable	2.947%	3.51%	297	369	666	186	449	635
			$ 2,230	$ 4,317	$ 6,547	$ 1,585	$ 4,452	$ 6,037

[1] We have the obligation or option to pay cash for the aggregate 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] Since the closing price of our common stock for at least 20 trading days in the 30 trading day period ending on December 31, 2013 exceeded 130% of the initial conversion price per share, holders have the right to convert their notes at any time during the calendar quarter ended March 31, 2014.

[3] As a result of these notes being convertible at the option of the holder through March 31, 2014, and because the terms of these notes would require us to pay cash for the principal amount of any converted notes, amounts are classified as current.

Debt Restructure

During the first and second quarters of 2014, we initiated a series of actions to restructure our debt as follows:

Exchange Transactions

- In November 2013, we exchanged $440 million in aggregate principal amount of our 2027 Notes, 2031A Notes and 2031B Notes into 3.00% Convertible Senior Notes due 2043.

Debt Conversions and Settlements

- In November 2013, we announced the termination of the conversion rights for our remaining 2027 Notes, effective on December 13, 2013;
- In November 2013, we called for the redemption of our remaining 2031A Notes on December 7, 2013; and
- In January 2014, we called for the redemption of our remaining 2014 Notes on March 3, 2014.

During the first and second quarters of 2014, substantially all of the holders of these notes exercised their options to convert their notes and, in each case, we elected to settle the conversion amounts entirely in cash.

Cash Repurchases

- In January 2014, we repurchased $164 million in aggregate principal amount of our 2031B Notes, 2032C Notes and 2032D Notes in privately-negotiated transactions for an aggregate of $407 million in cash.

Issuance of Non-Convertible Notes

- In February 2014, we issued $600 million in principal amount of 5.875% senior notes due February 2022.

Exchange Transactions: On November 12, 2013, in a series of separate non-cash transactions, we exchanged portions of our 2027 Notes, 2031A Notes and 2031B Notes (collectively, the "Exchanged Notes") into 3.00% Convertible Senior Notes due 2043 (the "2043G Notes") (collectively, the "Exchange Transactions"). In connection with the Exchange Transactions, which were accounted for as extinguishments, we issued to holders of the Exchanged Notes new 2043G Notes with an aggregate principal amount at issuance of $820 million, which accretes up to a principal amount at maturity of $1,025 million (see further discussion in "2043G Notes" below). The liability and equity components of the Exchanged Notes had previously been stated separately within debt and additional capital in our consolidated balance sheet. As a result, our accounting for the Exchanged Notes affected debt and equity. In connection with the Exchanged Notes, we recognized a loss of $38 million based on the difference between the carrying values and the fair values of the debt components of the Exchanged Notes (based on Level 2 fair value measurements), which was included in other non-operating expense for the first quarter of 2014. The table below summarizes the Exchange Transactions:

	Principal Amount	Carrying Value of Debt	Equity
Amounts reduced in connection with the Exchanged Notes:			
2027 Notes	$ 80	$ 68	$ 51
2031A Notes	155	125	148
2031B Notes	205	152	212
	440	345	411
Amounts added in connection with the issued notes:			
2043G Notes	1,025	627	173
Net increase (decrease) as a result of the Exchange Transactions	$ 585	$ 282	$ (238)

Debt Conversions and Settlements: During the first and second quarters of 2014, we initiated a series of actions resulting in a number of debt conversions and settlements. Those actions included the following:

Termination of Conversion Rights of our 2027 Notes – On November 7, 2013, we announced the termination of the conversion rights for our remaining 2027 Notes, effective on December 13, 2013. During the first and second quarters of 2014, substantially all of holders of our 2027 Notes exercised their option to convert their notes and, in each case, we elected to settle the conversion amount entirely in cash.

Redemption of our 2031A Notes – On November 7, 2013, we called for the redemption of our remaining 2031A Notes on December 7, 2013. During the first and second quarters of 2014, substantially all of holders of our 2031A Notes exercised their option to convert their notes and, in each case, we elected to settle the conversion amount entirely in cash.

Redemption of our 2014 Notes – On January 31, 2014, we called for the redemption of our remaining 2014 Notes on March 3, 2014. During the second quarter of 2014, substantially all of the holders of our 2014 Notes exercised their option to convert their notes and, in each case, we elected to settle the conversion amount entirely in cash.

As a result of our elections to settle the conversion amounts in cash, each of the settlement obligations became derivative debt liabilities subject to mark-to-market accounting treatment. Under the terms of the indentures for the above notes, cash settlement amounts for these derivative debt liabilities are determined based on the shares underlying the converted notes multiplied by the volume-weighted-average price of our common stock over a period of 20 consecutive trading days, beginning three days after the holder's election to convert their notes. Therefore, we reclassified the fair values of the equity components of each of the converted notes from additional capital to derivative debt liabilities within current debt in our consolidated balance sheet. In connection with the above, we used an aggregate of $728 million in cash in the second quarter of 2014 to settle conversion activities. A summary of the conversion activities for these notes is as follows:

	Debt Principal Converted	Carrying Value of Debt Converted	Equity Component Reclassified To Debt[1]	Mark-to-Market Loss(Gain)[2]	Loss on Settlement[2]
Quarter ended November 28, 2013:					
2027 Notes	$ —	$ —	$ 58	$ 22	$ —
2031A Notes	—	—	115	15	—
	—	—	173	37	—
Quarter ended February 27, 2014:					
2014 Notes	66	65	309	(1)	1
2027 Notes	95	80	—	4	15
2031A Notes	190	154	102	12	38
	351	299	411	15	54
Six months ended February 27, 2014	$ 351	$ 299	$ 584	$ 52	$ 54

[1] *Based on Level 2 fair value measurements.*
[2] *Included in non-operating expense.*

In the third quarter of 2014, we used an aggregate of $718 million in cash to settle the remaining 2014 Notes. In connection therewith, we incurred an additional aggregate $8 million of mark-to-market and settlement losses for the 2014 Notes.

Cash Repurchases: In January 2014, we repurchased $164 million in aggregate principal amount of our 2031B Notes, 2032C Notes and 2032D Notes (collectively, the "Repurchased Notes") in privately-negotiated transactions for an aggregate of $407 million in cash. The liability and equity components of the Repurchased Notes had previously been stated separately within debt and additional capital in our consolidated balance sheet. As a result, our accounting for the Repurchased Notes reduced a component of debt and a component of equity. In connection with the Repurchased Notes, we recognized a loss of $11 million (based on Level 2 fair value measurements), which is included in other non-operating expense in the second quarter of 2014. The table below summarizes activity in the second quarter of 2014 with respect to Repurchased Notes:

	Principal Amount	Carrying Value of Debt	Equity
2031B Notes	$ 26	$ 19	$ 43
2032C Notes	100	85	159
2032D Notes	38	31	60
	$ 164	$ 135	$ 262

Issuance of Non-Convertible Notes*:* On February 5, 2014, we issued $600 million in principal amount of 5.875% Senior Notes due February 2022 (the "2022 Notes"). Issuance costs for the 2022 Notes totaled $14 million.

The 2022 Notes contain covenants that, among other things, limit, in certain circumstances, our ability and/or the ability of our domestic restricted subsidiaries (which are generally subsidiaries in the U.S. in which we own at least 80% of the voting stock) to (1) create or incur certain liens and enter into sale and lease-back transactions, (2) create, assume, incur or guarantee certain additional secured indebtedness and unsecured indebtedness of certain of our domestic restricted subsidiaries, and (3) consolidate with or merge with or into, or convey, transfer or lease all or substantially all of our assets, to another entity. These covenants are subject to a number of limitations, exceptions and qualifications.

Cash Redemption at Our Option: Prior to February 15, 2017, we may redeem the 2022 Notes, in whole or in part, at a price equal to the principal amount of the 2022 Notes to be redeemed plus a make-whole premium as described in the indenture governing the 2022 Notes, together with accrued and unpaid interest. Additionally, we may use the net cash proceeds of one or more equity offerings to redeem up to 35% of the aggregate principal amount of the 2022 Notes at a price equal to 105.875% of the principal amount together with accrued and unpaid interest. On or after February 15, 2017, we may redeem the 2022 Notes, in whole or in part, at prices above principal amount that decline over time, as specified in the indenture, together with accrued and unpaid interest.

Elpida Creditor Installment Payments

In October 2013, we made the first Elpida creditor installment payment of $534 million from funds that had been held in a current restricted cash account since the acquisition date. The remaining payments are due at the end of each calendar year from 2014 through 2019.

2043G Notes

In connection with the Exchange Transactions, on November 12, 2013, we issued $1,025 million principal amount of 2043G Convertible Senior Notes (the "2043G Notes"). Each $1,000 principal amount at maturity had an original issue price of $800. An amount equal to the difference between the original issue price and the principal amount at maturity will accrete in accordance with a schedule set forth in the indenture. The initial conversion rate for the 2043G Notes is 34.2936 shares of common stock per $1,000 principal amount at maturity, equivalent to an initial conversion price of approximately $29.16 per share of common stock.

Upon issuance of the 2043G Notes, we recorded $627 million of debt, $173 million of additional capital and $5 million of deferred debt issuance costs (included in other noncurrent assets). The amount recorded as debt was based on the fair value of the debt component as a standalone instrument and was determined using an average interest rate for similar nonconvertible debt issued by entities with credit ratings comparable to ours at the time of issuance (Level 2 fair value measurements). We recorded a debt discount of $398 million for the difference between the debt recorded at inception and the principal amount at maturity. Holders of the 2043G Notes have the right to require us to repurchase all or a portion of their notes on November 15, 2028 at the accreted principal amount, which is scheduled to be $917 million at such date. We have the option to pay cash, issue shares of common stock or any combination thereof, for the aggregate amount due upon conversion. It is our current intent to settle in cash the principal amount of the 2043G Notes upon conversion. As a result, the dilutive effect of the 2043G Notes in earnings per share is computed under the treasury stock method.

Conversion Rights: Holders may convert their 2043G Notes under the following circumstances: (1) if the 2043G Notes are called for redemption; (2) during any calendar quarter if 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 (approximately $37.91 per share) of the 2043G Notes; (3) if the trading price of the 2043G Notes is less than 98% of the product of the closing price of our common stock and the conversion rate of the 2043G Notes during the periods specified in the indenture; (4) if specified distributions or corporate events occur, as set forth in the indenture; or (5) at any time after August 15, 2043.

Cash Redemption at Our Option: Prior to November 20, 2018, we may redeem for cash the 2043G Notes if the closing price of our common stock is more than 130% of the conversion price for at least 20 trading days in the 30 consecutive trading days ending within five trading days prior to the date on which we provide notice of redemption. The redemption price would equal the principal amount at maturity plus accrued and unpaid interest. On or after November 20, 2018, we may redeem for cash the 2043G Notes without regard to the closing price of our common stock. The redemption price would equal the accreted principal amount plus accrued and unpaid interest. If we redeem the 2043G Notes prior to November 20, 2018, we are required to pay in cash a make-whole premium as specified in the indenture.

Cash Repurchase at the Option of the Holder: Holders of the 2043G Notes may require us to repurchase for cash all or a portion of the 2043G Notes on November 15, 2028. The repurchase price is equal to the accreted principal amount at such date plus accrued and unpaid interest. Holders of the 2043G Notes may also require us to repurchase for cash all or a portion of their 2043G Notes at a repurchase price equal to the accreted principal amount plus accrued and unpaid interest upon a change in control or a termination of trading, as defined in the indenture.

2019 Notes

On December 20, 2013, we issued $462 million in principal amount of 1.258% Secured Notes due January 2019 (the "2019 Notes"). The 2019 Notes mature on January 15, 2019 and are collateralized by certain equipment which had a carrying value of $240 million as of February 27, 2014. The principal amount of the 2019 Notes is payable in 10 consecutive semi-annual installments payable in January and July of each year, commencing in July 2014. The Export-Import Bank of the United States ("Ex-Im Bank") guaranteed payment of all regularly scheduled installment payments of principal of, and interest on, the 2019 Notes. We paid $23 million to Ex-Im Bank for its guarantee upon issuance of the 2019 Notes.

The 2019 Notes contains covenants which are customary for financings of this type, including negative covenants that limit or restrict our ability to create liens or dispose of the equipment securing the 2019 Notes. Events of default also include, among others, the occurrence of any event or circumstance that, in the reasonable judgment of Ex-Im Bank, is likely materially and adversely to affect our ability to perform any payment obligation, or any of our other material obligations under the indenture, the 2019 Notes or under any other related transaction documents to which Ex-Im Bank is a party.

Cash Redemption at Our Option: At any time prior to the maturity date of the 2019 Notes, we may redeem the 2019 Notes, in whole or in part, at a price equal to the principal amount of the 2019 Notes to be redeemed plus a make-whole premium as described in the indenture, together with accrued and unpaid interest.

Other Notes Payable

On February 27, 2014, in connection with our acquisition of an additional 9.87% interest in MMT, we recorded a $127 million note payable to the seller in monthly installments, without interest, from March 2014 through December 2014.

Convertible Notes With Debt and Equity Components

Accounting standards for convertible debt instruments that may be fully or partially settled in cash upon conversion require the debt and equity components to be separately accounted for in a manner that reflects a nonconvertible borrowing rate when interest expense is recognized in subsequent periods. The amount initially recorded as debt is based on the fair value of the debt component as a standalone instrument, determined using an average interest rate for similar nonconvertible debt issued by entities credit ratings similar to ours at the time of issuance. The difference between the debt recorded at inception and its principal amount is accreted to principal through interest expense through the estimated life of the note.

The terms of certain of our convertible notes give holders the right to require us to repurchase all or a portion of their notes at a date or dates earlier than the contractual maturity of the notes or upon the occurrence of certain events or circumstances. In these cases, we amortize any initial debt discount or imputed interest over the period from issuance of the notes through the earliest date that holders can require us to repurchase all or a portion of their notes. As a result, the period of amortization can be significantly shorter than the contractual maturity. (See "Holder Put Date" in the table below.)

As of February 27, 2014, the trading price of our common stock was higher than the initial conversion prices of all of our outstanding convertible notes, except for the 2043G Notes. As a result, the conversion values were in excess of principal amounts for such notes. The following table sets forth, as of February 27, 2014, a summary of certain features of our convertible notes:

	Holder Put Date	Outstanding Principal	Shares Issuable Upon Conversion	Initial Conversion Price Per Share	Conversion Price Per Share Threshold[1]	Conversion Value in Excess of Principal[2]
2031B Notes	August 2020	$ 114	12	$ 9.50	$ 12.35	$ 176
2032C Notes	May 2019	450	47	9.63	12.52	681
2032D Notes	May 2021	412	41	9.98	12.97	587
2033E Notes	February 2018	300	27	10.93	14.21	364
2033F Notes	February 2020	300	27	10.93	14.21	364
2043G Notes[3]	November 2028	1,025	35	29.16	37.91	—
		$ 2,601	189			$ 2,172

(1) *Holders have the right to convert all or a portion of their notes at a date or dates earlier than 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 initial conversion price.*

(2) *Based on our closing share price of $24.19 as of February 27, 2014.*

(3) *The original principal amount of $820 million accretes up to $917 million in November 2028 and $1,025 million at maturity in 2043.*

Contractual Maturities

The table below sets forth the contractual maturities of the Elpida creditor installment payments, convertible notes and other notes payable as of February 27, 2014:

Remainder of 2014	$ 883
2015	515
2016	441
2017	410
2018	609
2019 and thereafter	3,443
Discounts	(800)
	$ 5,501

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 balance sheet date, 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.

Rambus

On May 5, 2004, Rambus, Inc. ("Rambus") filed a complaint in the Superior Court of the State of California (San Francisco County) against us and other DRAM suppliers which alleged that the defendants harmed Rambus by engaging in concerted and unlawful efforts affecting Rambus DRAM by eliminating competition and stifling innovation in the market for computer memory technology and computer memory chips. Rambus' complaint alleged various causes of action under California state law including, among other things, a conspiracy to restrict output and fix prices, a conspiracy to monopolize, intentional interference with prospective economic advantage, and unfair competition. Rambus sought a judgment for damages of approximately $3.9 billion, joint and several liability, trebling of damages awarded, punitive damages, a permanent injunction enjoining the defendants from the conduct alleged in the complaint, interest, and attorneys' fees and costs. Trial began on June 20, 2011, and the case went to the jury on September 21, 2011. On November 16, 2011, the jury found for us on all claims. On April 2, 2012, Rambus filed a notice of appeal to the California 1st District Court of Appeal.

We were engaged in litigation with Rambus relating to certain of Rambus' patents and certain of our claims and defenses. Our lawsuits with Rambus related to patent matters were pending in the U.S. District Court for the District of Delaware, U.S. District Court for the Northern District of California, Germany, France, and Italy.

In December 2013, we settled all pending litigation between us and Rambus, including all antitrust and patent matters. We also entered into a 7-year term patent cross-license agreement with Rambus that allows us to avoid costs of patent-related litigation during the term. We agreed to pay Rambus up to $10 million per quarter over seven years, for a total of $280 million, beginning in the second quarter of 2014. The primary benefits we received from these arrangements were (1) the settlement and termination of all existing litigation, (2) the avoidance of future litigation expenses and (3) the avoidance of future management and customer disruptions. As a result, other operating expense for the first quarter of 2014 included a $233 million charge to accrue a liability, which reflects the discounted value of amounts due under this arrangement.

Patent Matters

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

On September 1, 2011, HSM Portfolio LLC and Technology Properties Limited LLC filed a patent infringement action in the U.S. District Court for the District of Delaware against us and seventeen other defendants, including Elpida Memory, Inc. and Elpida Memory (USA) Inc. (collectively “Elpida”). On August 22, 2013, the plaintiffs filed a third amended complaint. The third amended complaint alleges that certain of our DRAM and image sensor products infringe four U.S. patents and that certain Elpida DRAM products infringe two U.S. patents and seeks damages, attorneys' fees, and costs. Trial currently is scheduled for February 8, 2016. On March 23, 2012, Elpida filed a Notice of Filing and Hearing on Petition Under Chapter 15 of the U.S. Bankruptcy Code and Issuance of Provisional Relief that included an order of the U.S. Bankruptcy Court for the District of Delaware staying judicial proceedings against Elpida. Accordingly, the plaintiffs' case against Elpida is stayed.

On December 5, 2011, the Board of Trustees for the University of Illinois (the "University") filed a patent infringement action against us in the U.S. District Court for the Central District of Illinois. The complaint alleges that unspecified semiconductor products of ours infringe three U.S. patents and seeks injunctive relief, damages, attorneys' fees, and costs. We have filed three petitions for *inter-partes* review by the Patent and Trademark Office, challenging the validity of each of the patents in suit. The Patent Trial and Appeal Board (“PTAB”) held a hearing in connection with the three petitions on December 9, 2013. On March 10, 2014, the PTAB issued written decisions finding that each and every claim in the three patents in suit is invalid, and cancelled all claims. The University has a right to appeal the PTAB rulings to the U.S. Court of Appeals for the Federal Circuit.

On April 27, 2012, Semcon Tech, LLC filed a patent infringement action against us in the U.S. District Court for the District of Delaware. The complaint alleges that our use of various chemical mechanical planarization systems purchased from Applied Materials and others infringes a single U.S. patent and seeks injunctive relief, damages, attorneys' fees, and costs. On September 24, 2013, the Court entered an order staying our case pending the resolution of co-pending cases brought by Semcon Tech, LLC against Applied Materials and Ebara Technologies, Inc. Subsequently these cases were resolved, and on February 21, 2014, the Court lifted the stay of the case against us. Trial currently is for August 21, 2015.

On December 7, 2007, Tessera, Inc. filed a patent infringement against Elpida Memory, Inc., Elpida Memory (USA) Inc. (collectively "Elpida"), and numerous other defendants, in the United States District Court for the Eastern District of Texas. The complaint alleges that certain Elpida products infringe four U.S. patents and seeks injunctive relief, damages, attorneys' fees, and costs. Prior to answering the complaint, Elpida and other defendants filed motions to stay the case pending final resolution of a case before the International Trade Commission ("ITC") against Elpida and other respondents, alleging infringement of the same patents asserted in the Eastern District of Texas case (In The Matter of Certain Semiconductor Chips with Minimized Chip Package Size and Products Containing Same (III), ITC No. 337-TA-630 (the "ITC Action")). On February 25, 2008, the Eastern District of Texas Court granted the defendants' motion to stay the action. On December 29, 2009, the ITC issued a Notice of Final Determination in the ITC Action finding no violation by Elpida. Tessera Inc. subsequently appealed the matter to the U.S. Court of Appeals for the Federal Circuit. On May 23, 2011, the Federal Circuit affirmed the ITC's Final Determination. The Eastern District of Texas case currently remains stayed.

Among other things, the above lawsuits pertain to certain of our DDR, DDR2, DDR3, SDR SDRAM, PSRAM, RLDRAM, LPSDR, NAND Flash, image sensor products 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 court determination that our products or manufacturing processes infringe the intellectual property rights of others could result in significant liability and/or require us to make material changes to our products and/or manufacturing processes. Any of the foregoing could have a material adverse effect on our business, results of operations or financial condition.

Antitrust Matters

At least sixty-eight purported class action price-fixing lawsuits have been filed against us and other DRAM suppliers in various federal and state courts in the United States and in Puerto Rico on behalf of indirect purchasers alleging a conspiracy to increase DRAM prices in violation of federal and state antitrust laws and state unfair competition law, and/or unjust enrichment relating to the sale and pricing of DRAM products during the period from April 1999 through at least June 2002. The complaints seek joint and several damages, trebled, in addition to restitution, costs and attorneys' fees. A number of these cases were removed to federal court and transferred to the U.S. District Court for the Northern District of California for consolidated pre-trial proceedings. In July, 2006, the Attorneys General for approximately forty U.S. states and territories filed suit in the U.S. District Court for the Northern District of California. The complaints allege, among other things, violations of the Sherman Act, Cartwright Act, and certain other states' consumer protection and antitrust laws and seek joint and several damages, trebled, as well as injunctive and other relief. On October 3, 2008, the California Attorney General filed a similar lawsuit in California Superior Court, purportedly on behalf of local California government entities, alleging, among other things, violations of the Cartwright Act and state unfair competition law. On June 23, 2010, we executed a settlement agreement resolving these purported class-action indirect purchaser cases and the pending cases of the Attorneys General relating to alleged DRAM price-fixing in the United States. Subject to certain conditions, including final court approval of the class settlements, we agreed to pay approximately $67 million in aggregate in three equal installments over a two-year period. We paid the full amount into an escrow account by the end of the first quarter of 2013 in accordance with the settlement agreement.

On June 21, 2010, the Brazil Secretariat of Economic Law of the Ministry of Justice ("SDE") announced that it had initiated an investigation relating to alleged anticompetitive activities within the DRAM industry. The SDE's Notice of Investigation names various DRAM manufacturers and certain executives, including us, and focuses on the period from July 1998 to June 2002.

We are unable to predict the outcome of these matters and therefore cannot estimate the range of possible loss, except as noted in the above discussion of the U.S. indirect purchaser cases. The final resolution of these alleged violations of antitrust laws could result in significant liability and could have a material adverse effect on our business, results of operations or financial condition.

Securities Matters

On July 12, 2013, seven former shareholders of Elpida Memory, Inc. ("Elpida") filed a complaint against Messrs. Sakamoto, Adachi, Gomi, Shirai, Tsay-Jiu, Wataki, Kinoshita, and Takahasi in their capacity as members of the board of directors of Elpida as of February 2013. The complaint alleges that the defendants engaged in various acts and misrepresentations to hide the financial condition of Elpida and deceive shareholders prior to Elpida filing a petition for corporate reorganization on February 27, 2013. The plaintiffs seek joint and several damages equal to the market value of shares owned by each of the plaintiffs on February 23, 2013, along with attorneys' fees and interest. At a hearing on September 25, 2013, the plaintiffs withdrew the complaint against Mr. Tsay-Jiu.

We are unable to predict the outcome of this matter and therefore cannot estimate the range of possible loss. The final resolution of this matter could result in significant liability and 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 AG ("Qimonda") insolvency proceedings, filed suit against Micron Technology, Inc. ("Micron Technology") 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") and seeks an order requiring us to retransfer 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: (i) ordering Micron B.V. to pay approximately $1 million in respect of certain Inotera shares sold in connection with the original share purchase; (ii) ordering Micron B.V. to disclose certain information with respect to any Inotera Shares sold by it to third parties; (iii) 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; (iv) denying Qimonda's claims against Micron Technology for any damages relating to the joint venture relationship with Inotera; and (v) determining that Qimonda's obligations under the patent cross-license agreement are cancelled. In addition, the Court issued interlocutory judgments ordering, among other things: (i) 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 (ii) 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. All of these judgments are immediately appealable, and we have until April 28, 2014 to file a notice of appeal.

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 equivalent 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 February 27, 2014, the Inotera Shares had a carrying value for purposes of our financial reporting of $312 million and a market value of $1,002 million.

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 of the 2031B and 2033E and 2033F Notes, upon conversion, we would be required to pay cash equal to the lesser of (1) the aggregate principal amount or (2) the conversion value of the notes being converted (we could pay cash, shares of common stock or a combination thereof, at our option, for the remainder, if any, of our conversion obligation). Therefore, the 2031B, 2033E and 2033F Notes were classified as current debt. Since these notes were convertible at the option of the holder and the principal amount of any converted notes would be required to be paid in cash, the aggregate difference of $91 million between the principal amount and the carrying value was classified as redeemable convertible notes in the mezzanine section of the accompanying consolidated balance sheet as of February 27, 2014.

Equity

Changes in the components of equity were as follows:

	Six Months Ended February 27, 2014			Six Months Ended February 28, 2013		
	Attributable to Micron	Noncontrolling Interests	Total Equity	Attributable to Micron	Noncontrolling Interests	Total Equity
Beginning balance	$ 9,142	$ 864	$ 10,006	$ 7,700	$ 717	$ 8,417
Net income (loss)	1,089	33	1,122	(561)	2	(559)
Other comprehensive income (loss)	(4)	—	(4)	(1)	—	(1)
Comprehensive income (loss)	1,085	33	1,118	(562)	2	(560)
Contribution from noncontrolling interests	—	49	49	—	10	10
Distributions to noncontrolling interests	—	(19)	(19)	—	—	—
Acquisition of noncontrolling interests in MMT	31	(167)	(136)	—	—	—
Capital and other transactions attributable to Micron	(974)	—	(974)	93	—	93
Ending balance	$ 9,284	$ 760	$ 10,044	$ 7,231	$ 729	$ 7,960

Micron Shareholders' Equity

Capped Calls

Issued and Outstanding Capped Calls: We have entered into a series of capped call transactions intended to reduce the effect of potential dilution upon conversion of our convertible notes which may be settled in shares or cash, at our election. The capped call transactions are considered capital transactions and the related cost was recorded as a charge to additional capital.

The following table presents information related to the issued and outstanding capped calls as of February 27, 2014.

Capped Calls	Expiration Dates		Strike Price[1]	Cap Price Range		Common Shares Covered	Value at Expiration[2]	
				Low	High		Minimum	Maximum
2031	Jul 2014	- Feb 2016	$ 9.50	$ 11.40	$ 13.17	73	$ —	$ 207
2032C	May 2016	- Nov 2017	9.80	14.26	15.69	56	—	307
2032D	Nov 2016	- May 2018	10.16	14.62	16.04	44	—	244
2033E	Jan 2018	- Feb 2018	10.93	14.51	14.51	27	—	98
2033F	Jan 2020	- Feb 2020	10.93	14.51	14.51	27	—	98
						227	$ —	$ 954

(1) *Initial strike prices are subject to certain adjustments.*

(2) *Settlement in cash on the respective expiration dates would result in us receiving an amount ranging from zero, if the market price per share of our common stock is at or below the respective low strike price, to the respective maximum amount if the market price per share of our common stock is at or above the respective high cap price. If share settlement were elected, the number of shares repurchased would be determined by the value of the capped calls at the time of settlement divided by the share price on the settlement date. Settlement of the capped calls prior to the expiration dates may be for an amount less than the maximum value at expiration.*

Accumulated Other Comprehensive Income (Loss)

The changes in accumulated other comprehensive income (loss) by component in the first six months of 2014 were as follows:

	Cumulative Foreign Currency Translation Adjustments	Gains (Losses) on Derivative Instruments, Net	Gains (Losses) on Investments, Net	Pension Liability Adjustments	Total
August 29, 2013	$ 44	$ 21	$ —	$ (2)	$ 63
Other comprehensive income before reclassifications	(4)	(2)	4	1	(1)
Amount reclassified out of accumulated other comprehensive income	—	(1)	(2)	1	(2)
Tax effects	—	(1)	—	—	(1)
Other comprehensive income (loss)	(4)	(4)	2	2	(4)
February 27, 2014	$ 40	$ 17	$ 2	$ —	$ 59

Noncontrolling Interests in Subsidiaries

As of	February 27, 2014		August 29, 2013	
	Noncontrolling Interest Balance	Noncontrolling Interest Percentage	Noncontrolling Interest Balance	Noncontrolling Interest Percentage
IMFT[1]	$ 640	49.00%	$ 601	49.00%
MP Mask[1]	93	49.99%	92	49.99%
MMT	21	1.24%	155	11.11%
Other	6	Various	16	Various
	$ 760		$ 864	

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

IMFT

Since its inception in 2006 through February 27, 2014, we have owned 51% of IMFT, a venture between us and Intel to manufacture NAND Flash memory products and certain emerging memory technologies, for the exclusive use of the members. IMFT is governed by a Board of Managers and the number of managers appointed by each member to the board varies based on the members' respective ownership interests, which is based on cumulative contributions to IMFT. The IMFT joint venture agreement extends through 2024 and includes certain buy-sell rights, commencing in 2015, pursuant to which Intel may elect to sell to us, or we may elect to purchase from Intel, Intel's interest in IMFT. If Intel elects to sell to us, we would set the closing date of the transaction within two years following such election and could elect to receive financing of the purchase price from Intel for one to two years from the closing date.

IMFT manufactures NAND Flash memory products using designs and technology we develop with Intel. We generally share with Intel the cost of product design, other NAND Flash R&D costs and R&D cost of certain emerging memory technologies. Our R&D expenses were reduced by reimbursements from Intel of $35 million and $64 million for the second quarter and first six months of 2014, respectively, and $34 million and $66 million for the second quarter and first six months of 2013, respectively.

We sell a portion of our products to Intel through our IMFT joint venture at long-term negotiated prices approximating cost. Sales of NAND Flash products to Intel under this arrangement were $104 million and $205 million for the second quarter and first six months of 2014, respectively, and $91 million and $190 million for the second quarter and first six months of 2013, respectively. Receivables from Intel for IMFT sales of NAND Flash products as of February 27, 2014 and August 29, 2013, were $62 million and $68 million, respectively.

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

As of	February 27, 2014	August 29, 2013
Assets		
Cash and equivalents	$ 112	$ 62
Receivables	70	76
Inventories	47	49
Other current assets	5	4
Total current assets	234	191
Property, plant and equipment, net	1,348	1,382
Other noncurrent assets	42	46
Total assets	$ 1,624	$ 1,619
Liabilities		
Accounts payable and accrued expenses	$ 93	$ 88
Deferred income	8	9
Equipment purchase contracts	11	78
Current debt	6	6
Total current liabilities	118	181
Long-term debt	10	13
Other noncurrent liabilities	114	118
Total liabilities	$ 242	$ 312

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

Our ability to access IMFT's cash and other assets through cash dividends, loans or advances, including to finance our other operations, is subject to agreement by Intel. Creditors of IMFT have recourse only to its 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:

	Quarter Ended		Six Months Ended	
	February 27, 2014	February 28, 2013	February 27, 2014	February 28, 2013
IMFT distributions to Micron	$ 10	$ —	$ 10	$ —
IMFT distributions to Intel	10	—	10	—
Micron contributions to IMFT	—	10	51	10
Intel contributions to IMFT	—	10	49	10

MP Mask

In 2006, we formed a joint venture with Photronics to produce photomasks for leading-edge and advanced next generation semiconductors. At inception and through February 27, 2014, we owned 50.01% and Photronics owned 49.99% of MP Mask. In connection with the formation of the joint venture, we received $72 million in 2006 in exchange for entering into a license agreement with Photronics, which is being recognized over the term of the 10-year agreement. Deferred income and other noncurrent liabilities included an aggregate of $16 million and $19 million as of February 27, 2014 and August 29, 2013, respectively, related to this agreement. We purchase a substantial majority of the reticles produced by MP Mask pursuant to a supply arrangement.

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

As of	February 27, 2014	August 29, 2013
Current assets	$ 37	$ 26
Noncurrent assets (primarily property, plant and equipment)	209	182
Current liabilities	40	25

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

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

MMT

As a result of the acquisition of Elpida and MMT on July 31, 2013, noncontrolling interests in subsidiaries in our consolidated balance sheet included an approximate 11.11% ownership interest in MMT. In the second quarter of 2014, we purchased an additional 9.87% of MMT's outstanding common stock for $136 million. The purchase of substantially all of the shares was financed with a short-term loan from a seller. (See "Debt – Other Notes Payable" note.) As a result of the purchase of MMT shares, noncontrolling interest decreased by $167 million and additional capital increased by $31 million in the second quarter of 2014.

Derivative Instruments

We use derivative instruments to manage a portion of our exposure to changes in currency exchange rates and variable interest rates. We also have convertible note settlement obligations which became 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: We use derivative instruments to manage a portion of our exposure to changes in currency exchange rates from our monetary assets and liabilities. Our primary objective in entering into currency derivatives is to reduce the volatility that changes in currency exchange rates have on our earnings.

To hedge our exposures to monetary assets and liabilities, 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 held or 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). In connection with the currency exchange rate risk associated with our acquisition of Elpida and the MMT shares in July 2013, we entered into currency exchange transactions (the "Elpida Acquisition Hedges"). The Elpida Acquisition Hedges were not designated for hedge accounting and were remeasured at fair value each period. We recorded losses from the Elpida Acquisition Hedges of $120 million and $178 million in the second quarter and first six months of 2013, respectively. To mitigate the risk that increases in exchange rates have on Elpida 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.

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).

Interest Rate Swaps: We are party to interest rate swap contracts that mature in August 2017 to hedge against the variability of future interest payments due on floating-rate debt, which effectively converts the floating-rate debt to fixed-rate debt. Our primary objective of entering into interest rate swap contracts is to reduce the volatility that changes in interest rates on floating-rate debt have on interest expense. As of February 27, 2014, the principle balance on the floating-rate debt was $273 million. We designated 80% of the swaps as cash flow hedges and the remaining 20% were not designated for hedge accounting treatment. The fair values of the interest rate swaps are calculated by discounting the expected future cash flows based on inputs that are readily available in publicly quoted markets (Level 2 fair value measurements). Changes in the fair value of the undesignated portion are included in interest expense.

Convertible Notes Settlement Obligations: In connection with our debt restructure activities in the first six months of 2014, our settlement obligations for the 2014 Notes, 2027 Notes and 2031A Notes became derivative instruments for an approximate 30-day period ending on their respective settlement dates. The settlement dates varied through the first, second and third quarters of 2014. The fair values of the underlying conversion options were initially determined using the Black-Scholes option valuation model (Level 2 fair value measurements). The Black-Scholes model requires the input of assumptions, including the stock price, expected stock-price volatility, estimated option life, risk-free interest rate and dividend rate. Subsequent measurements of our convertible notes settlement obligations were based on the volume-weighted-average stock price (Level 1 fair value measurements). Changes in fair values of the derivative settlement obligations were included in other non-operating income (expense).

Total gross notional amounts and fair values for derivative instruments without hedge accounting designation were as follows:

	Notional Amount[1]	Fair Value of			
		Current Assets[2]	Noncurrent Assets[3]	(Current Liabilities)[4]	(Noncurrent Liabilities)[5]
As of February 27, 2014					
Currency forward contracts:					
Yen	$ 321	$ —	$ —	$ (6)	$ (3)
Singapore dollar	321	1	—	—	—
Shekel	66	—	—	—	—
Euro	8	—	—	—	—
Interest rate swap contracts	55	—	—	—	—
	$ 771				
Convertible notes settlement obligations	26	—	—	(265)	—
		$ 1	$ —	$ (271)	$ (3)
As of August 29, 2013					
Currency forward contracts:					
Yen	$ 336	$ 1	$ 3	$ —	$ —
Singapore dollar	218	—	—	—	—
Shekel	78	—	—	(1)	—
Euro	217	1	—	(1)	—
Interest rate swap contracts	62	—	—	—	—
Currency options – New Taiwan dollar	351	—	—	—	—
	$ 1,262	$ 2	$ 3	$ (2)	$ —

(1) *Notional amounts of forward, option and interest rate swap contracts in U.S. dollars and convertible notes settlement obligations in millions of shares.*
(2) *Included in receivables – other.*
(3) *Included in other noncurrent assets.*
(4) *Included in accounts payable and accrued expenses – other for forward, option and interest rate swap contracts and in current debt for convertible notes settlement obligations.*
(5) *Included in other noncurrent liabilities.*

Net losses for derivative instruments without hedge accounting designation were as follows:

	Quarter Ended		Six Months Ended		
	February 27, 2014	February 28, 2013	February 27, 2014	February 28, 2013	Location
Convertible notes settlement obligations	$ (15)	$ —	$ (52)	$ —	Other non-operating income (expense)
Foreign exchange contracts	(7)	(122)	(21)	(173)	Other non-operating income (expense)

Derivative Instruments with Cash Flow Hedge Accounting Designation

Currency Derivatives: We utilize currency forward contracts that generally mature within 12 months and currency options that generally mature from 12 to 18 months to hedge our exposure to changes in cash flows from changes in currency exchange rates for certain capital expenditures and forecasted operating cash flows. Currency forward contracts are valued at their fair values based on market-based observable inputs including currency exchange spot and forward rates, interest rate and credit risk spread (Level 2 fair value measurements). Currency options are valued at their fair value using a modified Black-Scholes option valuation model using inputs of the current spot rate, strike price, risk-free interest rate, maturity, volatility and credit-risk spread (Level 2 fair value measurements).

Interest Rate Swaps: As noted above in "Derivative Instruments without Hedge Designation – Interest Rate Swaps," we are party to interest rate swap contracts that mature in August 2017 to hedge against the variability in future interest payments due on $273 million of floating-rate debt and we designated 80% of the swaps as cash flow hedges.

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). For derivative instruments designated as cash flow hedges, the amounts in accumulated other comprehensive income (loss) are reclassified into earnings in the same line items of the consolidated statements of operation 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). Total gross notional amounts and fair values for derivative instruments with cash flow hedge accounting designation were as follows:

	Notional Amount (in U.S. Dollars)	Fair Value of Current Liabilities [1]
As of February 27, 2014		
Currency forward contracts:		
Euro	$ 2	$ —
Yen	8	(1)
Currency options – Yen	3	—
Interest swap contracts	218	(1)
	$ 231	$ (2)
As of August 29, 2013		
Currency forward contracts:		
Yen	$ 6	$ (1)
Euro	6	—
Currency options – Yen	21	(2)
Interest swap contracts	250	—
	$ 283	$ (3)

[1] *Included in accounts payable and accrued expenses – other.*

For the first six months of 2014, we recognized $2 million of net pre-tax losses in accumulated other comprehensive income (loss) from the effective portion of cash flow hedges. For the second quarter and first six months of 2013, we recognized $6 million and $10 million, respectively, of net pre-tax losses in accumulated other comprehensive income (loss) from the effective portion of cash flow hedges. The ineffective and excluded portions of cash flow hedges recognized in other non-operating income (expense) were not significant for the second quarters and first six months of 2014 and 2013. The amounts reclassified from accumulated other comprehensive income (loss) for the second quarters and first six months of 2014 and 2013 were not significant. As of February 27, 2014, the amount of pre-tax net cash flow hedge gains included in accumulated other comprehensive income (loss) expected to be reclassified into earnings in the next 12 months was $7 million.

Derivative Counterparty Credit Risk and Master Netting Arrangements

Our derivative instruments expose us to credit risk to the extent the counterparties may be unable to meet the terms of the derivative instrument. As of February 27, 2014, our maximum exposure to loss due to credit risk if counterparties fail completely to perform according to the terms of the contracts was generally equal to the fair value of our assets for these contracts as listed in the tables below. We seek to mitigate such risk by limiting our counterparties to major financial institutions and by spreading risk across multiple major financial institutions. In addition, we monitor the potential risk of loss with any one counterparty resulting from this type of credit risk on an ongoing basis.

We also seek to enter into master netting arrangements with our counterparties to mitigate credit risk in derivative hedge transactions. These master netting arrangements allow us and our counterparties to net settle amounts owed to each other. Derivative assets and liabilities that can be net settled under these arrangements have been presented in our consolidated balance sheet on a net basis. As of February 27, 2014, amounts netted were not significant.

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).

Fair Value Measurements on a Recurring Basis

All marketable debt and equity investments are classified as available-for-sale and are carried at fair value. Assets measured at fair value on a recurring basis were as follows:

As of	February 27, 2014				August 29, 2013			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Cash equivalents:								
Money market funds	$ 1,137	$ —	$ —	$ 1,137	$ 1,188	$ —	$ —	$ 1,188
Certificates of deposit	—	81	—	81	—	38	—	38
Government securities	—	5	—	5	—	—	—	—
Commercial paper	—	—	—	—	—	35	—	35
	1,137	86	—	1,223	1,188	73	—	1,261
Short-term investments:								
Corporate bonds	—	124	—	124	—	112	—	112
Government securities	—	39	—	39	—	72	—	72
Commercial paper	—	23	—	23	—	26	—	26
Certificates of deposit	—	10	—	10	—	9	—	9
Asset-backed securities	—	3	—	3	—	2	—	2
	—	199	—	199	—	221	—	221
Long-term marketable investments:								
Corporate bonds	—	332	—	332	—	302	—	302
Asset-backed securities	—	120	—	120	—	95	—	95
Government securities	—	97	—	97	—	96	—	96
Certificates of deposit	—	2	—	2	—	—	—	—
Marketable equity securities	1	—	—	1	6	—	—	6
	1	551	—	552	6	493	—	499
Restricted cash:								
Certificates of deposit	—	7	—	7	—	302	—	302
	—	7	—	7	—	302	—	302
	$ 1,138	$ 843	$ —	$ 1,981	$ 1,194	$ 1,089	$ —	$ 2,283

Government securities consist of securities issued directly by or deemed to be guaranteed by government entities such as U.S. and non U.S. agency securities, government bonds and treasury securities. Level 2 securities are valued 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 our pricing services. As of February 27, 2014, no adjustments were made to such pricing information.

Fair Value Measurements on a Nonrecurring Basis

In connection with the Exchange Transactions, we determined the fair value for the debt component of the Exchanged Notes as if it were a stand-alone instrument using an interest rate for similar nonconvertible debt issued by entities with credit ratings comparable to ours at the time of issuance.

In connection with the debt conversions and settlements in the first and second quarters of 2014, substantially all of the holders elected to convert their then outstanding 2014, 2031A and 2027 Notes. As a result of our elections to settle the conversion amounts in cash, each of the settlement obligations became derivative debt liabilities subject to mark-to-market accounting treatment for a period of approximately 30 days beginning on the date we notified the holder of our intention to settle the obligation in cash through the settlement date. The fair values of the underlying derivative settlement obligations were initially determined using the Black-Scholes option valuation model (Level 2 fair value measurements). The Black-Scholes model requires the input of assumptions, including the stock price, expected stock-price volatility, estimated option life, risk-free interest rate and dividend rate. The subsequent measurements and final settlement amounts of our convertible notes settlement obligations were based on the value-weighted average stock price (Level 1 fair value measurements). Changes in fair values of the derivative settlement obligations were included in other non-operating income (expense), net.

Fair Value of Financial Instruments

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 components of our convertible notes classified in equity) were as follows:

As of	February 27, 2014		August 29, 2013	
	Fair Value	Carrying Value	Fair Value	Carrying Value
Convertible notes	$ 5,693	$ 2,658	$ 4,167	$ 2,506
Elpida creditor installment payments and other notes	2,907	2,843	2,269	2,279

The fair values of our convertible debt instruments were determined based on inputs that are observable in the market or that could be derived from, or corroborated with, observable market data, including 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 are observable in the market or that could be derived from, or corroborated with, observable market data, including interest rates based on similar debt issued by parties with credit ratings similar to ours (Level 2).

Equity Plans

As of February 27, 2014, we had an aggregate of 123 million shares of common stock reserved for the issuance of stock options and restricted stock awards, of which 66 million shares were subject to outstanding awards and 57 million shares were available for future awards. Awards are subject to terms and conditions as determined by our Board of Directors.

Stock Options

We granted 9 million and 11 million stock options during the second quarter and first six months of 2014, respectively, with weighted-average grant-date fair values per share of $9.58 and $9.17, respectively. We granted 13 million and 17 million stock options during the second quarter and first six months of 2013, respectively, with weighted-average grant-date fair values per share of $3.35 and $3.27, respectively.

The fair values of option awards were estimated at each grant date using the Black-Scholes option valuation model. The Black-Scholes model requires the input of assumptions, including the expected stock-price volatility and estimated option life. The expected volatilities utilized were based on implied volatilities from traded options on our stock and on 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. Assumptions used in the Black-Scholes model are presented below:

	Quarter Ended		Six Months Ended	
	February 27, 2014	February 28, 2013	February 27, 2014	February 28, 2013
Average expected life in years	4.8	5.1	4.8	5.1
Weighted-average expected volatility	46%	59%	47%	60%
Weighted-average risk-free interest rate	1.6%	0.7%	1.6%	0.7%

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

As of February 27, 2014, there were 12 million shares of Restricted Stock Awards outstanding, of which 1 million were performance-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. For performance-based Restricted Stock Awards, vesting is contingent upon meeting certain performance goals. Restricted Stock Awards granted for the second quarters and first six months of 2014 and 2013 were as follows:

	Quarter Ended		Six Months Ended	
	February 27, 2014	February 28, 2013	February 27, 2014	February 28, 2013
Service-based awards in shares	4	3	5	5
Performance-based awards in shares	—	—	1	1
Weighted-average grant-date fair values per share	$ 23.24	$ 6.69	$ 21.22	$ 6.20

Stock-based Compensation Expense

	Quarter Ended		Six Months Ended	
	February 27, 2014	February 28, 2013	February 27, 2014	February 28, 2013
Stock-based compensation expense by caption:				
Cost of goods sold	$ 8	$ 7	$ 15	$ 13
Selling, general and administrative	13	9	24	18
Research and development	6	5	10	9
	$ 27	$ 21	$ 49	$ 40
Stock-based compensation expense by type of award:				
Stock options	$ 14	$ 14	$ 28	$ 27
Restricted stock awards	13	7	21	13
	$ 27	$ 21	$ 49	$ 40

As of February 27, 2014, $295 million of total unrecognized compensation costs, net of estimated forfeitures, related to non-vested awards was expected to be recognized through the second quarter of 2018, resulting in a weighted-average period of 1.5 years. Stock-based compensation expense in the above presentation does not reflect any significant income tax benefits, which is consistent with our treatment of income or loss from our U.S. operations. (See "Income Taxes" note.)

Restructure and Asset Impairments

	Quarter Ended		Six Months Ended	
	February 27, 2014	February 28, 2013	February 27, 2014	February 28, 2013
Loss (gain) on impairment of MIT assets	$ (5)	$ 62	$ (5)	$ 62
Gain on termination of lease to Transform	—	—	—	(25)
Other	17	(2)	14	2
	$ 12	$ 60	$ 9	$ 39

On May 3, 2013, we sold MIT, a wholly-owned subsidiary, including its 200mm wafer fabrication facility assets in Avezzano, Italy, to LFoundry. In exchange for the shares of MIT, we received consideration from LFoundry valued at $35 million, substantially all of which was under a 7-year, non-interest bearing term note. Under the terms of the agreements, we assigned to LFoundry our supply agreement with Aptina for CMOS image sensors manufactured at the Avezzano facility. In the second quarter of 2013, we recorded an impairment loss of $62 million to write down the assets and liabilities to their estimated fair values in connection with the sale of MIT.

Since the second quarter of 2010, we have held an equity method investment in Transform Solar Pty Ltd. ("Transform"), a developer, manufacturer and marketer of photovoltaic technology and solar panels. In May 2012, the Board of Directors of Transform approved a liquidation plan and in connection therewith, Transform terminated a lease to a portion of our manufacturing facilities in Boise, Idaho and we recognized a gain of $25 million in the first quarter of 2013.

Other Operating (Income) Expense, Net

	Quarter Ended		Six Months Ended	
	February 27, 2014	February 28, 2013	February 27, 2014	February 28, 2013
Rambus settlement	$ —	$ —	$ 233	$ —
(Gain) loss on disposition of property, plant and equipment	1	(10)	9	(15)
Other	—	2	(4)	(1)
	$ 1	$ (8)	$ 238	$ (16)

On December 9, 2013, we settled all pending litigation between us and Rambus, including all antitrust and patent matters. As a result, other operating expense for the first quarter of 2014 included a $233 million charge to accrue a liability, which reflects the discounted value of amounts due under this arrangement. (See "Contingencies" note.)

Other Non-Operating Income (Expense), Net

	Quarter Ended		Six Months Ended	
	February 27, 2014	February 28, 2013	February 27, 2014	February 28, 2013
Loss on restructure of debt	$ (80)	$ (31)	$ (155)	$ (31)
Adjustment to gain on acquisition of Elpida	(33)	—	(33)	—
Gain (loss) from changes in currency exchange rates	(14)	(127)	(20)	(186)
Other	5	(1)	6	(1)
	$ (122)	$ (159)	$ (202)	$ (218)

Loss on restructure of debt for the second quarter and first six months of 2014 resulted from a series of transactions with holders of our 2014 Notes, 2027 Notes, 2031A Notes, 2031B Notes, 2032C Notes and 2032D Notes. Loss on restructure of debt for the second quarter of 2013 included a $31 million charge associated with a cash repurchase of $464 million of aggregate principal amount of our 2014 Notes.

In the second quarter of 2014, the provisional amounts recorded in connection with our acquisition of Elpida were adjusted, primarily for pre-petition liabilities. As a result, other non-operating expense for the second quarter of 2014 includes these measurement period adjustments of $33 million. (See "Elpida Memory, Inc." note.)

Other non-operating expense for the second quarter and first six months of 2013 included currency losses of $120 million and $178 million from changes in the market value of our Elpida Acquisition Hedges. (See "Derivative Instruments" note.)

Income Taxes

Income taxes for the second quarter and first six months of 2014 included $55 million and $128 million, respectively, related to the utilization of deferred tax assets as a result of Elpida's operations. Income taxes for the second quarter of 2013 included tax benefits related to two non-U.S. jurisdictions of $10 million for the favorable resolution of certain prior year tax matters, which was previously reserved as an uncertain tax position, and $9 million for a favorable change in tax law applicable to prior years. Remaining taxes for the second quarters and first six months of 2014 and 2013 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. The provision (benefit) for taxes on U.S. operations for the second quarters and first six months of 2014 and 2013 was substantially offset by changes in the valuation allowance.

We currently operate in several tax jurisdictions where we have arrangements that allow us to compute our tax provision at rates below the local statutory rates that expire in whole or in part at various dates through 2026. These arrangements benefitted our tax provision for the second quarter and first six months of 2014 by $68 million ($0.06 per diluted share) and by $144 million ($0.12 per diluted share), respectively. These arrangements benefitted our tax provision for the second quarter and first six months of 2013 by $36 million ($0.04 per diluted share) and by $47 million ($0.05 per diluted share), respectively.

Earnings Per Share

Basic earnings per share is computed based on the weighted-average number of common shares outstanding. Diluted earnings per share is computed based on the weighted-average number of common shares outstanding plus the dilutive effects of equity awards and convertible notes. Potential common shares that would increase earnings per share amounts or decrease loss per share amounts are antidilutive and are therefore excluded from diluted earnings per share calculations. Antidilutive potential common shares that could dilute basic earnings per share in the future were 45 million and 41 million for the second quarter and first six months of 2014, respectively, and 384 million for the second quarter and first six months of 2013.

	Quarter Ended		Six Months Ended	
	February 27, 2014	February 28, 2013	February 27, 2014	February 28, 2013
Net income (loss) available to Micron shareholders – Basic and Diluted	$ 731	$ (286)	$ 1,089	$ (561)
Weighted-average common shares outstanding – Basic	1,060	1,016	1,053	1,015
Net effect of dilutive equity awards and convertible notes	141	—	146	—
Weighted-average common shares outstanding – Diluted	1,201	1,016	1,199	1,015
Earnings (loss) per share:				
Basic	$ 0.69	$ (0.28)	$ 1.03	$ (0.55)
Diluted	0.61	(0.28)	0.91	(0.55)

Segment Information

Segment information reported herein is consistent with how it is reviewed and evaluated by our chief operating decision makers. Factors used to identify our segments include, among others, products, technologies and customers. We have the following four reportable segments:

DRAM Solutions Group ("DSG"): Includes DRAM products sold to the PC, consumer electronics, networking and server markets.
Wireless Solutions Group ("WSG"): Includes DRAM, NAND Flash and NOR Flash products, including multi-chip packages, sold to the mobile device market.
NAND Solutions Group ("NSG"): Includes high-volume NAND Flash products sold into data storage, personal music players, and the high-density computing market, as well as NAND Flash products sold to Intel through our IMFT joint venture.
Embedded Solutions Group ("ESG"): Includes DRAM, NAND Flash and NOR Flash products sold into automotive and industrial applications, as well as NOR and NAND Flash sold to consumer electronics, networking, PC and server markets.

Our other operations do not meet the quantitative thresholds of a reportable segment and are reported under All Other.

Certain operating expenses directly associated with the activities of a specific reportable segment are charged to that segment. Other indirect operating expenses (income) are generally allocated to the reportable segments based on their respective percentage of cost of goods sold or forecasted wafer production. The unallocated amount in the first six months of 2014 related to the Rambus settlement.

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 operating segments. There are no differences in the accounting policies for segment reporting and our consolidated results of operations.

	Quarter Ended		Six Months Ended	
	February 27, 2014	**February 28, 2013**	**February 27, 2014**	**February 28, 2013**
Net sales:				
DSG	$ 1,888	$ 756	$ 3,673	$ 1,356
WSG	910	213	1,964	476
NSG	902	713	1,708	1,330
ESG	365	282	731	560
All Other	42	114	73	190
	$ 4,107	$ 2,078	$ 8,149	$ 3,912
Operating income (loss):				
DSG	$ 520	$ (46)	$ 952	$ (158)
WSG	185	(87)	361	(151)
NSG	77	64	172	77
ESG	59	65	125	143
All Other	28	(19)	43	(31)
Unallocated	—	—	(233)	—
	$ 869	$ (23)	$ 1,420	$ (120)

Certain Concentrations

Market Concentrations: Markets with a concentration of net sales were as follows:

	Six Months Ended	
	February 27, 2014	**February 28, 2013**
Computing (including desktop PCs, servers, notebooks and workstations)	35%	25%
Mobile	25%	10%
Consumer electronics	15%	20%
Solid state drives	10%	15%
Networking and storage	< 10%	10%

Customer Concentrations: Customer concentrations for the first six months of 2014 included net sales to Apple Inc. ("Apple") of 11% of our total net sales. Substantially all of our sales to Apple are included in the WSG and DSG segments.

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

As used herein, "we," "our," "us" and similar terms include Micron Technology, Inc. and its subsidiaries, unless the context indicates otherwise. 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 "Operating Results by Product" regarding the timing and effect of the transition of our Singapore DRAM facility to NAND Flash production and increases in our DRAM production and sales volumes for 2014 as a result of the Elpida acquisition; in "Selling, General and Administrative" regarding SG&A costs for the third quarter of 2014; in "Research and Development" regarding R&D costs for the third quarter of 2014; in "Liquidity and Capital Resources" regarding the sufficiency of our cash and investments, regarding cash flows from operations and available financing to meet our requirements for at least the next 12 months, regarding our pursuit of additional financing and debt restructuring, regarding capital spending in 2014 and regarding the timing of payments for certain contractual obligations. 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 "Item 1A. Risk Factors." This discussion should be read in conjunction with the Consolidated Financial Statements and accompanying notes for the year ended August 29, 2013. 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 and fiscal 2014 and 2013 each contained 52 weeks. All production data includes the production of our consolidated joint ventures and our other partnering arrangements. All tabular dollar amounts are in millions.

Our Management's Discussion and Analysis of Financial Condition and Results of Operations ("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:*** An overview of our business and operations and highlights of key transactions and 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.

Overview

We are one of the world's leading providers of advanced semiconductor solutions. Through our worldwide operations, we manufacture and market a full range of DRAM, NAND Flash and NOR Flash memory, as well as other innovative memory technologies, packaging solutions and semiconductor systems for use in leading-edge computing, consumer, networking, automotive, industrial, embedded and mobile products. We market our products through our internal sales force, independent sales representatives and distributors primarily to original equipment manufacturers ("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 process technologies and generating a return on research and development ("R&D") investments.

We obtain products from three primary sources: (1) production from our wholly-owned manufacturing facilities, (2) production from our joint venture manufacturing facilities, and (3) to a lesser degree, from third party manufacturers. In recent years, we have increased our manufacturing scale and product diversity through strategic acquisitions and various partnering arrangements, including joint ventures.

We make significant investments to develop the proprietary product and process technologies that are implemented in our worldwide manufacturing facilities and through 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 technology such as our leading-edge line-width process technology and innovative array architecture. 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.

Business Segments

We have the following four reportable segments:

DRAM Solutions Group ("DSG"): Includes DRAM products sold to the PC, consumer electronics, networking and server markets.

Wireless Solutions Group ("WSG"): Includes DRAM, NAND Flash and NOR Flash products, including multi-chip packages, sold to the mobile device market.

NAND Solutions Group ("NSG"): Includes high-volume NAND Flash products sold into data storage, personal music players and the high-density computing market, as well as NAND Flash products sold to Intel Corporation ("Intel") through our IM Flash Technologies, LLC ("IMFT") joint venture.

Embedded Solutions Group ("ESG"): Includes DRAM, NAND Flash and NOR Flash products sold into automotive and industrial applications, as well as NOR and NAND Flash sold to consumer electronics, networking, PC and server markets.

Our other operations do not meet the quantitative thresholds of a reportable segment and are reported under All Other.

Acquisition of Elpida Memory, Inc.

On July 31, 2013, we acquired Elpida Memory, Inc. ("Elpida") and 89% of Rexchip Electronics Corporation ("Rexchip"), now known as Micron Memory Taiwan Co., Ltd. ("MMT") for an aggregate of $949 million in cash. In the second quarter of 2014, we purchased an additional approximate 9.87% of MMT's outstanding common stock. (See "Item 1. Financial Statements – Notes to Consolidated Financial Statements – Equity – Noncontrolling Interests in Subsidiaries – MMT" note.)

Elpida's assets include, among others: a 300mm DRAM wafer fabrication facility located in Hiroshima, Japan; its ownership interest in MMT, whose assets include a 300mm DRAM wafer fabrication facility located in Taichung City, Taiwan; and an assembly and test facility located in Akita, Japan. The Elpida and MMT fabrication facilities together represent approximately one-third of our wafer capacity. Elpida's semiconductor memory products include Mobile DRAM targeted toward mobile phones and tablets. Elpida's operations are included primarily in the DSG and WSG segments. Our results of operations for the fourth quarter 2013 included approximately one month of operating results from the acquired Elpida operations. In addition, our results of operations for the fourth quarter 2013 included a $1,484 million gain on the acquisition of Elpida. In the second quarter of 2014, the provisional amounts as of the acquisition date were adjusted, primarily for pre-petition liabilities. As a result, other non-operating expense for the second quarter of 2014 includes these measurement period adjustments of $33 million.

The Elpida Companies are currently subject to corporate reorganization proceedings under the Corporate Reorganization Act of Japan. Because the plans of reorganization of Elpida Memory, Inc. ("Elpida") and Akita Elpida Memory, Inc. ("Akita" and, together with Elpida, the "Elpida Companies") provide for ongoing payments to creditors following the closing of the Elpida acquisition, these proceedings are continuing, and the Elpida Companies remain subject to the oversight of the Tokyo District Court (the "Japan Court") and of the trustees appointed by the Japan Court (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. As a result of this oversight and related consent rights of the Japan Court and the legal trustee, our ability to effectively integrate the Elpida Companies as part of our global operations or to cause the Elpida 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. For more information, see "Part II, Item 1. Legal Proceedings – Reorganization Proceedings of the Elpida Companies" and "Part II, Item 1A. Risk Factors."

Rambus

In December 2013, we settled all pending litigation between us and Rambus, including all antitrust and patent matters. We also entered into a 7-year term patent cross-license agreement with Rambus that allows us to avoid costs of patent related litigation during the term. We agreed to pay Rambus up to $10 million per quarter over 7 years, for a total of $280 million. The primary benefits we received from these arrangements were (i) the settlement and termination of all existing litigation, (ii) the avoidance of future litigation expenses and (iii) the avoidance of future management and customer disruptions. As a result, other operating expense for the quarter ended November 28, 2013 included a $233 million charge to accrue a liability, which reflects the discounted value of amounts due under this arrangement.

Results of Operations

Consolidated Results

	Second Quarter				First Quarter		Six Months			
	2014	% of net sales	2013	% of net sales	2014	% of net sales	2014	% of net sales	2013	% of net sales
	(dollar amounts in millions)									
Net sales	$ 4,107	100 %	$ 2,078	100 %	$ 4,042	100 %	$ 8,149	100 %	$ 3,912	100 %
Cost of goods sold	2,704	66 %	1,712	82 %	2,761	68 %	5,465	67 %	3,329	85 %
Gross margin	1,403	34 %	366	18 %	1,281	32 %	2,684	33 %	583	15 %
SG&A	177	4 %	123	6 %	176	4 %	353	4 %	242	6 %
R&D	344	8 %	214	10 %	320	8 %	664	8 %	438	11 %
Restructure and asset impairments	12	— %	60	3 %	(3)	— %	9	— %	39	1 %
Other operating (income) expense, net	1	— %	(8)	— %	237	6 %	238	3 %	(16)	— %
Operating income (loss)	869	21 %	(23)	(1)%	551	14 %	1,420	17 %	(120)	(3)%
Interest income (expense), net	(77)	(2)%	(53)	(3)%	(96)	(2)%	(173)	(2)%	(107)	(3)%
Other non-operating income (expense), net	(122)	(3)%	(159)	(8)%	(80)	(2)%	(202)	(2)%	(218)	(6)%
Income tax (provision) benefit	(63)	(2)%	9	— %	(80)	(2)%	(143)	(2)%	(4)	— %
Equity in net income (loss) of equity method investees	134	3 %	(58)	(3)%	86	2 %	220	3 %	(110)	(3)%
Net income attributable to noncontrolling interests	(10)	— %	(2)	— %	(23)	(1)%	(33)	— %	(2)	— %
Net income (loss) attributable to Micron	$ 731	18 %	$ (286)	(14)%	$ 358	9 %	$ 1,089	13 %	$ (561)	(14)%

Net Sales

	Second Quarter				First Quarter		Six Months			
	2014	% of net sales	2013	% of net sales	2014	% of net sales	2014	% of net sales	2013	% of net sales
DSG	$ 1,888	46%	$ 756	36%	$ 1,785	44%	$ 3,673	45%	$ 1,356	35%
WSG	910	22%	213	10%	1,054	26%	1,964	24%	476	12%
NSG	902	22%	713	34%	806	20%	1,708	21%	1,330	34%
ESG	365	9%	282	14%	366	9%	731	9%	560	14%
All Other	42	1%	114	6%	31	1%	73	1%	190	5%
	$ 4,107	100%	$ 2,078	100%	$ 4,042	100%	$ 8,149	100%	$ 3,912	100%

Total net sales for the second quarter of 2014 increased 2% as compared to the first quarter of 2014 primarily due to higher DSG and NSG sales as a result of increases in gigabit sales volumes. The increases in gigabit sales for the second quarter of 2014 were primarily driven by higher manufacturing output as a result of improvements in product and process technology.

Total net sales for the second quarter and first six months of 2014 increased 98% and 108%, respectively, as compared to the corresponding periods of 2013 primarily due to higher WSG and DSG sales resulting from the acquisition of Elpida. Increases in DRAM and NAND Flash sales volumes from our legacy operations also contributed to the increase in net sales for the second quarter and first six months of 2014 as compared to the corresponding periods of 2013. The increases in gigabit sales from our legacy operations for the first quarter and first six months of 2014 were primarily driven by higher manufacturing output as a result of improvements in product and process technology and an increased share of Inotera's output.

Gross Margin

Our overall gross margin percentage improved to 34% for the second quarter of 2014 from 32% for the first quarter of 2014 primarily due to improvements in the gross margin percentage for DSG, WSG and ESG as a result of improved gross margins for DRAM products.

Our overall gross margin percentage improved to 34% for the second quarter of 2014 from 18% for the second quarter of 2013 primarily due to improvements in the gross margin percentage for WSG and DSG as a result of higher margins for DRAM products. Our overall gross margin percentage improved to 33% for the first six months of 2014 from 15% for the first six months of 2013 primarily due to improvements in the gross margin percentage for DSG and WSG as a result of higher margins for DRAM products. The gross margin improvements for DSG and WSG for the second quarter and first six months of 2014 resulted from the acquisition of Elpida, manufacturing cost reductions and higher average selling prices for DSG.

Since the fourth quarter of 2013, our costs of goods sold for DRAM products have been adversely impacted by write-ups of inventories obtained in the acquisition of Elpida. In accounting for the Elpida acquisition, Elpida's inventories were recorded at fair value (based on their estimated future selling prices, estimated costs to complete and other factors), which was approximately $200 million higher than the cost of inventory recorded by Elpida prior to the acquisition. As a result, our costs of goods sold were increased by approximately $42 million for the second quarter of 2014, $111 million for the first quarter of 2014 and $41 million for the fourth quarter of 2013.

For the second quarter of 2014, our costs of goods sold for DRAM products were adversely impacted by higher costs of products purchased from our Inotera joint venture. We purchase substantially all of Inotera's output at a purchase price based on a discount from market prices for our comparable components. Our costs for Inotera product for the second quarter of 2014 increased from the first quarter of 2014 and second quarter of 2013 due to the increases in average selling prices for our DRAM products.

Operating Results by Business Segments

DRAM Solutions Group ("DSG")

	Second Quarter		First Quarter	Six Months	
	2014	2013	2014	2014	2013
Net sales	$ 1,888	$ 756	$ 1,785	$ 3,673	$ 1,356
Operating income (loss)	520	(46)	432	952	(158)

DSG sales and operating results track closely with our average selling prices, gigabit sales volumes and cost per gigabit for our consolidated sales of DRAM products. (See "Operating Results by Product – DRAM" for further detail.) DSG sales for the second quarter of 2014 increased 6% as compared to the first quarter of 2014 primarily due to increases in gigabit sales as a result of higher production output. Increases in production output for the second quarter of 2014 reflect improvements to product and process technologies partially offset by the continuing transition of our Singapore DRAM fabrication facility to NAND Flash. DSG's operating margin for the second quarter of 2014 improved from the first quarter of 2014 primarily due to higher gross margins for DRAM products.

DSG sales for the second quarter and first six months of 2014 increased 150% and 171%, respectively, as compared to the corresponding periods of 2013 primarily due to (1) the acquisition of Elpida, (2) higher average selling prices, (3) increased DRAM supply from Inotera as a result of the restructuring of our supply agreement and (4) higher output due to improvements in product and process technology. DSG sales for the second quarter and first six months of 2014 as compared to the corresponding periods of 2013 were adversely impacted by the continuing transition of our Singapore DRAM fabrication facility to NAND Flash. DSG's operating margin for the second quarter and first six months of 2014 improved from the corresponding periods of 2013 primarily due to the acquisition of Elpida, higher average selling prices and manufacturing cost reductions.

Wireless Solutions Group ("WSG")

	Second Quarter		First Quarter	Six Months	
	2014	2013	2014	2014	2013
Net sales	$ 910	$ 213	$ 1,054	$ 1,964	$ 476
Operating income (loss)	185	(87)	176	361	(151)

In the second quarter of 2014, WSG sales were comprised primarily of DRAM, NAND Flash and NOR Flash, in decreasing order of revenue, with mobile DRAM products accounting for a significant majority of the sales. WSG sales for the second quarter of 2014 decreased 14% as compared to the first quarter of 2014 primarily due to declines in gigabit sales and declines in average selling prices for mobile DRAM products. WSG's operating income for the second quarter of 2014 improved from the first quarter of 2014 primarily due to manufacturing cost reductions for mobile DRAM products.

WSG sales for the second quarter and first six months of 2014 increased 327% and 313%, respectively, as compared to the corresponding periods of 2013 primarily due to the acquisition of Elpida. WSG's operating margin for the second quarter and first six months of 2014 also improved from the corresponding periods of 2013 primarily due to the acquisition of Elpida.

NAND Solutions Group ("NSG")

	Second Quarter		First Quarter	Six Months	
	2014	2013	2014	2014	2013
Net sales	$ 902	$ 713	$ 806	$ 1,708	$ 1,330
Operating income	77	64	95	172	77

NSG sales and operating results track closely with our average selling prices, gigabit sales volumes and cost per gigabit for our consolidated sales of NAND Flash products. (See "Operating Results by Product – NAND Flash" for further detail.) NSG sales for the second quarter of 2014 increased 12% from the first quarter of 2014 as increases in gigabits sold outpaced declines in average selling prices. Increases in gigabits sold for the second quarter of 2014 were primarily due to the continuing transition of our Singapore DRAM fabrication facility to NAND Flash. NSG sells a portion of its products to Intel through our IMFT joint venture at long-term negotiated prices approximating cost. NSG sales to Intel under this arrangement were $104 million for the second quarter of 2014, $101 million for the first quarter of 2014 and $91 million for the second quarter of 2013. All other NSG products are sold to OEMs, resellers, retailers and other customers (including Intel), which we collectively refer to as "trade customers."

NSG sales of NAND Flash products to trade customers for the second quarter of 2014 increased 15% as compared to the first quarter of 2014 primarily due to increases in gigabits sold partially offset by declines in average selling prices. NSG operating income for the second quarter of 2014 declined from the first quarter of 2014 as declines in average selling prices outpaced manufacturing cost reductions.

NSG sales of NAND Flash products to trade customers for the second quarter and first six months of 2014 increased 29% and 32%, respectively, as compared to the corresponding periods of 2013 primarily due to an increase in gigabits sold partially offset by declines in average selling prices. NSG operating income for the second quarter and first six months of 2014 improved from the corresponding periods of 2013 primarily due to increased gross margins generated from higher gigabit sales.

Embedded Solutions Group ("ESG")

	Second Quarter		First Quarter	Six Months	
	2014	2013	2014	2014	2013
Net sales	$ 365	$ 282	$ 366	$ 731	$ 560
Operating income	59	65	66	125	143

In the second quarter of 2014, ESG sales were comprised of NAND Flash, DRAM and NOR Flash in decreasing order of revenue. ESG sales for the second quarter of 2014 were relatively unchanged from the first quarter of 2014 as slight increases in sales of DRAM and NAND Flash products were offset by decreases in NOR Flash products. ESG operating income for the second quarter of 2014 declined from the first quarter of 2014 due to decreases in average selling prices and higher indirect costs, mitigated by manufacturing cost reductions.

ESG sales for the second quarter and first six months of 2014 increased as compared to the corresponding periods of 2013 primarily due to increased sales volume of NAND Flash and DRAM products partially offset by declines in average selling prices. ESG operating income for the second quarter and first six months of 2014 declined as compared to the corresponding periods of 2013 due to decreases in average selling prices and higher indirect costs, mitigated by manufacturing cost reductions.

Operating Results by Product

Net Sales by Product

	Second Quarter			First Quarter		Six Months		
	2014	% of net sales	2013	% of net sales	2014	% of net sales	2014	% of net sales	2013	% of net sales
DRAM	$ 2,785	68%	$ 891	43%	$ 2,794	69%	$ 5,579	68%	$ 1,611	41%
NAND Flash	1,154	28%	870	42%	1,058	26%	2,212	27%	1,673	43%
NOR Flash	116	3%	197	9%	145	4%	261	3%	425	11%
Other	52	1%	120	6%	45	1%	97	2%	203	5%
	$ 4,107	100%	$ 2,078	100%	$ 4,042	100%	$ 8,149	100%	$ 3,912	100%

In order to balance our future product mix in anticipation of the closing of the Elpida transaction, in the fourth quarter of 2013 we began to transition production at our DRAM fabrication facility in Singapore from DRAM to NAND Flash. We expect this transition to NAND Flash production to be substantially completed by the end of 2014 and result in a marginal reduction in wafer production during the period of this transition.

DRAM

	Second Quarter 2014 Versus		First Six Months 2014 Versus
	First Quarter 2014	Second Quarter 2013	First Six Months 2013
	(percentage change from period indicated)		
Net sales	— %	213 %	246 %
Average selling prices per gigabit	(1)%	22 %	17 %
Gigabits sold	— %	157 %	197 %
Cost per gigabit	(8)%	(19)%	(22)%

Gigabit sales of DRAM products for the second quarter of 2014 were essentially unchanged from the first quarter of 2014 as higher production volumes resulting from improved product and process technologies were offset by the transition of the DRAM fabrication facility in Singapore from DRAM to NAND Flash. The increase in gigabit sales of DRAM products for the second quarter and first six months of 2014 as compared to the corresponding periods of 2013 was primarily due to higher production volumes resulting from the acquisition of Elpida and improved product and process technologies, partially offset by the transition of the DRAM fabrication facility in Singapore from DRAM to NAND Flash. The increase in gigabit sales of DRAM products for the second quarter and first six months of 2014 as compared to the corresponding periods of 2013 also reflected a new supply agreement with our Inotera joint venture (the "Inotera Supply Agreement").

Effective on January 1, 2013, we entered into the new Inotera Supply Agreement under which we purchase substantially all of Inotera's output at a purchase price based on a discount from market prices for our comparable components. Prior to the new Inotera Supply Agreement we had the right to purchase 50% of Inotera's wafer production capacity based on a margin-sharing formula among Nanya, Inotera and us. (See "Item 1. Financial Statements – Notes to Consolidated Financial Statements – Equity Method Investments" note.) Our cost of product purchased from Inotera under these supply agreements was $714 million for the second quarter of 2014, $587 million for the first quarter of 2014 and $200 million for the second quarter of 2013. Our cost of product purchased from Inotera has increased since the beginning of calendar 2013 and was higher than our cost of similar products manufactured in our wholly-owned facilities in the second and first quarters of 2014. DRAM products acquired from Inotera accounted for 37% of our DRAM gigabit production for the second quarter of 2014 as compared to 34% for the first quarter of 2014 and 55% for the second quarter of 2013.

We expect that our gigabit production and sales volumes of DRAM products will increase significantly in 2014 as compared to 2013 due to our acquisition of Elpida. Elpida has 300mm wafer fabrication facilities in Japan and Taiwan that are dedicated to the production of DRAM products. In the second quarter of 2014, DRAM products produced by the acquired Elpida facilities constituted 53% of our aggregate DRAM gigabit production. In accounting for the Elpida acquisition, Elpida's inventories were recorded at fair value (based on their estimated future selling prices, estimated costs to complete and other factors), which was approximately $200 million higher than the cost of inventory recorded by Elpida prior to the acquisition. As a result, our costs of goods sold were increased by approximately $42 million for the second quarter of 2014, $111 million for the first quarter of 2014 and $41 million for the fourth quarter of 2013.

Our gross margin percentage on sales of DRAM products for the second quarter of 2014 improved from the first quarter of 2014 primarily due to cost reductions as a result of improvements in product and process technologies and diminishing sales of product that was subject to inventory write-ups in the acquisition of Elpida. Our gross margin percentage on sales of DRAM products for the second quarter and first six months of 2014 improved from the corresponding periods of 2013 primarily due to manufacturing cost reductions, higher average selling prices and the acquisition of Elpida.

NAND Flash

We sell a portion of our output of NAND Flash products to Intel through IMFT at long-term negotiated prices approximating cost. (See "Operating Results by Business Segments – NAND Solutions Group" for further detail.) We sell the remainder of our NAND Flash products to trade customers.

	Second Quarter 2014 Versus		First Six Months 2014 Versus
	First Quarter 2014	Second Quarter 2013	First Six Months 2013
	(percentage change from period indicated)		
Sales to trade customers:			
Net sales	11 %	35 %	35 %
Average selling prices per gigabit	(18)%	(24)%	(17)%
Gigabits sold	35 %	77 %	64 %
Cost per gigabit	(12)%	(26)%	(23)%

Increases in NAND Flash gigabits sold to trade customers for the second quarter of 2014 as compared to the first quarter of 2014 and second quarter of 2013 were primarily due to the transition of the DRAM facility in Singapore to NAND Flash production and improved product and process technologies. Our gross margin percentage on sales of NAND Flash products for the second quarter of 2014 declined from the first quarter of 2014 as decreases in average selling prices outpaced manufacturing cost reductions. Our gross margin percentage on sales of NAND Flash products for the second quarter and first six months of 2014 improved from the corresponding periods of 2013 as manufacturing cost reductions outpaced decreases in average selling prices. Manufacturing cost reductions for the second quarter of 2014 as compared to the first quarter of 2014 and second quarter of 2013 primarily resulted from improvements in product and process technologies.

NOR Flash

Sales of NOR Flash products for the second quarter of 2014 declined as compared to the first quarter of 2014 and second quarter of 2013 primarily due to decreases in sales of wireless products as a result of the continued transition of wireless applications to NAND Flash products, which led to significant declines in unit sales. Our gross margin percentage on sales of NOR Flash products for the second quarter of 2014 declined as compared to the first quarter of 2014 primarily due to shifts in product mix. Our gross margin percentage on sales of NOR Flash products for the second quarter and first six months of 2014 declined as compared to the corresponding periods of 2013 primarily due to decreases in average selling prices.

Operating Expenses and Other

Selling, General and Administrative

Selling, general and administrative ("SG&A") expenses for the second quarter of 2014 were substantially unchanged as compared to first quarter of 2014. SG&A expenses for the second quarter and first six months of 2014 increased 44% and 46%, respectively, from the corresponding periods of 2013 primarily due to the incremental costs associated with the Elpida operations and higher payroll costs resulting primarily from the reinstatement of variable pay plans. We expect that SG&A expenses will approximate $170 million to $180 million for the third quarter of 2014.

Research and Development

R&D expenses for the second quarter of 2014 increased 8% from the first quarter of 2014 primarily due to increased resources dedicated to development efforts. R&D expenses for the second quarter and first six months of 2014 increased 61% and 52%, respectively, from the corresponding periods of 2013 primarily due to the incremental costs associated with the Elpida operations, higher payroll costs resulting primarily from the reinstatement of variable pay plans and lower reimbursements under partnering arrangements.

The April 6, 2012 agreements with Intel expanded our NAND Flash R&D cost-sharing agreement to include certain emerging memory technologies, but did not change the cost-sharing percentage. As a result of amounts reimbursable from Intel, R&D expenses were reduced by $35 million for the second quarter of 2014, $29 million for the first quarter of 2014 and $34 million for the second quarter of 2013. Pursuant to a cost-sharing arrangement with Nanya effective through December 31, 2012, our R&D costs were reduced by $4 million and $19 million in the second quarter and first six months of 2013, respectively. Nanya ceased participating in the joint development program in the second quarter of 2013. We expect that R&D expenses, net of amounts reimbursable from our R&D partners, will approximate $345 million to $355 million for the third quarter of 2014.

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 and Mobile Low Power DDR DRAM products as well as high density and mobile NAND Flash memory (including multi-level and triple-level cell technologies), solid-state drives, Hybrid Memory Cubes, specialty memory, NOR Flash memory, and other memory technologies and systems.

Restructure and Asset Impairments

	Second Quarter		First Quarter	Six Months	
	2014	**2013**	**2014**	**2014**	**2013**
Loss on impairment of MIT assets	$ (5)	$ 62	$ —	$ (5)	$ 62
Gain on termination of lease to Transform	—	—	—	—	(25)
Other	17	(2)	(3)	14	2
	$ 12	$ 60	$ (3)	$ 9	$ 39

In the second quarter of 2013, we agreed to sell MIT, a wholly-owned subsidiary in Avezzano, Italy, including its 200mm wafer fabrication facility. In connection therewith, we recorded an impairment loss of $62 million to write down the assets and liabilities to their estimated fair values in connection with the sale. In May 2012, the Board of Directors of Transform approved a liquidation plan. In connection therewith, Transform terminated a lease to a portion of our manufacturing facilities in Boise, Idaho and we recognized a gain of $25 million in the first quarter of 2013.

(See "Item 1. Financial Statements – Notes to Consolidated Financial Statements – Restructure and Asset Impairments.")

Interest Income (Expense)

Interest expense for the second quarter of 2014, first quarter of 2014 and second quarter of 2013, included aggregate amounts of amortization of debt discount and other interest amortization expense of $46 million, $51 million and $29 million, respectively.

Income Taxes

Income taxes for the second and first quarters of 2014 included $55 million and $73 million, respectively, related to the utilization of deferred tax assets as a result of Elpida's operations. Income taxes for the second quarter of 2013 included tax benefits related to two non-U.S. jurisdictions of $10 million for the favorable resolution of certain prior year tax matters, which was previously reserved as an uncertain tax position, and $9 million for a favorable change in tax law applicable to prior years. Remaining taxes for 2014 and 2013 primarily reflect taxes on our non-U.S. operations. We have a valuation allowance for our net deferred tax asset associated with our U.S. operations. The provision (benefit) for taxes on U.S. operations in the first quarters of 2014 and 2013 was substantially offset by changes in the valuation allowance.

Equity in Net Income (Loss) of Equity Method Investees

We recognize our share of earnings or losses from these entities under the equity method, 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	
	2014	2013	2014	2014	2013
Inotera	$ 131	$ (55)	$ 84	$ 215	$ (108)
Tera Probe	4	—	2	6	—
Other	(1)	(3)	—	(1)	(2)
	$ 134	$ (58)	$ 86	$ 220	$ (110)

Our equity in net income (loss) of Inotera improved for the second quarter and first six months of 2014 as compared to the corresponding periods of 2013 primarily due to Inotera's improved operating results as a result of higher average selling prices and lower manufacturing costs. In the second quarter of 2013, we entered into the Inotera Supply Agreement under which we were obligated to purchase for an initial period through December 2015, substantially all of Inotera's output at a purchase price based on a discount from market prices for our comparable components. The Inotera Supply Agreement replaced a previous supply agreement under which Inotera sold product at pricing based on a margin-sharing formula among Nanya, Inotera and us. The Inotera Supply Agreement contemplates annual negotiations with respect to potential successive one-year extensions and in the second quarter of 2014, we renewed our supply agreement with Inotera, which extended the initial period that we will purchase substantially all of Inotera's output through December 2016. (See "Item 1. Financial Statements – Notes to Consolidated Financial Statements – Equity Method Investments.")

Other

In the second quarter of 2014, we settled all pending litigation between us and Rambus, including all antitrust and patent matters and entered into a patent cross-license agreement. As a result, other operating expense for the first quarter of 2014 included a $233 million charge to accrue a liability, which reflects the discounted value of amounts due under this arrangement. (See "Item 1. Financial Statements – Notes to Consolidated Financial Statements – Contingencies" note for further detail.)

We recognized losses in other non-operating expense from the restructure of debt of $80 million and $75 million in the second and first quarters of 2014, respectively. We recognized an additional $8 million of losses in the third quarter of 2014 from the conversion of our 2014 Notes. (See "Item 1. Financial Statements – Notes to Consolidated Financial Statements – Debt" note.)

Further discussion of other operating and non-operating income and expenses 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

As of	February 27, 2014	August 29, 2013
Cash and equivalents and short-term investments:		
Bank deposits	$ 3,082	$ 1,619
Money market funds	1,137	1,188
Corporate bonds	124	112
Certificates of deposit	91	47
Government securities	44	72
Commercial paper	23	61
Asset-backed securities	3	2
	$ 4,504	$ 3,101
Long-term marketable investments	$ 552	$ 499
Restricted cash:		
Current	$ —	$ 556
Noncurrent (included in "Other noncurrent assets")	65	63
	$ 65	$ 619

Cash and equivalents and short-term investments as of February 27, 2014 included $2,025 million held by Elpida and its subsidiaries. Substantially all of our restricted cash is held by Elpida for its installment payments to its secured and unsecured creditors. Use of cash and equivalents and restricted cash held by Elpida is subject to limitations described below.

As a result of the corporate reorganization proceedings of the Elpida Companies entered into in March 2012 and for so long as such proceedings are continuing, the Elpida Companies and their subsidiaries are subject to certain restrictions on dividends, loans and advances. The plans of reorganization of the Elpida Companies prohibit the Elpida Companies from paying dividends, including any cash dividends, to us and require that excess earnings be used in their businesses or to fund the Elpida Companies' installment payments. These prohibitions would also effectively prevent the subsidiaries of the Elpida Companies from paying cash dividends to us as any such dividends would have to be first paid to the Elpida 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 Elpida 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 Elpida 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 Elpida Companies and their subsidiaries, while available to satisfy the Elpida Companies' installment payments and the other obligations, capital expenditures and other operating needs of the Elpida Companies and their subsidiaries, are not available for use by us in our other operations. Moreover, certain uses of the assets of the Elpida Companies, including investments in certain capital expenditures and in MMT, may require consent of Elpida's trustees and/or the Japan Court.

Cash and equivalents in the table above included $112 million held by IMFT as of February 27, 2014. Our ability to access funds held by IMFT to finance our other operations is subject to agreement by the other member and contractual limitations. Amounts held by IMFT are not anticipated to be available to finance our other operations.

As of February 27, 2014, $3,119 million of our cash and equivalents and short-term investments was held by foreign subsidiaries, of which $813 million was denominated in currencies other than the U.S. dollar. As of February 27, 2014, we had $2,842 million of cash and equivalents and short-term investments that 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.

To mitigate credit risk, we invest through high-credit-quality financial institutions and, by policy, generally limit the concentration of credit exposure by restricting investments with any single obligor.

Cash generated by operations is our primary source of liquidity. Our liquidity is highly dependent on selling prices for our products and the timing and level of our capital expenditures, both of which can vary significantly from period to period. Depending on conditions in the semiconductor memory market, our cash flows from operations and current holdings of cash and investments may not be adequate to meet our needs for capital expenditures and operations. In the second quarter of 2014 we obtained $434 million of net proceeds (net of $28 million of debt issuance costs) from the issuance of the 2019 Notes and $586 million of net proceeds (net of $14 million of debt issuance costs) from the issuance of the 2022 Notes. In 2013, we obtained $1,121 million of proceeds from issuance of debt and $126 million of proceeds from equipment sale-leaseback financing. (See "Item 1. Financial Statements – Notes to Consolidated Financial Statements – Debt.") As of February 27, 2014, we had credit facilities available that provide for up to $408 million of additional financing, subject to outstanding balances of trade receivables and other conditions. We expect 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.

Holders of our outstanding convertible notes can convert the notes during any calendar quarter if 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. As of February 27, 2014, our 2031B Notes, 2033E Notes and 2033F Notes with an aggregate principal amount of $714 million contained contractual terms that require us to pay cash up to the principal amount of the notes upon conversion. These notes met the conversion criteria for the calendar quarter ending December 31, 2013 and are therefore convertible by the holders until March 31, 2014. As a result, we reclassified the $623 million carrying value of these notes to current debt and reclassified the $91 million difference between the principal and carrying amount of these convertible notes from additional capital to redeemable convertible notes.

We are continuously evaluating alternatives for efficiently financing our capital expenditures and operations and optimizing our balance sheet. We have engaged in the past, and 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, including our convertible notes, through exchanges, repurchases, redemptions and conversions. We have used substantial amounts of cash in recent periods in connection with repurchases and conversions of convertible notes and we plan to pursue other actions to reduce our outstanding balance of convertible notes, which could require further outlays of cash.

Operating Activities

Net cash provided by operating activities was $2,897 million for the first six months of 2014, due primarily to a strong market for our products and our continued focus on cost-efficient operations. Operating cash flows in the six months of 2014 also benefitted by approximately $225 million of receipts from a customer for product to be supplied through September 2016.

Investing Activities

Net cash used for investing activities was $451 million for the first six months of 2014, which consisted primarily of cash expenditures of $1,031 million for property, plant and equipment offset by $534 million of restricted cash used for the first Elpida creditor installment payment.

We believe that 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 capital equipment and R&D. We estimate that capital spending for 2014 will be approximately $2.6 billion to $3.2 billion. The actual amounts for 2014 will vary depending on market conditions. As of February 27, 2014, we had commitments of approximately $950 million for the acquisition of property, plant and equipment, substantially all of which is expected to be paid within one year.

Financing Activities

Net cash used for financing activities was $1,006 million for the first six months of 2014, which included $1,987 million for repayments of debt and $203 million of payments on equipment purchase contracts. Cash outflows for these financing activities were partially offset by $1,062 million of proceeds from issuance of debt and by $224 million of proceeds from issuance of common stock under equity plans.

As of February 27, 2014, under the terms and conditions of the Elpida Companies' respective plans of reorganization, we are obligated to pay 142 billion yen (or the equivalent of $1,392 million based on exchange rates as of February 27, 2014) to the external creditors of the Elpida Companies. In October 2013, we made the first installment payments of $534 million to the external creditors of the Elpida Companies from funds that had been held in a restricted cash account since the acquisition date. The remaining payments are payable at the end of each calendar year beginning in 2014 through 2019.

In the first six months of 2014, we entered into the following series of debt restructure transactions with certain holders of our convertible notes:

Exchanges: Exchanged approximately $80 million in aggregate principal amount of our 2027 Notes, $155 million in aggregate principal amount of our 2031A Notes and $205 million in aggregate principal amount of our 2031B Notes for $1,025 million in aggregate principal amount at maturity of new 3.00% Convertible Senior Notes due 2043;

Conversions: Settled conversions of a portion of our 2027 Notes, 2031A Notes and 2014 Notes entirely in cash. Principal amounts of debt converted and cash paid on settlement of conversions in the first six months of 2014 were as follows:

Second Quarter 2014	Principal Converted	Cash Paid on Settlement
2014 Notes	$ 66	$ 109
2027 Notes	95	179
2031A Notes	190	440
	$ 351	$ 728

In the third quarter of 2014, we used an aggregate of $718 million in cash to settle the remaining 2014 Notes. In connection therewith, we incurred an additional aggregate $8 million of mark-to-market and settlement losses for the 2014 Notes in the third quarter of 2014.

Repurchases: Repurchased for cash a portion of our 2031B Notes, 2032C Notes and 2032D Notes in privately negotiated transactions. Principal amounts of debt repurchased and cash paid on settlement of conversions in the second quarter of 2014 were as follows:

Second Quarter 2014	Principal Repurchased	Cash Paid for Repurchase
2031B Notes	$ 26	$ 65
2032C Notes	100	249
2032D Notes	38	93
	$ 164	$ 407

On December 20, 2013, we issued $462 million in principal amount of 1.258% Secured Notes due January 2019 (the "2019 Notes"). The 2019 Notes mature on January 15, 2019 and are collateralized by certain equipment which had a carrying value of $240 million as of February 27, 2014. The principal amount of the 2019 Notes is payable in 10 consecutive semi-annual installments payable in January and July of each year, commencing in July 2014. The Export-Import Bank of the United States ("Ex-Im Bank") guaranteed payment of all regularly scheduled installment payments of principal of, and interest on, the 2019 Notes. We paid $23 million to Ex-Im Bank for its guarantee upon issuance of the 2019 Notes.

On February 5, 2014, we issued $600 million in aggregate principal amount of 5.875% Senior Notes due February 2022 (the "2022 Notes"). We paid issuance costs of $14 million for the 2022 Notes. Interest is payable in February and August.

On February 27, 2014, in connection with our acquisition of an additional 9.87% interest in MMT, we recorded a $127 million note payable to the seller in monthly installments, without interest, from March 2014 through December 2014.

See "Item 1. Financial Statements – Notes to Consolidated Financial Statements – Debt.")

Contractual Obligations

		Payments Due by Period					
As of February 27, 2014	**Total**	**Remainder of 2014**	**2015**	**2016**	**2017**	**2018**	**2019 and Thereafter**
Notes payable [(1)] [(2)]	$ 7,322	$ 946	$ 637	$ 555	$ 519	$ 711	$ 3,954
Capital lease obligations [(2)]	1,148	199	354	306	86	43	160
Operating leases[(3)]	119	13	21	16	13	12	44
Total	$ 8,589	$ 1,158	$ 1,012	$ 877	$ 618	$ 766	$ 4,158

[(1)] Amounts include Elpida Creditor Installment Payments, convertible notes and other notes. Any future redemption or conversion of convertible debt could impact the timing and amount of our cash payments.

[(2)] Amounts reflect principal and interest cash payments over the life of the obligations, including anticipated interest payments that are not recorded on our consolidated balance sheet.

[(3)] Amounts do not include contingent payments.

Recently Issued Accounting Standards

There have been no recently issued accounting pronouncements that have had or are expected to have a material impact on our financial statements.

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 was 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 February 27, 2014 and August 29, 2013, a hypothetical decrease in market interest rates of 1% would increase the fair value of our convertible notes and other notes by approximately $216 million and $147 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 February 27, 2014 and August 29, 2013, we held debt securities of $836 million and $787 million, 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 $4 million as of February 27, 2014 and August 29, 2013.

Foreign Currency Exchange Rate Risk

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

The functional currency for all of our operations is the U.S. dollar. As a result of our foreign operations, we incur costs and carry certain assets and liabilities that are denominated in foreign currencies. The substantial majority of our revenues 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 shekel, the Singapore dollar, the new Taiwan dollar, the yen and the yuan. We have established currency risk management programs for our operating expenditures and capital purchases to hedge against fluctuations in fair value and the volatility of future cash flows caused by changes in exchange rates. We utilize currency forward and option contracts in these hedging programs. Our hedging programs reduce, but do not always entirely eliminate, the impact of currency exchange rate movements. We do not use derivative 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 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 U.S. $9 million as of February 27, 2014 and U.S. $19 million as of August 29, 2013. To hedge the exposure of changes in cash flows from changes in currency exchange rates for certain capital expenditures and forecasted operating cash flows, we utilize currency forward contracts that generally mature within 12 months and currency options that generally mature from 12 to 18 months.

As of February 27, 2014, under the terms and conditions of the Elpida Companies' respective plans of reorganization, we are obligated to pay 142 billion yen (or the equivalent of $1,392 million based on exchange rates as of February 27, 2014) to the external creditors of the Elpida Companies (the "Elpida Creditor Installment Payments"). The payments are payable at the end of each calendar year beginning in 2014 through 2019. To mitigate the risk that increases in exchange rates have on the payments due in 2014 and 2015, we entered into forward contracts to purchase 20 billion yen on November 28, 2014 and 10 billion yen on November 27, 2015. In addition, the Elpida Companies' cash and equivalent balances in yen mitigate the foreign currency exchange risk associated with the yen remaining installment payments due in 2015 and after. (See "Item 1. – Financial Statements – Notes to Consolidated Financial Statements – Debt.") Changes in the exchange rate between the U.S. dollar and the yen could have a significant impact on our financial condition and results of operations.

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 decision 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 Elpida Companies

On July 31, 2013, we completed the acquisition of Elpida Memory, Inc. ("Elpida"), 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 on July 2, 2012, with the trustees of Elpida and one of its subsidiaries, Akita Elpida Memory, Inc., a Japanese corporation ("Akita" and, together with Elpida, the "Elpida Companies") pursuant to and in connection with the Elpida Companies' pending corporate reorganization proceedings under the Corporate Reorganization Act of Japan.

The Elpida Companies filed petitions for commencement of corporate reorganization proceedings with the Tokyo District Court (the "Japan Court") under the Corporate Reorganization Act of Japan on February 27, 2012, and the Japan Court issued an order to commence the reorganization proceedings (the "Japan Proceedings") on March 23, 2012. On July 2, 2012, we entered into the Sponsor Agreement with the legal trustees of the Elpida Companies and the Japan Court approved the Sponsor Agreement. Under the Sponsor Agreement, we agreed to provide certain support for the reorganization of the Elpida Companies, and the trustees agreed to prepare and seek approval from the Japan Court and the Elpida Companies' creditors of plans of reorganization consistent with such support.

The trustees initially submitted the proposed plans of reorganization for the Elpida Companies to the Japan Court on August 21, 2012, and submitted final proposed plans on October 29, 2012. On October 31, 2012, the Japan Court approved submission of the trustees' proposed plans of reorganization to creditors for approval. On February 26, 2013, the Elpida Companies' creditors approved the reorganization plans and on February 28, 2013, the Japan Court issued an order approving the plans of reorganization. Appeals filed by certain creditors of Elpida in Japan challenging the plan approval order issued by the Japan Court were denied.

In a related action, Elpida 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") on March 19, 2012 and, on April 24, 2012, the U.S. Court entered an order that, among other things, recognized Elpida's corporate reorganization proceeding as a foreign main proceeding pursuant to 11 U.S.C. § 1517(b). On June 25, 2013, the U.S. Court issued a recognition order, which recognized the order of the Japan Court approving Elpida's plan of reorganization. On November 19, 2013, the U.S. Court closed the U.S. Chapter 15 proceeding.

The plans of reorganization provide for payments by the Elpida 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 Elpida in exchange for 100% ownership of Elpida's equity and the use of such investment to fund the initial installment payment by the Elpida Companies to their creditors of 60 billion yen, subject to reduction for certain items specified in the Sponsor Agreement and plans of reorganization. In the first quarter of 2014, we made the first installment payment of $534 million to the secured and unsecured creditors of Elpida. The plans of reorganization also provide for 142 billion yen (or the equivalent of approximately $1,392 million as of February 27, 2014) of additional payments by the Elpida Companies to their creditors, to be paid in six annual installments beginning December 2014, with payments of 20 billion yen (or the equivalent of approximately $196 million as of February 27, 2014) in each of the first four annual installment payments, and payments of 30 billion yen (or the equivalent of approximately $294 million as of February 27, 2014) in each of the final two annual installment payments.

Under the Sponsor Agreement, we agreed that we would, subject to certain conditions, implement and maintain a cost plus model with the Elpida Companies in support of the execution of their plans of reorganization. In connection with these commitments, we entered into a series of cost-plus agreements with Elpida and Akita, including supply agreements, research and development services agreements and general services agreements (the "Cost Plus Agreements"). The Cost Plus Agreements are intended to generate more stable operating cash flows to meet the requirements of the Elpida Companies' businesses, including the funding of the installment payments to the Elpida Companies' creditors. We anticipate that, once fully in effect, payments we make under the Cost Plus Agreements will generally cover all of Elpida and Akita's costs.

Under Elpida'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. Akita'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 Akita will be paid in full on the first installment payment date, while the unsecured creditors will be paid in seven installments.

Certain contingency matters related to the Elpida Companies, which are primarily comprised of outstanding litigation claims, were not treated as fixed claims under the plans of reorganization at the time the plans were filed with the Japan Court. A portion of each installment amount payable to the creditors of the Elpida Companies will be reserved for use in the event that any of these matters become fixed claims, in which case these fixed claims will be paid under the plans of reorganization in the same manner as the fixed claims of other creditors. To the extent the aggregate amounts reserved from the installment payments exceed the aggregate amounts payable with respect to these unfixed claims once they become fixed, the excess amounts reserved will be distributed to unsecured creditors with respect to their fixed claims, resulting in an increased recovery for the unsecured creditors out of the installment payments. To the extent the aggregate amounts reserved are less than the aggregate amounts payable with respect to these unfixed claims once they become fixed, the Elpida Companies would be responsible to fund any shortfall to ensure that the creditors receive the minimum recovery to which they are entitled under the plans of reorganization with respect to these claims. As a result, there is a possibility that the total amount payable by the Elpida Companies to their creditors under the plans of reorganization will exceed 200 billion yen. In addition, certain of these unfixed claims may be resolved pursuant to settlement arrangements or other post-petition agreements and a substantial portion of the amounts payable under such agreements may have to be funded by the Elpida Companies outside of the plans of reorganization.

Because the plans of reorganization of the Elpida Companies provide for ongoing payments to creditors following the closing of the Elpida acquisition, the Japan Proceedings are continuing, and the Elpida 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 will make decisions in relation to the operation of the businesses of the Elpida Companies, other than decisions in relation to acts that need to be carried out in connection with the Japan Proceedings, which will be 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 Elpida 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 Elpida 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 Elpida 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 Elpida 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 Elpida Companies. Accordingly, during the pendency of the Japan Proceedings, our ability to effectively integrate the Elpida Companies as part of our global operations or to cause the Elpida 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 Elpida Companies.

Rambus

On May 5, 2004, Rambus, Inc. ("Rambus") filed a complaint in the Superior Court of the State of California (San Francisco County) against us and other DRAM suppliers which alleged that the defendants harmed Rambus by engaging in concerted and unlawful efforts affecting Rambus DRAM by eliminating competition and stifling innovation in the market for computer memory technology and computer memory chips. Rambus' complaint alleged various causes of action under California state law including, among other things, a conspiracy to restrict output and fix prices, a conspiracy to monopolize, intentional interference with prospective economic advantage, and unfair competition. Rambus sought a judgment for damages of approximately $3.9 billion, joint and several liability, trebling of damages awarded, punitive damages, a permanent injunction enjoining the defendants from the conduct alleged in the complaint, interest, and attorneys' fees and costs. Trial began on June 20, 2011, and the case went to the jury on September 21, 2011. On November 16, 2011, the jury found for us on all claims. On April 2, 2012, Rambus filed a notice of appeal to the California 1st District Court of Appeal.

We were engaged in litigation with Rambus relating to certain of Rambus' patents and certain of our claims and defenses. Our lawsuits with Rambus related to patent matters were pending in the U.S. District Court for the District of Delaware, U.S. District Court for the Northern District of California, Germany, France, and Italy.

In December 2013, we settled all pending litigation between us and Rambus, including all antitrust and patent matters. We also entered into a 7-year term patent cross-license agreement with Rambus that allows us to avoid costs of patent related litigation during the term. We agreed to pay Rambus up to $10 million per quarter over seven years, for a total of $280 million. The primary benefits we received from these arrangements were (1) the settlement and termination of all existing litigation, (2) the avoidance of future litigation expenses and (3) the avoidance of future management and customer disruptions. As a result, other operating expense for the first quarter of 2014 included a $233 million charge to accrue a liability, which reflects the discounted value of amounts due under this arrangement.

Patent Matters

On September 1, 2011, HSM Portfolio LLC and Technology Properties Limited LLC filed a patent infringement action in the U.S. District Court for the District of Delaware against us and seventeen other defendants, including Elpida Memory, Inc. and Elpida Memory (USA) Inc. (collectively "Elpida"). On August 22, 2013, the plaintiffs filed a third amended complaint. The third amended complaint alleges that certain of our DRAM and image sensor products infringe four U.S. patents and that certain Elpida DRAM products infringe two U.S. patents and seeks damages, attorneys' fees, and costs. Trial currently is scheduled for February 8, 2016. On March 23, 2012, Elpida filed a Notice of Filing and Hearing on Petition Under Chapter 15 of the U.S. Bankruptcy Code and Issuance of Provisional Relief that included an order of the U.S. Bankruptcy Court for the District of Delaware staying judicial proceedings against Elpida. Accordingly, the plaintiffs' case against Elpida is stayed.

On December 5, 2011, the Board of Trustees for the University of Illinois (the "University") filed a patent infringement action against us in the U.S. District Court for the Central District of Illinois. The complaint alleges that unspecified semiconductor products of ours infringe three U.S. patents and seeks injunctive relief, damages, attorneys' fees, and costs. We have filed three petitions for inter-partes review by the Patent and Trademark Office, challenging the validity of each of the patents in suit. The Patent Trial and Appeal Board ("PTAB") held a hearing in connection with the three petitions on December 9, 2013. On March 10, 2014, the PTAB issued written decisions finding that each and every claim in the three patents in suit is invalid, and cancelled all claims. The University has a right to appeal the PTAB rulings to the U.S. Court of Appeals for the Federal Circuit.

On April 27, 2012, Semcon Tech, LLC filed a patent infringement action against us in the U.S. District Court for the District of Delaware. The complaint alleges that our use of various chemical mechanical planarization systems purchased from Applied Materials and others infringes a single U.S. patent and seeks injunctive relief, damages, attorneys' fees, and costs. On September 24, 2013, the Court entered an order staying our case pending the resolution of co-pending cases brought by Semcon Tech, LLC against Applied Materials and Ebara Technologies, Inc. Subsequently those cases were resolved, and on February 21, 2014, the Court lifted the stay of the case against us. Trial currently is scheduled for August 21, 2015.

On December 7, 2007, Tessera, Inc. filed a patent infringement against Elpida Memory, Inc., Elpida Memory (USA) Inc. (collectively "Elpida"), and numerous other defendants, in the United States District Court for the Eastern District of Texas. The complaint alleges that certain Elpida products infringe four U.S. patents and seeks injunctive relief, damages, attorneys' fees, and costs. Prior to answering the complaint, Elpida and other defendants filed motions to stay the case pending final resolution of a case before the International Trade Commission ("ITC") against Elpida and other respondents, alleging infringement of the same patents asserted in the Eastern District of Texas case (In The Matter of Certain Semiconductor Chips with Minimized Chip Package Size and Products Containing Same (III), ITC No. 337-TA-630 (the "ITC Action")). On February 25, 2008, the Eastern District of Texas Court granted the defendants' motion to stay the action. On December 29, 2009, the ITC issued a Notice of Final Determination in the ITC Action finding no violation by Elpida. Tessera subsequently appealed the matter to the U.S. Court of Appeals for the Federal Circuit. On May 23, 2011, the Federal Circuit affirmed the ITC's Final Determination. The Eastern District of Texas case currently remains stayed.

Among other things, the above lawsuits pertain to certain of our DDR, DDR2, DDR3, SDR SDRAM, PSRAM, RLDRAM, LPSDR, NAND Flash, image sensor products 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 these suits, except as noted in the above discussion of the Rambus matters. A court determination that our products or manufacturing processes infringe the product or process intellectual property rights of others could result in significant liability and/or require us to make material changes to our products and/or manufacturing processes. Any of the foregoing results could have a material adverse effect on our business, results of operations or financial condition.

Antitrust Matters

A number of purported class action price-fixing lawsuits have been filed against us and other DRAM suppliers. Four cases have been filed in the U.S. District Court for the Northern District of California asserting claims on behalf of a purported class of individuals and entities that indirectly purchased DRAM and/or products containing DRAM from various DRAM suppliers during the time period from April 1, 1999 through at least June 30, 2002. The complaints allege a conspiracy to increase DRAM prices in violation of federal and state antitrust laws and state unfair competition law, and/or unjust enrichment relating to the sale and pricing of DRAM products. The complaints seek joint and several damages, trebled, monetary damages, restitution, costs, interest and attorneys' fees. In addition, at least sixty-four cases have been filed in various state courts asserting claims on behalf of a purported class of indirect purchasers of DRAM. In July 2006, the Attorneys General for approximately forty U.S. states and territories filed suit in the U.S. District Court for the Northern District of California. The complaints allege, among other things, violations of the Sherman Act, Cartwright Act, and certain other states' consumer protection and antitrust laws and seek joint and several damages, trebled, as well as injunctive and other relief. On October 3, 2008, the California Attorney General filed a similar lawsuit in California Superior Court, purportedly on behalf of local California government entities, alleging, among other things, violations of the Cartwright Act and state unfair competition law. On June 23, 2010, we executed a settlement agreement resolving these purported class-action indirect purchaser cases and the pending cases of the Attorneys General relating to alleged DRAM price-fixing in the United States. Subject to certain conditions, including final court approval of the class settlements, we agreed to pay approximately $67 million in aggregate in three equal installments over a two-year period. We paid the full amount into an escrow account by the end of the first quarter of 2013 in accordance with the settlement agreement.

On June 21, 2010, the Brazil Secretariat of Economic Law of the Ministry of Justice ("SDE") announced that it had initiated an investigation relating to alleged anticompetitive activities within the DRAM industry. The SDE's Notice of Investigation names various DRAM manufacturers and certain executives, including us, and focuses on the period from July 1998 to June 2002.

We are unable to predict the outcome of these matters, except as noted in the above discussion of the U.S. indirect purchaser cases. The final resolution of these alleged violations of antitrust laws could result in significant liability and could have a material adverse effect on our business, results of operations or financial condition.

Securities Matters

On July 12, 2013, seven former shareholders of Elpida Memory, Inc. filed a complaint against Messrs. Sakamoto, Adachi, Gomi, Shirai, Tsay-Jiu, Wataki, Kinoshita, and Takahasi in their capacity as members of the board of directors of Elpida as of February 2013. The complaint alleges that the defendants engaged in various acts and misrepresentations to hide the financial condition of Elpida and deceive shareholders prior to Elpida filing a petition for corporate reorganization on February 27, 2013. The plaintiffs seek joint and several damages equal to the market value of shares owned by each of the plaintiffs on February 23, 2013, along with attorneys' fees and interest. At a hearing on September 25, 2013, the plaintiffs withdrew the complaint against Mr. Tsay-Jiu.

We are unable to predict the outcome of this matter and therefore cannot estimate the range of possible loss. The final resolution of this matter could result in significant liability and 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 AG ("Qimonda") insolvency proceedings, filed suit against Micron Technology, Inc. (“Micron Technology”) 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”) and seeks an order requiring us to retransfer 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: (i) ordering Micron B.V. to pay approximately $1 million in respect of certain Inotera shares sold in connection with the original share purchase; (ii) ordering Micron B.V. to disclose certain information with respect to any Inotera Shares sold by it to third parties; (iii) 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; (iv) denying Qimonda's claims against Micron Technology for any damages relating to the joint venture relationship with Inotera; and (v) determining that Qimonda's obligations under the patent cross-license agreement are cancelled. In addition, the Court issued interlocutory judgments ordering, among other things: (i) 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 (ii) 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. All of these judgments are immediately appealable, and we have until April 28, 2014 to file a notice of appeal.

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 equivalent 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 February 27, 2014, the Inotera Shares had a carrying value for purposes of our financial reporting of $312 million and a market value of $1,002 million.

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

ITEM 1A. RISK FACTORS

In addition to the factors discussed elsewhere in this Form 10-Q, the following are important factors which could cause actual results or events to differ materially from those contained in any forward-looking statements made by or on behalf of 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. We have experienced significant decreases in our average selling prices per gigabit in recent 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 NAND Flash*
	(percentage change in average selling prices)	
2013 from 2012	(11)%	(18)%
2012 from 2011	(45)%	(55)%
2011 from 2010	(39)%	(12)%
2010 from 2009	28%	26%
2009 from 2008	(52)%	(52)%

** Trade NAND Flash excludes sales to Intel from IMFT.*

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

Our gross margins are dependent upon continuing decreases in per gigabit manufacturing costs achieved through improvements in our manufacturing processes, including reducing the die size of our existing products. In future periods, we may be unable to reduce our per gigabit manufacturing costs at sufficient levels to improve or maintain 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, difficulty 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 Samsung Electronics Co., Ltd.; SanDisk Corporation; SK Hynix Inc.; Spansion Inc. and Toshiba Corporation. Some of our competitors are large corporations or conglomerates that may have greater resources to withstand downturns in the semiconductor markets in which we compete, invest in technology and capitalize on growth opportunities. Our competitors seek to increase silicon capacity, improve yields, reduce die size and minimize mask levels in their product designs. 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. Increases in worldwide supply of semiconductor memory, if not accompanied with commensurate increases in demand, would lead to further declines in average selling prices for our products and would materially adversely affect our business, results of operations or financial condition.

Debt obligations could adversely affect our financial condition.

We are engaged in a capital intensive business subject to significant changes in supply and demand and product pricing and recent periods of consolidation, any of which could result in our incurrence or assumption of indebtedness. In recent periods, our debt levels have increased. As of February 27, 2014, we had $6.5 billion of debt. In addition, the conversion value in excess of principal amount of our convertible notes outstanding as of February 27, 2014 was $2.2 billion. In the third quarter of 2014, we paid $718 million to settle all of our remaining obligations to holders of our 2014 Notes. As of February 27, 2014, we had two credit facilities available that provide for up to $408 million of additional financing, subject to outstanding balances of trade receivables and other conditions. Events and circumstances may occur which would cause us to not be able to satisfy the applicable drawdown conditions and utilize either of these facilities. We have in the past and expect in the future to continue to incur additional debt to finance our capital investments, including debt incurred in connection with asset-backed financing.

As of February 27, 2014, under the terms and conditions of the Elpida Companies' respective plans of reorganization, we are obligated to pay their secured and unsecured creditors 142 billion yen (or the equivalent of $1,392 million based on exchange rates as of February 27, 2014). If the resolution of certain unfixed claims under the plans of reorganization, primarily comprised of outstanding litigation claims, would result in payments in respect of those claims in excess of amounts reserved under the plans of reorganization to satisfy such claims, there is a possibility that we could be required to pay more than 142 billion yen to the pre-petition creditors of the Elpida Companies under the plans of reorganization. In addition, if unfixed claims of the Elpida Companies are resolved pursuant to settlement arrangements or other post-petition agreements, a substantial portion of the amounts payable with respect to the claims may have to be funded by the Elpida Companies outside of the installment payments provided for by the plans of reorganization.

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, research and development expenditures and other business activities;
- limit our future ability to raise funds for capital expenditures, strategic acquisitions or business opportunities, research and development and other general corporate requirements;
- contribute to a future downgrade of our credit rating, which could increase future borrowing costs; and
- increase our vulnerability to adverse economic and semiconductor memory industry conditions.

Our ability to meet our payment obligations under our debt instruments depends on our ability to generate significant cash flow 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 and results of operations.

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 per unit manufacturing costs. To develop new product and process technologies, support future growth, achieve operating efficiencies and maintain product quality, we must make significant capital investments in manufacturing technology, capital equipment, facilities, R&D and product and process technology. We estimate that capital spending for 2014 will be approximately $2.6 billion to $3.2 billion. In addition, as a result of the Elpida acquisition, we believe that our future capital spending will be higher than our historical levels as we integrate our manufacturing operations and support the increase of capacity resulting from the Elpida transaction. As of February 27, 2014, we had cash and equivalents of $4,305 million, short-term investments of $199 million and long-term marketable investments of $552 million. Cash and investments included $2,025 million held by Elpida and its consolidated subsidiaries and $112 million held by IM Flash Technologies, LLC ("IMFT"), none of which is generally available to finance our other operations.

As a result of the Japan Proceedings, for so long as such proceedings are continuing, the Elpida Companies and their subsidiaries are subject to certain restrictions on dividends, loans and advances. The plans of reorganization of the Elpida Companies prohibit the Elpida Companies from paying dividends, including any cash dividends, to us and require that excess earnings be used in their businesses or to fund the Elpida Companies' installment payments. These prohibitions would also effectively prevent the subsidiaries of the Elpida Companies from paying cash dividends to us in respect of the shares of such subsidiaries owned by the Elpida Companies, as any such dividends would have to be first paid to the Elpida 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 Elpida 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 Elpida 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 Elpida Companies and their subsidiaries, while available to satisfy the Elpida Companies' installment payments and the other obligations, capital expenditures and other operating needs of the Elpida Companies and their subsidiaries, are not available for use by us in our other operations. Moreover, certain uses of the assets of the Elpida Companies, including investments in certain capital expenditures and in MMT, may require consent of Elpida's trustees and/or the Japan Court.

In the past we have utilized external sources of financing when needed. As a result of our current 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 Elpida to fund its capital expenditures, access capital markets or find other sources of financing to fund our operations, make debt amortization 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 and results of operations.

Our acquisitions of Elpida and Rexchip involve numerous risks.

On July 31, 2013, we acquired Elpida Memory, Inc. ("Elpida") and 89% of Rexchip Electronics Corporation ("Rexchip"), now known as Micron Memory Taiwan Co., Ltd. ("MMT") for an aggregate of $949 million in cash. In the second quarter of 2014, we purchased an additional 9.87% of MMT's outstanding common stock.

In addition to the acquisition risks described elsewhere, these acquisitions are expected to involve the following significant risks:

- we may be unable to maintain customers, successfully execute our integration strategies, or achieve planned synergies;
- we may be unable to accurately forecast the anticipated financial results of the combined business;
- our consolidated financial condition may be adversely impacted by the increased leverage resulting from the transactions;
- deterioration of Elpida's and MMT's operations and customer base following closing;

- increased exposure to operating costs denominated in yen and New Taiwan dollar;
- integration issues with Elpida's and MMT's primary manufacturing operations in Japan and Taiwan;
- integration issues of our product and process technology with Elpida and MMT;
- integration of business systems and processes; and
- an overlap in customers.

Our acquisitions of Elpida and MMT are inherently risky, may not be successful and may materially adversely affect our business, results of operations or financial condition.

The operations of the Elpida Companies will be subject to continued oversight by the Japan Court during the pendency of the corporate reorganization proceedings.

Because the plans of reorganization of the Elpida Companies provide for ongoing payments to creditors following the closing of our acquisition of Elpida, the Japan Proceedings are continuing, and the Elpida 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 Elpida 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 Elpida 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 Elpida 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 Elpida Companies. Accordingly, during the pendency of the Japan Proceedings, our ability to effectively integrate the Elpida Companies as part of our global operations or to cause the Elpida 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 Elpida Companies.

Our acquisitions of Elpida and Rexchip may increase our risk of significant deficiencies or material weaknesses in our internal controls over financial reporting.

Elpida and MMT (formerly Rexchip) have not performed an assessment of the effectiveness of the design and operation of their internal control over financial reporting. In addition, Elpida and MMT have not historically prepared their financial statements under U.S. generally accepted accounting standards. Elpida and MMT were not required to be included in our assessment of internal controls for 2013 but will be included in our assessment for 2014, which may increase our risk for material weaknesses in our internal control over financial reporting.

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

On January 20, 2011, Dr. Michael Jaffé, administrator for Qimonda AG ("Qimonda") insolvency proceedings, filed suit against Micron Technology, Inc. (“Micron Technology”) 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”) and seeks an order requiring us to retransfer 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: (i) ordering Micron B.V. to pay approximately $1 million in respect of certain Inotera shares sold in connection with the original share purchase; (ii) ordering Micron B.V. to disclose certain information with respect to any Inotera Shares sold by it to third parties; (iii) 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; (iv) denying Qimonda's claims against Micron Technology for any damages relating to the joint venture relationship with Inotera; and (v) determining that Qimonda's obligations under the patent cross-license agreement are cancelled. In addition, the Court issued interlocutory judgments ordering, among other things: (i) 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 (ii) 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. All of these judgments are immediately appealable, and we have until April 28, 2014 to file a notice of appeal.

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 equivalent 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 February 27, 2014, the Inotera Shares had a carrying value for purposes of our financial reporting of $312 million and a market value of $1,002 million.

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.

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

New product development may be unsuccessful.

We are developing new products that complement our traditional memory products or leverage their underlying design or process technology. We have made significant investments in product and process technologies and anticipate expending significant resources for new semiconductor product development over the next several years. The process to develop 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 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 or that margins generated from sales of these products will allow us to recover costs of development efforts.

Our Inotera Supply Agreement involves numerous risks.

We have a supply agreement with Inotera (the "Inotera Supply Agreement") under which we are obligated to purchase substantially all of Inotera's output at a purchase price based on a discount from market prices for our comparable components. Our Inotera Supply Agreement involves numerous risks including the following:

- higher costs for supply obtained under the market-based provisions of the Inotera Supply Agreement;
- difficulties and delays in ramping production at Inotera and delays in the future; and
- difficulties in transferring technology to Inotera.

Inotera's financial situation may adversely impact the value of our interest and our supply agreement.

As of December 31, 2013, Inotera's current liabilities exceeded its current assets by $129 million, which exposes Inotera to liquidity risk. As of December 31, 2013, Inotera was not in compliance with certain of its loan covenants, and had not been in compliance for the past several years, which may result in its lenders requiring repayment of such loans during the next year. The terms of the loan covenants require Inotera to cure the noncompliance no later than June 30, 2014. Inotera has requested a waiver from complying with the December 31, 2013 financial covenants. For the year ended December 31, 2013, Inotera generated net income of $703 million; however, there can be no assurance that Inotera will be successful in sufficiently improving its liquidity and complying with their loan covenants, which may result in its lenders requiring repayment of such loans during the next year. If Inotera is unable to continue to improve its liquidity, we may have to impair our investment in Inotera.

In the second quarter of 2013, we entered into agreements with Nanya Technology Corporation ("Nanya") to amend the joint venture relationship involving Inotera. Under the Inotera Supply Agreement we purchase substantially all of Inotera's output at a purchase price based on a discount from actual market prices for comparable components. For the second quarter of 2014, we purchased $714 million of DRAM products from Inotera and our supply from Inotera accounted for 37% of our aggregate DRAM gigabit production. If our supply of DRAM from Inotera is impacted, our business, results of operations or financial condition could be materially adversely affected.

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 NAND Flash joint venture with Intel Corporation ("Intel"), our Inotera DRAM 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;
- 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 investment in Inotera in future results of operations;
- 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 by 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 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.

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

Across our multi-national operations, there are transactions and balances denominated in currencies other than the U.S. dollar (our reporting currency), primarily the euro, the shekel, the Singapore dollar, the new Taiwan dollar, the yen and the yuan. We recorded net losses from changes in currency exchange rates of $229 million for 2013 and $6 million for 2012. 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 $9 million as of February 27, 2014. In the event that the exchange rates for U.S. dollar adversely change against our foreign currency exposures in the euro, Singapore dollar, new Taiwan dollar or yen, our results of operations or financial condition may be adversely affected.

As of February 27, 2014, we had obligations to make payments to the secured and unsecured creditors of Elpida in an aggregate amount of 142 billion yen (or the equivalent of $1,392 million based on exchange rates as of February 27, 2014). The U.S. dollar amount of this payment obligation could increase if the yen strengthens against the U.S. dollar. As of February 27, 2014, to hedge certain yen-denominated payments resulting from our acquisition of Elpida, we had an outstanding forward contract to purchase 20 billion yen on November 28, 2014 at a yen per U.S. dollar exchange rate of 98.53 and a forward contract to purchase 10 billion yen on November 27, 2015 at a yen per U.S. dollar exchange rate of 97.25. A significant portion of Elpida's and MMT's operating costs are paid in Yen and New Taiwan dollars so our operating results could also be adversely impacted if the exchange rates for those currencies to USD change adversely.

We may incur additional material restructure or other charges in future periods.

In response to severe downturns in the semiconductor memory industry and global economic conditions, we implemented restructure activities and may implement restructure initiatives in future periods. We may restructure or dispose of assets as we continue to optimize our manufacturing operations. As a result, we could incur restructure charges (including but not limited to severance and other termination benefits, losses on disposition or impairment of equipment or other long-lived assets and inventory write downs), lose production output, lose key personnel and experience disruptions in our operations and difficulties in the timely delivery of products. In connection with these actions, we recorded charges of $9 million in the first six months of 2014 and $126 million in 2013. We may incur restructure charges or other losses associated with other initiatives in future periods.

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

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 court determination that our products or manufacturing processes infringe the intellectual property rights of others could result in significant liability and/or require us to make material changes to our products and/or manufacturing processes. Any of the foregoing results could have a material adverse effect on our business, results of operations or financial condition. (See "Item 1. Legal Proceedings.")

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

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, research and development expenditures and other business activities;
- diverting management's attention from normal 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 recent 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 AG and the 2012 bankruptcy filing by Elpida Memory, Inc. These types of proceedings often lead to confidential 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.

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, Israel and China. Additionally, our control over operations at our IMFT, Inotera, MP Mask and Tera Probe joint ventures 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 and equipment failures. If production at a fabrication facility is disrupted for any reason, manufacturing yields may be adversely affected or we may be unable to meet our customers' requirements and they may purchase products from other suppliers. This could result in a significant increase in manufacturing costs or loss of revenues or damage to customer relationships, which could materially adversely affect our business, results of operations or financial condition.

The financial crisis and overall downturn in the worldwide economy may harm our business.

The financial crisis and the overall downturn in the worldwide economy have had an adverse effect on our business. A continuation or further deterioration of depressed economic conditions could have an even greater adverse effect on our business, including any economic downturn resulting from a shutdown of the U.S. federal government or any default by the U.S. federal government on any of its debt or other obligations. Adverse economic conditions affect demand for devices that incorporate our products, such as personal computers, networking products and mobile devices. 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 would limit our ability to obtain external financing to fund our operations and capital expenditures. In addition, we may experience losses on our holdings of cash and investments due to failures of financial institutions and other parties. Difficult economic conditions may also result in a higher rate of 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.

Consolidation of industry participants and governmental assistance to some of our competitors may contribute to uncertainty in the semiconductor memory industry and negatively impact our ability to compete.

In recent years, supply of memory products has significantly exceeded customer demand resulting in significant declines in average selling prices of DRAM, NAND Flash and NOR Flash products and substantial operating losses by us and our competitors. The operating losses as well as limited access to sources of financing have led to the deterioration in the financial condition of a number of industry participants and significant recent consolidation and, in certain cases, liquidation. Some of our competitors may try to enhance their capacity and lower their cost structure through consolidation. In addition, some governments have provided, and may be considering providing, significant financial assistance to some of our competitors. Consolidation of industry competitors could put us at a competitive disadvantage.

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

Our operations are dependent on our ability to procure advanced semiconductor 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 timely obtain this equipment 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 timely obtain advanced semiconductor equipment, 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, chemical explosion or other event that results in a prolonged disruption to our operations, or the operations of our customers or suppliers, may adversely affect our business, results of operations or financial condition.

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

As of August 29, 2013, we had a valuation allowance against substantially all U.S. net deferred tax assets as well as $1.5 billion related to our foreign subsidiaries. As of August 29, 2013, our federal and state net operating loss carryforwards were $4.2 billion and $2.2 billion, respectively. If not utilized, our federal and state net operating loss carryforwards will expire at various dates through 2033. As of August 29, 2013, our federal and state tax credit carryforwards were $238 million and $203 million, respectively. If not utilized, our federal and state tax credit carryforwards will expire at various dates through 2033. As of August 29, 2013, our foreign net operating loss carryforwards were $7.0 billion, of which $5.9 billion pertains to Elpida. We have placed a valuation allowance against $4.7 billion of these foreign net operating loss carryforwards, of which $3.8 billion pertains to Elpida. If not utilized, our foreign net operating loss carryforwards will expire at various dates through 2023.

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 86% of our consolidated net sales for the second quarter of 2014. 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 Taiwan, Singapore 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, and restrictions on the transfer of funds;
- compliance with U.S. and international laws involving international operations, including the Foreign Corrupt Practices Act, export control laws and similar rules and regulations;
- 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.

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 for our customers, including sensitive personal information. Computer programmers and hackers may be able to gain unauthorized 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.

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.

Compliance with new 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 SEC regulations. The Dodd-Frank Act imposes new 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 if we are unable to verify that our products are DRC conflict free.

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

During the second quarter of 2014, we acquired, as payment of withholding taxes or exercise prices in connection with the vesting or exercise of equity awards, 1,303,249 shares of our common stock at an average price per share of $23.88. We retired these shares in the second quarter of 2014.

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
November 29, 2013 - January 2, 2014	317,972	$ 22.70	N/A	N/A
January 3, 2014 - January 30, 2014	187,829	22.39	N/A	N/A
January 31, 2014 - February 27,2014	797,448	24.70	N/A	N/A
	1,303,249	23.88		

ITEM 6. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

The following documents are filed as part of this report:

Exhibit Number	Description of Exhibit
3.1	Restated Certificate of Incorporation of the Registrant (1)
3.2	Bylaws of the Registrant, as amended (2)
4.1	Indenture dated as of February 10, 2014, by and between Micron Technology, Inc. and U.S. Bank National Association, as Trustee (3)
4.2	Form of Note (included in Exhibit 4.1) (3)
4.3	Indenture dated as of December 16, 2013, by and among Micron Semiconductor Asia Pte., Ltd., Wells Fargo Bank, National Association, and Export-Import Bank of the United States
10.1	Registration Rights Agreement, dated as of February 10, 2014, by and among Micron Technology, Inc. and Morgan Stanley & Co. LLC, Goldman, Sachs & Co. and Credit Suisse Securities (USA) LLC, as representatives of the initial purchasers (3)
10.2	Purchase Agreement, dated as of February 5, 2014, by and among Micron Technology, Inc. and Morgan Stanley & Co. LLC, Goldman, Sachs & Co. and Credit Suisse Securities (USA) LLC, as representatives of the initial purchasers (4)
10.3	Form of Indemnification Agreement between the Registrant and its officers and directors
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 Quarterly Report on Form 10-Q for the quarterly period ended May 31, 2001
(2) Incorporated by reference to Current Report on Form 8-K dated July 17, 2013
(3) Incorporated by reference to Current Report on Form 8-K dated February 10, 2014
(4) Incorporated by reference to Current Report on Form 8-K dated February 5, 2014

SIGNATURES

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

Micron Technology, Inc.

(Registrant)

Date: April 7, 2014

/s/ Ronald C. Foster

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

EXHIBIT 4.3

EXECUTION COPY

INDENTURE

dated as of December 16, 2013

by and among

MICRON SEMICONDUCTOR ASIA PTE. LTD.,
as Issuer

WELLS FARGO BANK, NATIONAL ASSOCIATION,
not in its individual capacity, except as expressly provided herein, but solely as Indenture Trustee,

WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION,
not in its individual capacity, but solely as Security Trustee,

and

EXPORT-IMPORT BANK OF THE UNITED STATES

Ex-Im Bank Guarantee No. AP086036XX - Singapore

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THIS INDENTURE is made as of December 16, 2013 by and among **MICRON SEMICONDUCTOR ASIA PTE. LTD.**, a company organized under the laws of the Republic of Singapore, as Issuer (the "**Issuer**"), **WELLS FARGO BANK, NATIONAL ASSOCIATION**, not in its individual capacity, except as expressly provided herein, but solely as indenture trustee on behalf of the Noteholders and/or as custodian and agent pursuant to Section 2.03(b)(ii) hereof (in either such capacity, together with its successors, the "**Indenture Trustee**"), **WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION**, not in its individual capacity, but solely as security trustee, (in such capacity, together with its successors, the "**Security Trustee**") and **EXPORT-IMPORT BANK OF THE UNITED STATES**, an independent agency of the United States of America ("**Ex-Im Bank**").

W I T N E S S E T H:

WHEREAS, the proceeds of the issuance of the Notes will be used by the Issuer to finance: (i) the purchase of Eligible Goods and Services for the Project (or to reimburse the Issuer for the costs thereof), and (ii) payment of the related Exposure Fee;

WHEREAS, subject to the terms and conditions of the Operative Documents, Ex-Im Bank has agreed to issue to the Indenture Trustee, on behalf of the Noteholders, its guarantee of the principal of, and interest on, each Note in an amount equal to the Guaranteed Amount in respect of such Note, all as set forth in the Ex-Im Bank Guarantee;

WHEREAS, the Notes will be secured as provided in the Security Documents;

WHEREAS, the transactions contemplated hereby will facilitate exports from the United States of America to Singapore;

WHEREAS, the Issuer, the Indenture Trustee, the Security Trustee and Ex-Im Bank are entering into this Indenture, and the Indenture Trustee is accepting the trusts created hereby, for good and valuable consideration the receipt and sufficiency of which are hereby acknowledged by each party hereto; and

WHEREAS, all things necessary to make this Indenture a valid agreement of the Issuer in accordance with its terms have been completed.

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS AND INTERPRETATION

Section 1.01 Definitions. Unless the context requires otherwise, capitalized terms used herein and not otherwise defined herein shall have the respective meanings assigned thereto in Part I of Appendix A hereto for all purposes of this Indenture and this Indenture shall be interpreted in accordance with the rules of construction set forth in Part II of Appendix A hereto.

Section 1.02 Acts of Noteholders.

(a) Any direction, consent, request, demand, authorization, notice or waiver (a "**Direction**") or other action provided by this Indenture to be given or taken by Noteholders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Noteholders in person or by an agent duly appointed in writing; and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are received by the Indenture Trustee and, where it is expressly required, by the Issuer. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "**Act**" of the Noteholders signing such instrument or instruments. Proof of execution of any such instrument or of a written appointment of any such agent shall be sufficient for any purpose of this Indenture and conclusive in favor of the Indenture Trustee and the Issuer, if made in the manner provided in this Section 1.02. For the purposes of directing any action or casting any vote or giving any consent, waiver or instruction hereunder, any Noteholder may allocate, in such Noteholder's sole discretion, any fractional portion of the principal amount of such Note in favor of or in opposition to any such action, vote, consent, waiver or instruction.

(b) The fact and date of the execution by any Person of any instrument or writing may be proved in any reasonable manner which the Indenture Trustee deems sufficient.

(c) In determining whether the Noteholders of the requisite aggregate Outstanding Amount of Outstanding Notes have given any Direction under this Indenture, any portion of the Notes owned by the Issuer, the Guarantor or any of their respective Affiliates shall be disregarded and deemed not to be Outstanding under this Indenture for purposes of any such determination. In determining whether the Indenture Trustee shall be protected in relying upon any such Direction, only the portion of the Notes which a Responsible Officer of the Indenture Trustee actually knows to be so owned shall be so disregarded.

(d) The Issuer may at its option by delivery of an Officer's Certificate to the Indenture Trustee set a record date to determine the Noteholders entitled to give any Direction.

(e) Any Direction or other action by any Noteholder of any Note shall bind every Noteholder of such Note issued upon the transfer thereof or in exchange therefor or in lieu thereof, whether or not notation of such action is made upon such Note.

(f) Except as otherwise provided in Section 1.02(c), any portion of the Notes owned by or pledged to any Person shall have an equal and proportional benefit under the provisions of this Indenture, without preference, priority or distinction as among all of the Notes.

(g) Notices to be given by any Noteholder to the Indenture Trustee shall be in writing and given by forwarding the same to the Indenture Trustee. While any Notes are represented by a Global Note, such notice may be given by the Depositary or in such manner as the Indenture Trustee and the Depositary may approve for this purpose.

ARTICLE II

THE NOTES

Section 2.01 Execution and Denomination.

(a) On each Disbursement Date, the Issuer shall, on and subject to the terms and conditions set forth in the Participation Agreement, issue a single Global Note to the Indenture Trustee in accordance with the provisions of Section 2.02 hereof. Definitive Notes may be issued in exchange for the Global Notes only in the limited circumstances specified in Section 2.03 hereof.

(b) Each Note shall be executed on behalf of the Issuer by one of its authorized officers or attorneys-in-fact. Notes bearing the manual signature of individuals who were at any time authorized officers or attorneys-in-fact of the Issuer shall bind the Issuer, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Notes or did not hold such offices at the date of such Notes. No Note shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose, unless there appears on such Note a certificate of authentication substantially in the form provided for herein executed by the Indenture Trustee by the manual signature of one of its authorized signatories, and such certificate upon any Note shall be conclusive evidence, and the only evidence, that such Note has been duly authenticated and delivered hereunder. The Notes shall be issued in registered form only, without interest coupons.

Section 2.02 Global Notes.

(a) Issuance. (1) On any Business Day prior to the Final Disbursement Date, the Issuer may, subject to the satisfaction or waiver of the conditions set forth in Section 4 of the Participation Agreement and in the relevant Note Purchase Agreement and compliance with the Utilization Procedures, issue and deliver to the Indenture Trustee a single book-entry Global Note for the related Eligible Goods and Services in registered form without interest coupons substantially in the form of either Schedule 1 or Schedule 2 hereto, as applicable, in a principal amount not exceeding the sum of (A) the product of (i) the applicable Disbursement Percentage and (ii) the U.S. Dollar invoice value of the U.S. Contract Goods and Services for costs not previously financed hereunder that have been incurred on or after the Initial Eligibility Date by the Issuer for the purchase of U.S. Contract Goods and/or U.S. Contract Services relating to the Project in an aggregate amount not to exceed the U.S. Contract Financed Portion Amount, (B) the Local Cost Financed Portion of the costs not previously financed hereunder that have been incurred on or after the Initial Eligibility Date by the Issuer for the purchase of Local Cost Goods and Services relating to the Project in an aggregate amount not to exceed the Local Cost Financed Portion Amount, and (C) in an aggregate amount not to exceed the Exposure Fee Amount, the Exposure Fee payable on such U.S. Contract Financed Portion and Local Cost Financed Portion; provided that in no event shall the aggregate original principal amount of all of the Global Notes exceed the Credit.

(ii) The Issuer may submit no more than one (1) Request for Issuance per month, which request may include a Request for Issuance (U.S. Contract Goods and Services) and a Request for Issuance (Local Cost Goods and Services).

(iii) Ancillary Services shall be treated in the same manner as any other Eligible Services (including, without limitation, the requirements set forth in Section 3 of the Participation Agreement); provided that the Foreign Content associated with any Special Ancillary Services shall be deemed to be zero.

(iv) Utilizations for Ancillary Services may be made only concurrently with or after other Eligible Goods and Services that are not Ancillary Services have been financed with the issuance of a Global Note hereunder.

(v) Upon its receipt of an executed Global Note, the Indenture Trustee shall authenticate such Global Note in accordance with Section 2.11. On and subject to the terms and conditions of the Participation Agreement, the Utilization Procedures and the Ex-Im Bank Guarantee, Ex-Im Bank shall endorse its Guarantee Legend on such Global Note in the form provided in the Ex-Im Bank Guarantee, and return the same to the Indenture Trustee. Each Global Note so endorsed shall (i) be registered in the Register by the Registrar in the name of Cede & Co., as nominee of the Depositary, (ii) be dated the relevant Issuance Date, (iii) be payable as to principal in accordance with its terms and the applicable provisions of this Indenture, (iv) bear interest at the Applicable Rate as provided therein and in Section 2.02(c) hereof, (v) have attached thereto an amortization schedule, (vi) be duly authenticated by the Indenture Trustee in the manner provided herein and (vii) be otherwise issued and completed in conformity with the terms of this Indenture.

(vi) The Indenture Trustee shall retain possession of each Global Note as custodian for the Depositary, and the Indenture Trustee shall cause the Registrar to record in the Register that Cede & Co., as nominee of the Depositary, is the registered Holder of each Global Note. The Indenture Trustee shall cause the Depositary to credit, on its internal system, the respective principal amounts of individual Beneficial Interests to the accounts of Persons who have accounts with the Depositary in accordance with the Applicable Procedures of the Depositary. Ownership of Beneficial Interests will be limited to Depositary Participants or persons who hold Beneficial Interests through Depositary Participants. Ownership of Beneficial Interests will be shown on, and the transfer of that ownership will be effected only through, records maintained by the Depositary (with respect to interests of Depositary Participants) and the records of Depositary Participants (with respect to interests of persons other than Depositary Participants) in accordance with the Applicable Procedures. No holder of any Beneficial Interest will receive a definitive note evidencing its interest in any Global Note. By their respective acceptance thereof, each Beneficial Owner, the Depositary and Cede & Co., as nominee of the Depositary and registered Holder of each Global Note, shall be deemed to have instructed and authorized the Indenture Trustee to make demands for payment of each Global Note against the Issuer, the Guarantor and Ex-Im Bank in accordance with the provisions of this Indenture, the Ex-Im Bank Guarantee and the other Operative Documents and in furtherance thereof each Beneficial Owner, the

Depositary and Cede & Co., as nominee of the Depositary and registered Holder of each Global Note, expressly authorizes the Indenture Trustee to execute and deliver for and on its behalf each assignment of each Global Note and take such other action under and as required by the Ex-Im Bank Guarantee.

(vii) None of the Depositary Participants or any Beneficial Owner shall have any rights under this Indenture, any other Operative Document or under any Global Note held on their behalf by the Indenture Trustee, as custodian for the Depositary. Cede & Co., as nominee of the Depositary, as Holder of each Global Note, may be treated by the Issuer, Ex-Im Bank, the Indenture Trustee and any agent of the Issuer, Ex-Im Bank or the Indenture Trustee as the absolute owner of each Global Note for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall prevent the Issuer, Ex-Im Bank or the Indenture Trustee or any agent of the Issuer, Ex-Im Bank or the Indenture Trustee from giving effect to any written certification, proxy or other authorization furnished by Cede & Co., as nominee of the Depositary, as a Holder, or impair, as between Cede & Co., as nominee of the Depositary, as a Holder, and the Depositary and its Depositary Participants, the operation of customary practices of such Depositary governing the exercise of the rights of a Beneficial Owner of a Beneficial Interest in any Global Note. Cede & Co., as nominee of the Depositary, as the Holder, may grant proxies and otherwise authorize any person, including the Depositary and the Depositary Participants and persons that may hold Beneficial Interests through Depositary Participants, to take any action which a Holder is entitled to take under this Indenture or any Global Note. The Global Notes will be issuable only in minimum denominations of U.S.$2,000 and integral multiples of U.S.$1,000 in excess thereof, except that one Global Note may be issued in a different denomination.

The Indenture Trustee shall have no responsibility, duty or obligation to any Beneficial Owner of a Global Note with respect to the accuracy of the records of the Depositary or its nominee or of any participant or member thereof, with respect to any ownership interest in any Global Note.

The Indenture Trustee shall have no responsibility, duty or obligation to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture or under Applicable Law with respect to any transfer of any interest in any Global Note (including any transfers between or among the Depositary, its agent members or Beneficial Owners of any Global Note) other than to require delivery of such certificates and other documentation or such evidence as are expressly required by, and to do so if and when expressly required by, the terms of the Operative Documents with respect to transfers between Holders, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

(b) Principal. The principal amount of each Global Note shall be payable (i) in respect of a Floating Rate Global Note, in consecutive quarterly installments on each of the then remaining Repayment Dates for such Floating Rate Global Note (amortizing on a straight-line basis beginning on April 15, 2014), and (ii) in respect of a Fixed Rate Global Note, in consecutive semi-annual installments on each of the then remaining Repayment Dates for such Fixed Rate Global Note (amortizing on a straight-line basis beginning on July 15, 2014), each such installment to be in an amount equal to the principal amount set forth for such Repayment Date in Annex A to such Global Note, except that the amount payable on the Final Maturity Date of such Global Note

shall in all cases be an amount equal to the then outstanding principal balance thereof together with accrued and unpaid interest thereon and all other amounts then owing hereunder or under the other Operative Documents with respect thereto.

(c) Interest.

(i) The Issuer shall pay to the Indenture Trustee, for the account of the relevant Noteholders, interest on the unpaid principal amount of each Global Note for the period from and including the relevant Issuance Date to but excluding the date such Global Note shall be paid in full, at a rate per annum for each Interest Period relating thereto equal to the Applicable Rate for such Global Note for such Interest Period.

(ii) The Issuer shall pay to the Indenture Trustee, for the account of the relevant Noteholders, interest at the relevant Applicable Rate on any unpaid principal amount of any Global Note and on any interest thereon and any other amount payable by the Issuer to any Noteholder that shall not be paid in full when due (whether at stated maturity, by acceleration or otherwise), for the period from and including the due date thereof to but excluding the date the same is paid in full.

(iii) Accrued interest on the principal amount of each Global Note shall be payable in arrears on each Interest Payment Date for such Global Note and upon the payment or redemption thereof (but only on the principal amount so paid or redeemed), except that interest payable at the applicable Post-Default Rate shall be payable from time to time on demand.

(iv) Notwithstanding Section 2.02(c)(i) hereof, if Ex-Im Bank shall have made a claim payment under the Ex-Im Bank Guarantee with respect to a demand under a Floating Rate Global Note, then, beginning on the date of such claim payment, the unpaid principal amount of such Floating Rate Global Note shall bear interest at a rate per annum equal to Special LIBOR plus the Applicable Margin for all purposes, including, without limitation, Section 2.02(c)(v) hereof.

(v) Notwithstanding Section 2.02(c)(ii), if Ex-Im Bank shall have made a claim payment under the Ex-Im Bank Guarantee with respect to a demand under a Global Note, then, beginning on the date of such claim payment, if any amount of principal or accrued interest on such Global Note then owing to Ex-Im Bank is not paid in full when due, whether at stated maturity, by acceleration or otherwise, the Issuer shall pay to Ex-Im Bank on demand interest on such unpaid amount for the period from and including the date such amount was due to Ex-Im Bank but excluding the date such amount is paid in full at an interest rate equal to one percent (1%) per annum above the interest rate otherwise then applicable under Section 2.02(c)(i) hereof (as modified, if required, by Section 2.02(c)(iv) hereof).

(vi) Except as otherwise provided in Section 2.02(c)(v) with respect to the amounts of principal and accrued interest, if, at any time, any other amount owing to Ex-Im Bank under this Indenture or any Global Note is not paid in full when due, the Issuer shall pay to Ex-Im Bank on demand interest on such unpaid amount for the period from the

due date thereof (the "**Due Date**") until such amount shall have been paid in full at an interest rate per annum equal to one percent (1%) per annum above the U.S. Treasury Rate (as defined below). For purposes of this clause (vi), the "**U.S. Treasury Rate**" shall mean the applicable interest rate specified in the Federal Reserve Statistical Release H.15 (519) as the average monthly rate for the month immediately preceding the relevant Due Date, available at http:/www.federalreserve.gov/releases/h15/data.htm under the heading "U.S. government securities" and the subheading of "Treasury constant maturities," for a maturity closest to the duration of the payment default.

(vii) Notwithstanding anything in this Section 2.02(c) to the contrary, so long as Ex-Im Bank is not the Holder of a Global Note, the interest at the Applicable Rate for such Global Note on amounts not paid in full when due that shall accrue on such Global Note, when combined with the principal and interest of such Global Note covered by the Ex-Im Bank Guarantee, shall not exceed the Guaranteed Amount under the Ex-Im Bank Guarantee with respect to such Global Note.

(d) Redemptions.

(i) Optional.

(a) The Issuer shall have the right to redeem any Fixed Rate Global Note in full or in part on any Business Day, together with accrued and unpaid interest thereon, the applicable Make-Whole Amount, if any, and all other amounts then owing by the Issuer hereunder and under the other Operative Documents, provided that the Issuer shall give the Indenture Trustee, the Security Trustee and Ex-Im Bank not less than thirty (30) days', but not more than sixty (60) days', prior written notice of such redemption as provided in Section 2.02(d)(iii) hereof; provided that, any partial redemption of any Fixed Rate Global Note shall be in an amount at least equal to U.S.$10,000,000 and integral multiples of U.S.$1,000,000. Any notice of redemption given by the Issuer pursuant to this Section 2.02(d)(i)(a) shall be revocable and may be subject to one or more conditions precedent specified by the Issuer. As of the date of such redemption, the Issuer shall pay the principal amount of the Fixed Rate Global Note to be redeemed, all accrued interest thereon, the applicable Make-Whole Amount, if any, and all other amounts then owing to Ex-Im Bank and the Noteholders under the Operative Documents with respect to such Fixed Rate Global Note.

(b) The Issuer shall have the right in respect of any Floating Rate Global Note, on or after expiry of the No Redemption Period(s) (if any) for such Floating Rate Global Note, to redeem such Floating Rate Global Note in full or in part on any Business Day, together with accrued interest thereon, the applicable Prepayment Premium, if any, and all other amounts then owing by the Issuer hereunder and under the other Operative Documents, provided that the Issuer shall give the Indenture Trustee, the Security Trustee and Ex-Im Bank not less than

thirty (30) days', but not more than sixty (60) days', prior written notice of such redemption as provided in Section 2.02(d)(iii) hereof; provided that any partial redemption of any Floating Rate Global Note shall be in an amount at least equal to U.S.$10,000,000 and integral multiples of U.S.$1,000,000. Any notice of redemption given by the Issuer pursuant to this Section 2.02(d)(i)(b) shall be revocable and may be subject to one or more conditions precedent specified by the Issuer. As of the date of such redemption, the Issuer shall pay the principal amount of the Floating Rate Global Note to be redeemed, all accrued interest thereon, the applicable Prepayment Premium, if any, and all other amounts then owing to Ex-Im Bank and the Noteholders under the Operative Documents with respect to such Floating Rate Global Note.

(ii) Mandatory. If at any time the Issuer or the Guarantor, as the case may be, or its Controlling Sponsor, or any Relevant Person that is owned or Controlled by the Issuer, and/or the Guarantor, or its Controlling Sponsor, shall be or become a person to whom Ex-Im Bank is prohibited by law from providing financing or other credit support by reason of sanctions imposed by the United States under the Iran Sanctions Act, then Ex-Im Bank shall so notify the Issuer, and (A) the Credit shall be immediately cancelled; and (B) within 180 days of Ex-Im Bank's notice, the Issuer shall redeem the outstanding principal amount of all Notes, together with all accrued and unpaid interest thereon to the date of redemption, plus the Make-Whole Amount, if any, and all other amounts then due and owing under the Operative Documents. No Prepayment Premium shall be payable in connection with any mandatory redemption of the Notes. The Issuer shall give the Indenture Trustee, the Security Trustee and Ex-Im Bank not less than thirty (30) days' prior written notice of such redemption as provided in Section 2.02(d)(iii) hereof; provided, however, that failure to give such notice shall not affect the obligation of the Issuer to make such redemption payment.

(iii) Notice of Redemption. Any notice of redemption given by the Issuer pursuant to this Section 2.02(d) shall specify the date upon which such redemption is to be made and the amount of such redemption. If a redemption under Section 2.02(d) is not made in full for any reason, notwithstanding the giving of notice pursuant to Section 2.02(d), this Indenture and the obligations of the Issuer hereunder and under the Notes shall continue in full force and effect and, solely in the case of a redemption pursuant to Section 2.02(d)(i) hereof, no Potential Default or Event of Default shall arise or be deemed to arise by reason thereof.

(iv) Any redemption pursuant to this Section 2.02(d) shall satisfy pro tanto the Issuer's obligations in relation to the applicable Global Note (or portion thereof, in the case of any partial redemption pursuant to this Section 2.02(d)(i)).

(v) Any partial redemption pursuant to Section 2.02(d)(i) shall be applied to the remaining principal installments of the applicable Global Note in the inverse chronological order of their maturities.

(vi) Any amount redeemed under this Section 2.02(d) may not be reissued.

(vii) Notice of redemption shall be given by the Indenture Trustee to each Holder of any Global Note to be redeemed, as soon as reasonably practicable, at the address appearing in the Register.

(e) Transfer of Beneficial Interests in and Exchanges of the Global Notes. The transfer of Beneficial Interests in a Global Note shall be effected through the Depositary, in accordance with the provisions of this Indenture and the Applicable Procedures of the Depositary therefor. A Global Note may not be exchanged for another Note other than as provided in Section 2.03(b) and Section 2.06 hereof.

Section 2.03 Definitive Notes.

(a) Issuance. Each Global Note shall only be transferred in the circumstances described in this Indenture. Each Global Note may (or in the case of clause (ii) below, shall) be exchanged by the Issuer for a Definitive Note in definitive fully registered form without interest coupons bearing the same interest rate as the Global Note being exchanged and issued to the Indenture Trustee as custodian and agent for the Depositary Participants who are, or who act on behalf of, the Beneficial Owners, rather than Cede & Co., if (i) the Depositary advises the Indenture Trustee in writing that the Depositary is no longer willing or able to properly discharge its responsibilities as depositary and the Issuer is unable to appoint a successor depositary acceptable to the Indenture Trustee (acting reasonably) within ninety (90) days of such notice or (ii) after the occurrence of an Event of Default with respect to such Global Note, the Indenture Trustee has assigned such Global Note to Ex-Im Bank in connection with and as a condition to its demand for payment under the Ex-Im Bank Guarantee and Ex-Im Bank has requested the issuance of a Definitive Note. The Indenture Trustee will promptly notify the Issuer and Ex-Im Bank of the receipt of any notice by the Depositary described in clause (i) of this Section 2.03(a). None of the Issuer, Ex-Im Bank or the Indenture Trustee shall be liable if the Indenture Trustee or the Issuer is unable to appoint a successor Depositary. The payment and redemption terms of this Indenture applicable to each Global Note shall equally apply to any Definitive Note issued in exchange therefor as provided herein. The Definitive Notes will be issuable only in minimum denominations of U.S.$2,000 and integral multiples of U.S.$1,000 in excess thereof, except that one Definitive Note may be issued in a different denomination.

(b) Exchange.

(i) Upon the occurrence of any of the events specified in Section 2.03(a) hereof, the Indenture Trustee shall request, and upon receipt of written notice and a list from the Depositary of the Depositary Participants who are, or who act on behalf of, the Beneficial Owners of each applicable Global Note, shall be required to notify, at the expense of the Issuer, each Depositary Participant on such list of the issuance of a Definitive Note

representing such Global Note, and/or of its assignment of such Global Note to Ex-Im Bank in connection with and as a condition to its demand for payment under the Ex-Im Bank Guarantee.

(ii) If a Global Note is to be exchanged for a Definitive Note under the circumstances described in Section 2.03(a)(i) hereof (A) the Issuer shall promptly after receiving written notice thereof and request therefor from the Indenture Trustee, execute and deliver (x) if a Fixed Rate Global Note is being exchanged, a Fixed Rate Definitive Note or (y) if a Floating Rate Global Note is being exchanged, a Floating Rate Definitive Note, and in each case, the Indenture Trustee shall authenticate such Definitive Note in accordance with Section 2.11, (B) the Indenture Trustee shall deliver such Global Note to Ex-Im Bank for cancellation of the Guarantee Legend thereon, together with a Request for Guarantee Legend accompanied by the Definitive Note of the Issuer, and (C) on and subject to the terms and conditions of the Participation Agreement, Section 2.03 of this Indenture and the Ex-Im Bank Guarantee, Ex-Im Bank shall endorse its Guarantee Legend on such Definitive Note in the form provided in the Ex-Im Bank Guarantee, and return the same to the Indenture Trustee together with such Global Note with its Guarantee Legend thereon cancelled. Upon its receipt thereof, the Indenture Trustee shall cancel such Global Note and promptly thereafter return a copy of the same to the Issuer (it being understood and agreed that the return by the Indenture Trustee to the Issuer of a copy of the Global Note instead of the original shall constitute a representation and certification by the Indenture Trustee to the Issuer that the original of the Global Note has been retained by the Indenture Trustee and will be held in a safe and prudent manner until it eventually is destroyed, which representation and certification shall survive the repayment of the Global Note and the termination of this Indenture). Each Definitive Note so endorsed shall (I) be registered in the name of the Indenture Trustee (or in the case of a Definitive Note to be issued to Ex-Im Bank, in the name of Ex-Im Bank) until a replacement Depositary is appointed or such Note has been assigned to Ex-Im Bank, (II) be dated the applicable date of issuance, (III) be in a principal amount equal to the Outstanding Amount of the correspondingly surrendered Global Note as of the date of issuance of such Definitive Note and be payable as to principal and interest and other amounts in accordance with its terms and the provisions of this Indenture, including, without limitation, Sections 2.02(b) and (c) as if such Note were a Global Note, (IV) have a Final Maturity Date equal to the correspondingly surrendered Global Note, (V) bear interest at the Applicable Rate for the corresponding Global Note as provided therein and in Section 2.02(c) hereof, (VI) be subject to redemption in accordance with Section 2.02(d) as if such Note were a Global Note and (VII) be otherwise issued and completed in conformity with the terms of this Indenture. Upon any such issuance of a Definitive Note, the applicable Beneficial Owners shall be deemed to have appointed and instructed the Indenture Trustee in whose name the Definitive Note representing the related Global Note shall have been issued to act as custodian and agent for Depositary Participants who are, or who act on behalf of, the Beneficial Owners and to accept delivery of such Definitive Note on behalf of such Depositary Participants, to act as custodian of such Definitive Note and agent for such Depositary Participants who are, or who act on behalf of, the Beneficial Owners and to make demands for payment thereof against the Issuer, the Guarantor and Ex-Im Bank as set forth in this Indenture, the Ex-Im Bank Guarantee and the other Operative Documents. Neither Depositary Participants nor Beneficial Owners

will be entitled to physical delivery of any Definitive Note and each Definitive Note will at all times, unless delivered to Ex-Im Bank in connection with a demand for payment under the Ex-Im Bank Guarantee, be in the possession of the Indenture Trustee as custodian and agent for the applicable Depositary Participants who are, or who act on behalf of, the Beneficial Owners. The Indenture Trustee may from time to time establish in its discretion such rules and procedures relating to the rights of Depositary Participants or Beneficial Owners of Definitive Notes as it may see fit in its sole discretion (and such rules and procedures shall be the Indenture Trustee's procedures in its capacity as agent and custodian, the "**Indenture Trustee's Procedures**"), including a decision to allow only Depositary Participants to be treated as if they were the Holders of the Definitive Notes or interests in the Definitive Notes or to treat Beneficial Owners as if they were the Holders of the Definitive Notes and, in any such case, accord such Depositary Participants or Beneficial Owners the same rights and obligations that Holders of the Definitive Notes have under the Indenture.

(iii) Following the assignment of a Global Note to Ex-Im Bank under the Ex-Im Bank Guarantee, Ex-Im Bank as the new Holder shall have the right to exchange such Global Note for one or more Definitive Notes registered in its name. If it shall elect to exercise such right, Ex-Im Bank shall so notify the Issuer and the Indenture Trustee and thereupon (A) the Issuer shall promptly after receiving written notice of such election, execute and deliver to the Indenture Trustee (x) if a Fixed Rate Global Note is being exchanged, a Fixed Rate Definitive Note or (y) if a Floating Rate Global Note is being exchanged, a Floating Rate Definitive Note, and upon its receipt, the Indenture Trustee shall authenticate such Definitive Note or Notes and deliver such Definitive Note or Notes to Ex-Im Bank, (B) the Registrar shall register such Definitive Note in the Register in the name of Ex-Im Bank, and (C) Ex-Im Bank shall surrender the related Global Note (with its Guarantee Legend thereon cancelled) to the Indenture Trustee, and upon its receipt thereof, the Indenture Trustee shall cancel such Global Note and return a copy of the same to the Issuer (it being understood and agreed that the return by the Indenture Trustee to the Issuer of a copy of the Global Note instead of the original shall constitute a representation and certification by the Indenture Trustee to the Issuer that the original of the Global Note has been retained by the Indenture Trustee and will be held in a safe and prudent manner until it eventually is destroyed, which representation and certification shall survive the repayment of the Global Note and the termination of this Indenture).

(iv) Following the issuance of any Definitive Note as provided in this Section 2.03, the Indenture Trustee shall recognize the Person in whose name the Definitive Note is registered in the Register as the Holder thereof.

Section 2.04 Use of Proceeds. The Issuer will apply the proceeds of each Global Note to be issued on each Disbursement Date pursuant to Section 2.02(a) hereof solely and exclusively towards (x) reimbursement of the payment of the costs incurred by the Issuer on or after the Initial Eligibility Date for the purchase of Eligible Goods and Services and (y) payment of the related Exposure Fee; provided, however, that the failure of the Issuer to comply with this Section 2.04 shall not prejudice the rights of the Security Trustee, Ex-Im Bank, the Indenture Trustee and the Noteholders or any of them under this Indenture or any other Operative Document.

Section 2.05 Cancellation of the Notes. No Notes may be cancelled under this Indenture unless and until the Guarantee Legend thereon has been cancelled. The Indenture Trustee shall cancel any such Notes in accordance with its customary practices in effect from time to time. The Issuer may not issue a new Note to replace a Note it has redeemed, paid or delivered to the Indenture Trustee for cancellation except as otherwise expressly provided in this Indenture.

Section 2.06 Mutilated, Destroyed, Lost or Stolen Notes.

(a) If any Note shall become mutilated, destroyed, lost or stolen, the Issuer shall, upon the written request of the Indenture Trustee, acting on behalf of the Holder thereof and presentation of such Note or satisfactory evidence of destruction, loss or theft thereof to Ex-Im Bank, issue a substitute Note, and upon the delivery thereof to Indenture Trustee, the Indenture Trustee shall authenticate and deliver as applicable in exchange therefor or in replacement thereof, such Note, registered in the name of (x) in the case of a Global Note, Cede & Co., as nominee of the Depositary and (y) in the case of a Definitive Note, the Indenture Trustee (as custodian and agent for the applicable Depositary Participants who are, or who act on behalf of Beneficial Owners) (or Ex-Im Bank, in the case of a Definitive Note issued to Ex-Im Bank) in the same principal amount, of the same maturity, with the same payment schedule(s), bearing the same interest rate and dated the date of its authentication. The Indenture Trustee shall thereupon request Ex-Im Bank to endorse its Guarantee Legend thereon in accordance with the provisions of the Ex-Im Bank Guarantee. If the Note being replaced has become mutilated, such Note shall be surrendered to Ex-Im Bank for cancellation of its Guarantee Legend thereon, and thereupon delivered by Ex-Im Bank to the Indenture Trustee for cancellation hereunder. Upon its receipt thereof, the Indenture Trustee shall cancel any such Note and promptly thereafter return a copy of the same to the Issuer. If the Note being replaced has been destroyed, lost or stolen, the Indenture Trustee, as Holder thereof, shall furnish to the Issuer and Ex-Im Bank (a) such security or indemnity as may be required by them to save the Issuer and Ex-Im Bank harmless from any actual loss on the purportedly destroyed, lost or stolen Note and (b) evidence satisfactory to the Issuer and Ex-Im Bank of the destruction, loss or theft of such Note and of the ownership thereof, together with an Officer's Certificate of the Issuer certifying and warranting as to the due authorization, execution and delivery of such new Note, and (if requested by Ex-Im Bank in its reasonable discretion) an opinion of the Issuer's counsel (at the expense of the Issuer or, if such Note is mutilated, lost, stolen or destroyed by reason of gross negligence or willful misconduct of the Indenture Trustee at the expense of the Indenture Trustee, in its individual capacity and without right of the Indenture Trustee to reimbursement of such expense under any other provision of the Operative Documents) as to the due authorization, execution and delivery of such new Note, and the legality, validity, binding nature and enforceability thereof. The Holder(s) will be required to pay any tax or other governmental charge imposed in connection with any exchange or replacement of any Note and any other expenses (including the fees and expenses of the Indenture Trustee and Ex-Im Bank) connected therewith.

(b) In case any mutilated, defaced, destroyed, stolen or lost Note has matured and no default has been made in the payment of principal or interest, the Issuer shall, or if such Note is about to mature, the Issuer may, pay or authorize the payment of the same (without surrender thereof but otherwise in accordance with Section 3.01) instead of issuing a substitute Note, provided that security or indemnity is furnished as required in Section 2.06(a).

(c) Every substitute Note issued pursuant to the provisions of this Section 2.06 by virtue of the fact that any Note is mutilated, defaced, destroyed, stolen or lost shall constitute an additional contractual obligation of the Issuer, whether or not the mutilated, defaced, destroyed, stolen or lost Note shall at any time be enforceable by any Person, and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Notes duly issued hereunder.

Section 2.07 Payments of Transfer Taxes. Upon the transfer of any Definitive Note or Definitive Notes pursuant to Section 2.08(b) hereof, the Issuer or the Indenture Trustee may require from the party requesting such new Definitive Note or Definitive Notes payment of a sum to reimburse the Issuer or the Indenture Trustee for, or to provide funds for the payment of, any transfer tax or similar governmental charge payable in connection therewith.

Section 2.08 Registrar, Paying Agent and Calculation Agent.

(a) Register. The Issuer hereby appoints the Indenture Trustee (and the Indenture Trustee hereby accepts such appointment) for the purpose of maintaining (i) its office or agency in the location referenced in Section 11.02(a) hereof where Notes may be presented or surrendered for registration of transfer or for exchange (the "**Registrar**"), (ii) its office or agency in the location referenced in Section 11.02(a) hereof, where Notes of any type may, to the extent required hereunder, be presented for payment (the "**Paying Agent**") and (iii) an office or agency where notices and demands in respect of the payment of the Notes may be served. The Issuer hereby requests the Indenture Trustee, and the Indenture Trustee agrees, to keep a register of the Notes, which register shall include (w) the name and address of each current and previous Holder of the Notes, (x) each Holder's interest in a Definitive Note, (y) the date of any transfer or assignment of any of the Holders' interest in the Notes or Depositary Participant's interest in a Definitive Note and the amount of such transfer or assignment, and (z) the date and amount of each payment made by or on behalf of the Issuer in respect of the Notes (the "**Register**"). The Indenture Trustee will keep the Register at its offices and otherwise in compliance with the terms of Section 5.01 of the Ex-Im Bank Guarantee and shall deliver a copy thereof to Ex-Im Bank as and to the extent required by said Section 5.01. Written notice of any change of location of such office or agency shall be given by the Indenture Trustee to the Issuer, Ex-Im Bank and the Holders. In the event that no such office or agency shall be maintained or no such notice of location or of change of location shall be given, presentations and demands may be made and notices may be served at the Corporate Trust Office of the Indenture Trustee, who shall act as the Registrar.

(b) Transfer of Notes and Beneficial Interests in Notes. A Holder may only transfer a Note in accordance with Section 2.03(b) hereof. A Depositary Participant holding a Beneficial Interest in a Definitive Note may transfer its Beneficial Interest in a Note only by written request to the Registrar stating the name of the proposed transferee and otherwise complying with the terms of this Indenture. No transfer by a Depositary Participant holding a Beneficial Interest

in a Definitive Note (whether or not with the consent of the Issuer) of any interest in this Indenture or the Notes or in the rights to receive any payments hereunder or thereunder (other than any transfer to Ex-Im Bank) shall be effective unless a book entry of such transfer is made upon the Register and such transfer is effected in compliance with the terms of this Indenture. No such transfer (other than to Ex-Im Bank) shall be effective until, and such transferee shall succeed to the rights of the transferor Depositary Participant only upon, final acceptance and entry by the Registrar into the Register of the transfer pursuant hereto. Prior to the entry into the Register of any transfer by the transferring Depositary Participant holding a Beneficial Interest in a Definitive Note as provided above, the Issuer, the Indenture Trustee and each other Person shall be entitled to deem and treat each Person reflected in the Register as owner of a portion of this Indenture or the Notes, or the rights to receive any payments hereunder or thereunder as the owner thereof for all purposes. The Issuer agrees that the Register shall be conclusive and binding on the Issuer absent manifest error. The Issuer irrevocably instructs the Registrar to enter into the Register any such transfer if all of the requirements set forth in this Indenture for an effective transfer by a Depositary Participant holding a Beneficial Interest in a Definitive Note of any interest in the Notes shall then have been satisfied. The Indenture Trustee shall promptly notify the Issuer of each request for a registration of transfer of a Beneficial Interest in a Note. Neither the Issuer nor the Registrar shall be required to register the transfer of any Beneficial Interest in a Note as above provided during the fifteen (15) day period preceding the Final Maturity Date of any such Note or during the period after the first mailing of any notice of redemption of Notes to be redeemed. Further, neither the Issuer nor the Registrar shall be required to register the transfer of any Beneficial Interest in any Notes that have been selected, called or are being called for redemption except, in the case of any Notes where notice has been given that such Notes are to be redeemed in part, the portion thereof not so to be redeemed. Anything in this Section 2.08(b) to the contrary notwithstanding, the Registrar shall be obligated to and shall register any exchange of a Global Note for a Definitive Note upon satisfaction of the conditions specified in Section 2.03(b) hereof.

(c) Payment Certificate. In the event any Payment Certificate is issued under the Ex-Im Bank Guarantee in respect of any Fixed Rate Global Note and/or any Fixed Rate Definitive Note, the provisions of Section 2.08 shall apply equally to the Payment Certificate in respect thereof.

(d) Calculation Agent. The Issuer hereby appoints the Calculation Agent (and the Calculation Agent hereby accepts such appointment) for the purpose of determining LIBOR for each Interest Period in respect of any Floating Rate Note.

Section 2.09 Statements to Holders.

(a) Method of Notice. Following each Repayment Date and any other date specified in this Indenture for distribution of any payments with respect to the Notes (including on any Payment Certificate issued under the Ex-Im Bank Guarantee in respect thereof), the Indenture Trustee shall cause notice thereof to be given (i) so long as any Global Note is registered in the name of the Depositary, by delivery of the relevant notice to the Depositary for communication by it to the Beneficial Owners in accordance with its Applicable Procedures, and (ii) with respect to any Definitive Note, by written notice to the Holder (and, if not Ex-Im Bank, for communication by it to the Beneficial Owners of the Definitive Notes in accordance with the Indenture Trustee's Procedures) at such address as the Holder thereof may so specify in writing to the Indenture Trustee in accordance with the provisions of Section 11.02(a) or Section 11.02(b) hereof.

(b) Alternative Method of Notice. The Indenture Trustee shall be at liberty to sanction some other method of giving notice to the Holders of any Notes if, in its opinion, such other method is reasonable, having regard to the number and identity of the Holders of such Notes and/or to market practice then prevailing, is in the best interests of the Holders of such Notes, and any such notice shall be deemed to have been given on such date as the Indenture Trustee may approve; provided that notice of such method is given to the Holders of such Notes in such manner as the Indenture Trustee shall require.

Section 2.10 CUSIP Numbers. The Issuer in issuing any Global Note (or any Definitive Note issued in exchange therefor as provided in Section 2.03) may use "CUSIP" or other identification numbers (if then generally in use) to identify such Notes and the related Ex-Im Bank Guarantee and Payment Certificate (if any), and if so, the Indenture Trustee shall use CUSIP numbers or other identification numbers, as the case may be, in notices of redemption or exchange as a convenience to Holders thereof; provided that any such notice shall state that no representation is made as to the correctness of such numbers either as printed on any such Notes or as contained in any notice of redemption or exchange and that reliance may be placed only on the other identification numbers printed on such Notes; provided further, that failure to use "CUSIP" or other identification numbers in any notice of redemption or exchange shall not affect the validity or sufficiency of such notice.

Section 2.11 Authentication. All Notes (whether a Global Note, a Definitive Note or any Note issued in exchange therefor) shall, upon written request of the Issuer, be authenticated on behalf of the Indenture Trustee by any Responsible Officer of the Indenture Trustee, by manual signature, and no Note shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose, unless it shall have been so authenticated by or on behalf of the Indenture Trustee and any such signature shall be conclusive evidence that the relevant Note has been duly authenticated under this Indenture.

Section 2.12 Persons Deemed Owners. Prior to due presentation of a Note for registration of transfer, the Issuer, Ex-Im Bank, the Indenture Trustee, the Registrar and the Paying Agent shall treat the Person in whose name any Note is registered (as of the day of determination) as the owner of such Note for the purpose of receiving payments as provided in this Indenture and for all other purposes whatsoever, and neither the Issuer, Ex-Im Bank, the Indenture Trustee, the Registrar nor the Paying Agent shall be affected by nor shall rely upon any notice to the contrary. The Issuer, Ex-Im Bank or the Indenture Trustee may request, accept and rely on a certificate signed by or on behalf of the Depositary to the effect that at any particular time or throughout any particular period any particular person is, was or will be shown in its records as entitled to receive a particular payment in respect of any Global Note.

Section 2.13 Appointment of Custodian. The Issuer hereby appoints and each Holder of a Global Note shall be deemed to have appointed the Indenture Trustee as, and the Indenture Trustee hereby accepts its appointment as, custodian for each Global Note and each Definitive Note.

ARTICLE III

PAYMENTS; APPLICATION; BUSINESS DAYS

Section 3.01 Payment by Issuer.

(a) Time. All payments of principal, interest and other amounts to be made by the Issuer under the Notes (other than to Ex-Im Bank) shall be made in Dollars, in immediately available funds, without deduction, set off or counterclaim, to the account of the Indenture Trustee at Wells Fargo Bank, N.A., ABA No.: 121000248, SWIFT: WFBIUS6S, Account No. 0510922115 (Reference: FFC: 48344700) (or such other account in the continental United States as the Indenture Trustee may designate, in writing, by not less than ten (10) Business Days' notice to the Issuer and Ex-Im Bank), not later than 11:00 a.m., New York City time, on the date on which such payment shall become due (each such payment made after such time on such due date to be deemed to have been made on the next succeeding Business Day). With respect to any amounts due to Ex-Im Bank, all payments shall be made at the Federal Reserve Bank of New York for credit to Ex-Im Bank's account.

TYPE/SUBTYPE: 1000
AMOUNT: [enter payment amount]
RECEIVER ABA ROUTING NUMBER: 021030004
RECEIVER ABA SHORT NAME: TREAS NYC
BUSINESS FUNCTION CODE: CTR
BENEFICIARY IDENTIFIER (ACCOUNT NUMBER): 00004984
BENEFICIARY NAME: EXPORT-IMPORT BANK
ORIGINATOR: [enter the name of the originator of the payment], ORIGINATOR TO BENEFICIARY INFORMATION - LINE 1: GUARANTEE NO. AP086036XX - Singapore for [Guarantee Commitment Fee] [Exposure Fee] [other: specify]

(b) Calculation of Interest. Interest on the Notes (other than scheduled interest on a Fixed Rate Note), including Post-Default Rate interest, shall be computed on the basis of a year of 360 days and the actual number of days elapsed, including the first day but excluding the last day, and scheduled interest on a Fixed Rate Note shall be computed on the basis of a year of 360 days and twelve (12) thirty (30) day months. All percentages resulting from any calculation of the Applicable Rate will be rounded to the nearest one hundred-thousandth of a percentage point with five one millionths of a percentage point rounded upwards (e.g., 6.876445% (or .06876445) would be rounded to 6.87645% (or .0687645)), and all U.S. Dollar amounts used in or resulting from the calculation of interest on any Note will be rounded to the nearest cent (with one-half cent being rounded upward).

(c) Method. Each payment received by the Indenture Trustee hereunder for account of the Noteholders (other than Ex-Im Bank) shall be paid promptly, in immediately available funds, (i) in the case of any Global Note, to the Depositary by wire transfer, or as otherwise instructed by the Depositary, to such account as the Depositary shall specify in writing to the Indenture Trustee and (ii) in the case of any Definitive Note, to each Beneficial Owner of record of such Definitive Note as of the applicable Record Date (in the case of any Definitive Note registered in the name of the Indenture Trustee) or to the Holder of record of such Definitive Note as of the applicable Record

Date (in the case of any Definitive Note otherwise registered) by check mailed to such Beneficial Owners or Holders, as the case may be, at their addresses appearing in the Register. Alternatively, Holders of Definitive Notes having an aggregate principal amount of not less than U.S.$1,000,000, upon application in writing to the Indenture Trustee, not later than the applicable Record Date, may have such payment made by wire transfer to an account designated by such Holder at a financial institution in the continental United States. In the event and to the extent receipt of any payment is not confirmed by the Indenture Trustee by 1:00 p.m., New York City time, distribution thereof shall be made on the Business Day following the Business Day such payment is received. Payments received (if any) by the Indenture Trustee for the account of Ex-Im Bank before 11:00 a.m., New York City time, at any place of payment for Ex-Im Bank shall be remitted to Ex-Im Bank on that same day and any payments received after 11:00 a.m., New York City time, shall be remitted on the following Business Day.

(d) Any amount required to be paid by the Issuer under a Note shall be deemed to have been paid when such amount is received by the Indenture Trustee at the account set forth in this Section 3.01.

Section 3.02 Application of Receipts.

(a) All payments by the Issuer hereunder or under any Note shall, except as otherwise expressly provided herein or as otherwise required under Section 5.04 of the Ex-Im Bank Guarantee, be made to the Indenture Trustee and shall be allocated towards principal, interest and/or other sums owing hereunder in the following order:

(1) First, in or towards payment of all interest due on such Note pursuant to Section 2.02(c)(ii) which is accrued, due and unpaid, but only to the extent such amounts are included in the Guaranteed Amount;

(2) Second, in or towards payment of all Guarantee Commitment Fees, Exposure Fees and all other amounts due to Ex-Im Bank hereunder or under such Note (including, without limitation, all interest amounts due pursuant to Section 2.02(c) and the other Operative Documents which are accrued, due and unpaid and which are not otherwise provided for under clause “First” or “Third” of this Section 3.02;

(3) Third, in or towards payment of all interest due on such Note pursuant to Section 2.02(c)(i) which is accrued, due and unpaid;

(4) Fourth, in or towards payment of all amounts of principal payable on such Note hereunder which is due and unpaid; and

(5) Fifth, on a pro rata basis, in or towards payment of all other amounts, including any fees and expenses payable hereunder which are due and unpaid and not otherwise provided for under this Section 3.02.

(b) Any sum received from Ex-Im Bank under the Ex-Im Bank Guarantee (including any Payment Certificate issued thereunder) in respect of the principal of or interest on any Note shall be applied by the Indenture Trustee to the installment of principal and/or interest (including under such Payment Certificate) in respect of which such sum shall have been so received in the manner provided in Section 3.01(c)(i) or (ii), as applicable.

Section 3.03 Business Day. Whenever any payment (other than of principal of a Note or interest thereon) shall become due on a day which is not a Business Day, or if any such payment is payable on demand and demand is made on a Business Day outside of normal banking hours of the recipient of such demand, the due date for such payment shall be the next succeeding Business Day and if such payment includes any payment of interest the amount of interest payable shall be adjusted accordingly.

Section 3.04 Certificate Conclusive and Binding. Where any provision of this Indenture provides that a Holder, the Indenture Trustee or Ex-Im Bank may certify or determine an amount or rate payable by the Issuer, a certificate by such Holder, the Indenture Trustee or Ex-Im Bank as to such amount or rate and specifying in reasonable detail the basis of computation of the relevant amount, shall be conclusive and binding on the Issuer in the absence of manifest error.

ARTICLE IV

TAXES; ADDITIONAL AMOUNTS

Section 4.01 Taxes. Without duplication of any indemnity due under Section 5.02 of the Participation Agreement, the Issuer covenants and agrees that, whether or not any Note is issued hereunder: (a) all payments by the Issuer to Ex-Im Bank, the Indenture Trustee or any Noteholder (each, an "**Indemnitee**") under or in respect of this Indenture or any Note, including amounts payable under clause (b) of this sentence, shall be made free and clear of and without reduction by reason of any Taxes, all of which will be paid by the Issuer to the appropriate taxing authority at the time and in the manner prescribed by Applicable Law; (b) in the event that the Issuer or the Indenture Trustee is required by Applicable Law to deduct or withhold any Taxes from any amounts payable to an Indemnitee on, under or in respect of this Indenture or any Note, the Issuer shall pay to such Indemnitee, such additional amount or amounts as may be required in order that the amount received after deduction or withholding shall equal the full amount stated to be payable under this Indenture or such Note, as applicable, as if such deduction or withholding had not been required; (c) the Issuer shall promptly furnish to the relevant Indemnitee satisfactory official tax receipts in respect of any payment of Taxes; and (d) the covenants and agreements of the Issuer under this Section 4.01 shall survive the repayment of the Notes. Without prejudice to the obligations of the Issuer under the foregoing sentence, in the event and to the extent that the Issuer is required by Applicable Law to deduct or withhold any Tax from any payment due hereunder to an Indemnitee in respect of this Indenture or any Note, then the Issuer agrees to withhold from each such payment due hereunder such withholding Taxes at the appropriate rate, and will, on a timely basis and in the manner required by Applicable Law, deposit such amounts with an authorized depositary or other relevant Governmental Authority or Other Governmental Authority and make such reports, filings and other reports in connection therewith. The Issuer shall promptly furnish to the relevant Indemnitee (but in no event later than the date thirty (30) days after the due date thereof) the completed relevant form or forms and/or official tax receipts, if any, or such other reasonable documentation satisfactory

to the relevant Indemnitee, indicating the payment in full of any Tax withheld from any payments by the Issuer for the account of the relevant Indemnitee, together with all such other information and documents reasonably requested by the relevant Indemnitee's counsel. If the Issuer fails to pay any such Taxes when due or fails to remit to an Indemnitee the required receipts or other required documentary evidence, the Issuer shall indemnify and reimburse on demand such Indemnitee on an After Tax Basis for any Taxes, interest, additions, fines or penalties that may become payable as a result of any such failure.

Section 4.02 Grossing Up of Indemnity Provisions. Where in this Indenture the Issuer has an obligation to indemnify or reimburse an Indemnitee in respect of any loss or payment (including, without limitation, obligations of the Issuer to make a payment to or reimburse an Indemnitee in respect of Taxes, expenses or indemnities) the amount payable shall include the amount necessary to hold such Indemnitee harmless on an After-Tax Basis (computed by taking into account the credit or deduction with respect to such loss or payment available to such Indemnitee in its reasonable determination without such Indemnitee being under any obligation to utilize any credit or deduction for any particular purpose), so as to leave such Indemnitee in the same after-tax position as it would have been in had the indemnity or reimbursement payment made to such Indemnitee not given rise to any liability for any Tax.

Section 4.03 Definitions. The terms "Tax" and "Taxes" as used in this Article IV shall have the meaning given to such terms in Appendix A hereto; provided, however, that other than with respect to an obligation to gross-up indemnities and any other payments expressly required to be made on an After-Tax Basis, the terms "Tax" and "Taxes" shall not include any Tax imposed by the jurisdiction in which an Indemnitee is incorporated that is measured by or based on the overall net income, profits or gains howsoever computed of an Indemnitee.

Section 4.04 Survival. Notwithstanding anything to the contrary contained herein, the agreements in this Article IV shall survive the termination or cancellation of this Indenture and the payment of the Notes and all other amounts due hereunder.

ARTICLE V

COVENANTS

The covenants and agreements of the Issuer set forth in Section 7 of the Participation Agreement are hereby incorporated herein by reference thereto as fully and to the same extent as if set forth in full herein.

ARTICLE VI

EVENTS OF DEFAULT

Section 6.01 Events of Default. The following events shall constitute "Events of Default" hereunder (whether any such event shall be voluntary or involuntary or come about or be effected by operation of law or pursuant to or in compliance with any judgment, decree or order of any court or any order, rule or regulation of any Governmental Authority or Other Governmental Authority, or the administration or interpretation thereof) and each such Event of Default shall be deemed to exist and continue so long as, but only so long as, it shall not have been remedied:

(a) any failure by the Issuer or the Guarantor to pay when due any amount owing under this Indenture, any Note or the Participation Agreement unless (i) such failure to pay is caused by administrative or technical error and (ii) payment is made within three (3) Business Days of its due date;

(b) any representation or warranty made or deemed made by the Issuer or the Guarantor in the Participation Agreement, the Micron Guarantee Agreement, any other Operative Document to which it is a party or set forth in any writing delivered in connection therewith; or any statement made in any certificate furnished by the Issuer or the Guarantor to Ex-Im Bank; has proven to have been false or misleading in any material respect as of the time when made; provided that no Event of Default under this clause (b) will occur if such misrepresentation or breach of warranty, or the circumstance giving rise to it, is/are capable of remedy and is/are remedied within five (5) Business Days after Ex-Im Bank or the Security Trustee has given written notice thereof to the Issuer or the Guarantor, as the case may be;

(c) any failure by the Issuer or the Guarantor to perform or comply in any material respect with any of its covenants or obligations set forth in the Participation Agreement, the Micron Guarantee Agreement or any other Operative Document to which it is a party (exclusive of any events specified as an Event of Default in any other subsection of this Section 6.01), which failure, if capable of being cured, remains uncured for a period of thirty (30) days after Ex-Im Bank or the Security Trustee have given written notice thereof to the Issuer or the Guarantor, as the case may be;

(d) (i) the Issuer fails to make any payment on its scheduled due date (after giving effect to any applicable grace period) of any Indebtedness of the Issuer in a principal amount in excess of U.S.$100,000,000 and continuance of such failure, or (ii) the acceleration of any Indebtedness of the Issuer (after giving effect to any applicable grace period) in an amount in excess of U.S.$100,000,000 because of a default with respect to such Indebtedness without such Indebtedness having been discharged or such acceleration having been cured, waived, rescinded or annulled within a period of 30 days after such acceleration; *provided* that if any such failure or acceleration referred to in (i) or (ii) above shall cease or be cured, waived, rescinded or annulled, then the resulting Event of Default shall be deemed not to have occurred;

(e) any failure by the Issuer or the Guarantor to pay when due, or within the applicable grace period provided with respect thereto, any amounts payable under any agreement or instrument (other than the Operative Documents) under which the debt or contingent obligation of the Issuer or the Guarantor thereunder is owed to, guaranteed by, or insured by (in whole or in part) Ex-Im Bank;

(f) either the Issuer or the Guarantor shall (A) be unable generally to pay its debts as they fall due or shall admit in writing its inability generally to pay its debts as they fall due or shall become insolvent or bankrupt; or the Issuer or the Guarantor shall apply for or consent to the appointment of any liquidator, receiver, trustee, administrator or similar officer for all or a substantial part of its business, properties, assets, or revenues; or a liquidator, receiver, trustee, administrator or similar officer shall be appointed for the Issuer or the Guarantor and such appointment shall continue undismissed, undischarged or unstayed for a period of sixty (60) days; (B) institute (by petition, application, answer, consent or otherwise) any insolvency, bankruptcy,

arrangement, readjustment of debt, dissolution, reorganization (by way of voluntary arrangement, scheme of arrangement or otherwise), judicial management liquidation, or similar executory or judicial proceeding, or an insolvency, bankruptcy, arrangement, readjustment of debt, dissolution, liquidation, reorganization (by way of voluntary arrangement, scheme of arrangement or otherwise), judicial management liquidation, or similar executory or judicial proceeding shall be instituted against the Issuer or the Guarantor and shall remain undismissed, undischarged or unstayed for a period of sixty (60) days; (C) take any action seeking to take advantage of any other law relating to insolvency, bankruptcy, liquidation, termination, dissolution, winding up, or composition, or readjustment of debts; (D) make a general assignment for the benefit of its creditors with a view to the general readjustment or rescheduling of its debts; or (E) take any corporate or similar action for the purpose of effecting any of the foregoing;

(g) any Governmental Authority or Other Governmental Authority shall have (A) condemned, seized or expropriated all or substantially all of the property of the Issuer or the Guarantor or (B) declared the Issuer to be a declared company under the provisions of Part IX of the Companies Act (Chapter 50) of Singapore;

(h) any authorization, approval, consent, license, exemption, filing, registration, notarization or other requirement of any governmental, judicial or public body or authority necessary to enable each of the Issuer or the Guarantor to comply with its obligations under this Indenture, the Micron Guarantee Agreement, any Note or any other Operative Document shall have been revoked, rescinded, suspended, held invalid or otherwise limited in effect in a manner that would affect materially and adversely the Issuer's or the Guarantor's respective ability to perform its obligations this Indenture, the Micron Guarantee Agreement, any Note or any other Operative Document; or any law, rule or regulation, decree or directive of any competent authority shall be enacted or issued that shall impair materially and adversely the legal ability or the right of the Issuer or the Guarantor, as the case may be, to perform such obligations; or it shall become unlawful for the Issuer or the Guarantor to perform any such obligations; provided that no Event of Default under this clause (h) will occur if such material and adverse effect or unlawfulness is remedied within thirty (30) Business Days after Ex-Im Bank or the Security Trustee has given written notice thereof to the Issuer or the Guarantor, as the case may be;

(i) any Supply Contract, or the performance by any party thereto of such party's obligations under any Supply Contract, in the reasonable judgment of Ex-Im Bank, contravenes any applicable law;

(j) the Issuer repudiates this Indenture or any other Issuer Document or does or causes to be done any act or thing evidencing an intention to repudiate this Indenture or any other Issuer Document;

(k) the Guarantor repudiates the Micron Guarantee Agreement or does or causes to be done any act or thing evidencing an intention to repudiate the Micron Guarantee Agreement, or the Micron Guarantee Agreement ceases, for any reason, to be in full force and effect;

(l) any of the Security Documents ceases or shall cease to constitute a duly perfected and enforceable security interest over the property referred to therein free and clear of all Liens other than Permitted Liens and such situation is not remedied within a period of five (5) Business Days after occurrence thereof;

(m) the Issuer (i) ceases to be the owner of any of the Collateral or (ii) ceases to have valid and marketable title to any of the Collateral, except as otherwise permitted by the Operative Documents;

(n) any step is taken by any Governmental Authority with a view to the seizure, compulsory acquisition, expropriation or nationalization of any part of the Collateral or the issued shares in the capital of the Issuer;

(o) either the Issuer or the Guarantor ceases to carry on its respective business as a going concern;

(p) any material obligations of the Issuer or the Guarantor under any Operative Document are not, or cease to be, legal, valid, binding or enforceable;

(q) the Guarantor shall cease to own, directly or indirectly, more than fifty percent (50%) of the issued and paid up share capital of the Issuer; or

(r) any other event occurs or any other circumstance arises (i) which, in the reasonable judgment of Ex-Im Bank (subject to the proviso below), is likely materially and adversely to affect the ability of the Issuer or the Guarantor to perform any payment obligation, or all or any of its other obligations which are material obligations, under this Indenture, the Micron Guarantee Agreement, any Note or under any other Operative Document to which it is a party and (ii) at any time when the sum of (x) the aggregate of "cash and equivalents", "short-term investments" and "long-term marketable investments" of the Guarantor and its Consolidated Subsidiaries plus (y) the aggregate amount that is available to be drawn by the Guarantor or its Subsidiaries under committed credit facilities, is less than U.S.$1,000,000,000; *provided* that prior to its exercising its judgment as contemplated in this clause (r)(i), Ex-Im Bank shall (A) notify the Issuer and the Guarantor of the relevant event or circumstance by written notice describing such event or circumstance in reasonable detail and (B) following such notice, consult with the Issuer and the Guarantor so long as they are available to consult.

Section 6.02 Remedies. Upon the occurrence of any Event of Default and so long as such Event of Default is continuing, (i) the Instructing Group may, by notice to the Issuer (unless such notice is prohibited by Applicable Law), declare the aggregate principal amount then outstanding of, and the accrued interest on, any or all of the Notes and all other amounts payable by the Issuer hereunder to be forthwith due and payable, whereupon such amounts shall be immediately due and payable without presentment, demand (except as aforesaid), protest or other formalities of any kind, all of which are hereby expressly waived by the Issuer; and (ii) in the case of the occurrence of an

Event of Default referred to in clause (g) of Section 6.01 hereof with respect to the Issuer, the aggregate principal amount then outstanding of, and the accrued interest on, all of the Notes and all other amounts payable by the Issuer hereunder shall automatically become immediately due and payable without presentment, demand, protest or other formalities of any kind, all of which are hereby expressly waived by the Issuer (unless, subsequent to such automatic acceleration, such automatic acceleration is waived by the Instructing Group). Notwithstanding anything to the contrary contained herein, no Make-Whole Amount or Prepayment Premium shall be payable in connection with the acceleration of any or all of the Global Notes or Definitive Notes. If (x) Ex-Im Bank as the Instructing Group shall have accelerated the Notes hereunder and (y) a claim shall be made on Ex-Im Bank under the Ex-Im Bank Guarantee and Ex-Im Bank shall have issued a Payment Certificate, then, upon demand by Ex-Im Bank, the Issuer shall pay to Ex-Im Bank the Ex-Im Bank Make-Whole Amount, if any.

ARTICLE VII

THE INDENTURE TRUSTEE

Section 7.01 Notice of Defaults.

(a) As promptly as practicable, and in any event within ten (10) Business Days, after either (i) the occurrence of an Event of Default under Section 6.01(a) hereof of which the Indenture Trustee has actual knowledge or (ii) a Responsible Officer of the Indenture Trustee has received written notice from the Issuer, Ex-Im Bank or any Noteholder of the occurrence of any other Event of Default hereunder, the Indenture Trustee shall give notice of such Event of Default to the Issuer, the Noteholders and Ex-Im Bank.

(b) The Indenture Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Indenture Trustee.

(c) In the absence of bad faith on its part, the Indenture Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Indenture Trustee and conforming to the requirements of this Indenture; provided that in the case of any such certificates or opinions which by any provision hereof or thereof are specifically required to be furnished to the Indenture Trustee, the Indenture Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture, and shall promptly notify the party delivering the same if such certificate or opinion does not conform. If a corrected form shall not have been delivered to the Indenture Trustee within fifteen (15) days after such notice from the Indenture Trustee, the Indenture Trustee shall so notify the Noteholders.

(d) In case an Event of Default of which a Responsible Officer of the Indenture Trustee has actual knowledge has occurred and is continuing, the Indenture Trustee shall exercise such rights and powers as are expressly vested in it as a duty by this Indenture and the other Operative Documents, and use the same degree of care and skill in its exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person’s own affairs. Any permissive right of the Indenture Trustee enumerated in this Indenture or any other Operative Document shall

not be construed as a duty. In taking or omitting to take any action hereunder, the Indenture Trustee shall be entitled to rely upon, and act in accordance with, the direction of the Majority Noteholders; provided, that in taking any action with respect to any Global Note or Definitive Note for amounts owed to Noteholders, the Indenture Trustee shall act in accordance with the direction of the Applicable Majority Noteholders for such Global Note or Definitive Note.

(e) No provision of this Indenture shall be construed to relieve the Indenture Trustee from liability for its own grossly negligent action, its own grossly negligent failure to act or its own willful misconduct, except that:

(1) this subsection shall not be construed to limit the effect of this Section 7.01(b);

(2) the Indenture Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proven that the Indenture Trustee was grossly negligent or acted with willful misconduct in ascertaining the pertinent facts;

(3) the Indenture Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Majority Noteholders, as applicable (or such larger percentage as may be required by the terms hereof) relating to the time, method and place of conducting any remedy available to the Indenture Trustee, or exercising any trust or power conferred upon the Indenture Trustee, under this Indenture or any other Operative Document; and

(4) no provision of this Indenture shall be construed as requiring the Indenture Trustee to incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not assured to it.

(f) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Indenture Trustee shall be subject to the provisions of this Section 7.01.

Section 7.02 Certain Rights of Indenture Trustee.

(a) The Indenture Trustee may conclusively rely and shall be protected in acting or refraining from acting in good faith in reliance upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or document reasonably believed by it to be genuine and to have been signed or presented by the proper party or parties.

(b) Whenever in the administration of this Indenture, the Indenture Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Indenture Trustee (unless other evidence be herein specifically prescribed)

may, in the absence of bad faith, gross negligence or willful misconduct on its part, rely upon an Officer's Certificate and an opinion of counsel of the Issuer.

(c) The Indenture Trustee may consult with counsel of its choice and the advice of such counsel or any opinion of counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(d) The Indenture Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture or any other Operative Document at the request or direction of any of the Noteholders pursuant to this Indenture, unless such Noteholders shall have offered to the Indenture Trustee security or indemnity satisfactory to it in its sole discretion against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

(e) Subject to Section 7.01(c) hereof, the Indenture Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or document unless notified to do so by the Issuer at the Issuer's expense.

(f) The Indenture Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees and the Indenture Trustee shall not be responsible, for any misconduct or negligence on the part of, or for the supervision of, any agent, attorney, custodian or nominee appointed with due care by it hereunder.

(g) The Indenture Trustee shall not be required to expend or risk its own funds in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or indemnity satisfactory to it against such risk is not assured to it.

(h) The Indenture Trustee shall not be personally liable for any action taken or suffered or omitted to be taken by it in good faith and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture or any other Operative Document, unless the Indenture Trustee was grossly negligent in ascertaining the pertinent facts.

(i) The Indenture Trustee, in its capacity as Paying Agent and Registrar hereunder, shall have the rights and protections afforded to the Indenture Trustee pursuant to this Article VII (including, without limitation, Sections 7.01(c) and 7.06 hereof).

(j) The Indenture Trustee shall not be charged with knowledge of an Event of Default (other than under Section 6.01(a) hereof) unless a Responsible Officer obtains actual knowledge of such event or the Indenture Trustee receives written notice of such event from the Issuer, Ex-Im Bank or any Noteholder.

(k) The Indenture Trustee shall execute, deliver and perform the other Operative Documents to which it is a party and shall take such actions as are directed by Ex-Im Bank, the Noteholders, this Indenture or such other Operative Document, in each case, subject to the provisions

of this Article VII and the other provisions of this Indenture and such other Operative Documents, as applicable.

(l) Without limiting its rights under bankruptcy law, when the Indenture Trustee incurs expenses or renders services in connection with the insolvency or bankruptcy of any party hereto, such reasonable expenses (including the reasonable fees and expenses of its counsel) and the compensation for such services are intended to constitute expenses of administration under any bankruptcy or insolvency law.

Section 7.03 Not Responsible for Recitals or Issuance of Notes. The recitals contained herein and in the Notes, except the certificates of authentication, and in the other Operative Documents shall not be taken as the statements of the Indenture Trustee, and the Indenture Trustee assumes no responsibility for their correctness. Except as set forth in Section 7.11 hereof or as set forth in any certificate of authentication, the Indenture Trustee makes no representations as to the validity or sufficiency of this Indenture or the Notes.

Section 7.04 May Hold Notes. The Indenture Trustee, the Paying Agent, the Registrar or any of their respective Affiliates or any other agent, in their respective individual or any other capacity, may become the owner or pledgee of a Note and may otherwise deal with the Issuer with the same rights it would have if it were not Indenture Trustee, Paying Agent, Registrar or such other agent.

Section 7.05 Money Held in Trust. Money held by the Indenture Trustee or the Paying Agent in trust hereunder need not be segregated from other funds except to the extent required herein or by law and neither the Indenture Trustee nor the Paying Agent shall have any liability for interest upon any such moneys.

Section 7.06 Indemnity. The Issuer agrees:

(a) to indemnify, or cause to be indemnified, the Indenture Trustee (acting in any capacity hereunder) for, and to hold it harmless against, any loss, liability or expense incurred on its part, arising out of or in connection with the acceptance or administration of this trust or the performance of the Operative Documents to which it is a party in accordance with the terms thereof, including the reasonable and duly documented costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties in accordance with the applicable provisions and the other Operative Documents; provided, that the Issuer shall not be liable for (i) any of the foregoing to the extent they arise from the gross negligence, bad faith or willful misconduct of the Indenture Trustee, (ii) any Taxes imposed on any fees payable to the Indenture Trustee as compensation for the performance of services hereunder or (iii) any cost, expense, liability or obligation that is expressly stated to be without right to reimbursement or indemnity from the Issuer. The Indenture Trustee shall notify the Issuer promptly of any claim for which it may seek indemnity. This indemnity shall survive the resignation or removal of the Indenture Trustee and the satisfaction and discharge or termination of this Indenture and the other Operative Documents. Upon payment of any amounts due hereunder in respect of any such claim, the Issuer shall be subrogated to the rights of the Indenture Trustee in respect thereof; and

(b) no direction by any Noteholder, the Majority Noteholders or the Instructing Group shall affect the right of the Indenture Trustee to collect amounts owed to it under this Indenture.

Section 7.07 Resignation and Removal of Indenture Trustee; Appointment of Successor. ii) The Indenture Trustee, or any successor Indenture Trustee, may resign at any time without cause by giving at least thirty (30) days' prior written notice to the Issuer, each Noteholder and Ex-Im Bank. Such resignation shall be effective upon the acceptance of the trusteeship by a successor Indenture Trustee eligible under Section 7.08 hereof reasonably satisfactory to Ex-Im Bank and, provided no Event of Default shall have occurred and be continuing, the Issuer. Upon receiving such notice of resignation, the Majority Noteholders shall promptly appoint a successor Indenture Trustee eligible under Section 7.08 hereof reasonably satisfactory to Ex-Im Bank and, provided no Event of Default shall have occurred and be continuing, the Issuer, by written instrument, in duplicate, one original copy of which shall be delivered to the Indenture Trustee so resigning and one original copy to the successor Indenture Trustee together with notice to the Issuer, each Noteholder and Ex-Im Bank, in accordance with Section 11.02 hereof. In the event of any such resignation, such Indenture Trustee shall promptly return to the Issuer any unearned fees or the pro rata portion of any fees paid on an annual basis. The Indenture Trustee may be removed (x) by the Majority Noteholders, at any time, with or without cause, or (y) by the Applicable Majority Noteholders if the Indenture Trustee has not made a claim on Ex-Im Bank under the Ex-Im Bank Guarantee as required by Section 7.14 hereof by notice delivered to the other Noteholders, the Indenture Trustee, the Issuer and Ex-Im Bank, such removal to be effective upon the acceptance of the trusteeship by a successor Indenture Trustee reasonably satisfactory to Ex-Im Bank and, provided no Event of Default shall have occurred and be continuing, the Issuer. In the case of the removal of the Indenture Trustee, the Majority Noteholders or the Applicable Majority Noteholders, as the case may be, may appoint a successor Indenture Trustee eligible under Section 7.08 hereof and reasonably satisfactory to Ex-Im Bank and, provided no Event of Default shall have occurred and be continuing, the Issuer, by an instrument signed by the Majority Noteholders or the Applicable Majority Noteholders, as applicable (whose fees, provided no Event of Default shall have occurred and be continuing, shall be reasonably acceptable to the Issuer). In the event of any removal due to gross negligence or willful misconduct (as determined and finally adjudicated by a court of competent jurisdiction) such Indenture Trustee shall promptly return to the Issuer any unearned fees or the pro rata portion of any fees paid on an annual basis. If a successor Indenture Trustee shall not have been appointed within (x) thirty (30) calendar days after such notice of resignation or removal, or (y) five (5) Business Days after such notice of resignation or removal if a claim is required under and in accordance with Section 2.07 of the Ex-Im Bank Guarantee, the Issuer, the Indenture Trustee or any Noteholder may apply to any court of competent jurisdiction to appoint a successor Indenture Trustee eligible under Section 7.08 hereof to act until such time, if any, as a successor shall have been appointed as above provided. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, remove the Indenture Trustee and appoint a successor Indenture Trustee meeting the requirements of Section 7.08 hereof, which removal and appointment shall become effective upon written acceptance of appointment by the successor Indenture Trustee as provided in Section 7.09 hereof.

(b) If at any time the Indenture Trustee becomes incapable of acting, or shall be adjudged bankrupt or insolvent, or a receiver, conservator, administrator, trustee, custodian, liquidator or similar official of the Indenture Trustee or of its property shall be appointed, or any public officer takes charge or control of the Indenture Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, then (i) the Majority Noteholders may remove the Indenture Trustee and the Majority Noteholders may appoint a successor Indenture Trustee that is reasonably satisfactory to Ex-Im Bank and, provided no Event of Default shall have occurred and be continuing, the Issuer, and that is eligible under Section 7.08, by an Act delivered to the other Noteholders, the Indenture Trustee so removed, the successor Indenture Trustee, the Issuer and Ex-Im Bank or (ii) any Noteholder may petition any court of competent jurisdiction for the removal of the Indenture Trustee and the appointment of a successor Indenture Trustee and such court may thereupon, after such notice, if any, as it may deem proper and prescribe, remove the Indenture Trustee and appoint a successor Indenture Trustee eligible under Section 7.08 hereof, which removal and appointment shall become effective upon written acceptance of appointment by the successor Indenture Trustee as provided in Section 7.09 hereof.

Section 7.08 Persons Eligible for Appointment as Indenture Trustee. Any successor Indenture Trustee, however appointed, shall be a bank or trust company organized and doing business under the laws of the United States or any state thereof, shall be authorized under such laws to exercise corporate trust power, shall be subject to supervision or examination by federal or state authority, shall have a total shareholder equity aggregating at least US$1,000,000,000 and shall maintain a corporate trust department.

Section 7.09 Acceptance of Appointment by Successor Indenture Trustee. Any successor Indenture Trustee appointed as provided in Section 7.07 hereof shall execute and deliver to the Issuer and to its predecessor Indenture Trustee an instrument accepting such appointment and thereupon the resignation or removal of the predecessor Indenture Trustee shall become effective and the appointment of such successor Indenture Trustee shall become effective and such successor Indenture Trustee, without any further act, deed or conveyance, shall become vested with all rights, powers, duties and obligations of its predecessor as if such successor Indenture Trustee were originally named as Indenture Trustee hereunder and under the other Operative Documents. Notwithstanding the foregoing, on the written request of the successor Indenture Trustee, the Indenture Trustee ceasing to act shall, upon payment of its charges then unpaid to which it is entitled to reimbursement or payment hereunder, pay over to the successor Indenture Trustee all moneys at the time held by it in trust hereunder and shall execute and deliver an instrument transferring to such successor Indenture Trustee all rights, powers, duties and obligations hereunder and under the other Operative Documents. Upon request of any such successor Indenture Trustee, the predecessor Indenture Trustee shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor Indenture Trustee all such rights and powers. Any Indenture Trustee ceasing to act shall, nevertheless, retain a prior claim upon all property or funds held or collected by such Indenture Trustee hereunder to secure any amounts then due to it pursuant to the provisions of Section 7.06 hereof.

If a successor Indenture Trustee is appointed hereunder, a supplement to this Indenture executed and delivered by the Issuer, the predecessor Indenture Trustee and the successor Indenture Trustee shall be sufficient to effect the removal of the predecessor Indenture Trustee and to vest the successor Indenture Trustee with all rights, powers, duties and obligations of its

predecessor hereunder and under the other Operative Documents, as if such successor Indenture Trustee was originally named as Indenture Trustee hereunder and thereunder.

No successor Indenture Trustee shall accept appointment as provided in this Section 7.09 unless at the time of such acceptance such successor Indenture Trustee shall be eligible to act as Indenture Trustee under the provisions of Section 7.08 hereof.

Upon acceptance of appointment by a successor Indenture Trustee as provided in this Section 7.09, the successor Indenture Trustee shall notify the Noteholders of such appointment by registered mail at their last address as they shall appear in the Register, and shall mail a copy of such notice to the Issuer. If the acceptance of appointment is substantially contemporaneous with the resignation, then the notice called for by the preceding sentence may be combined with the notice called for by Section 7.07 hereof.

Section 7.10 Merger, Conversion, Consolidation or Succession to Business. Any Person into which the Indenture Trustee may be merged or converted or with which it may be consolidated, or any Person resulting from any merger, conversion or consolidation or sale of all or substantially all assets to which the Indenture Trustee shall be a party, or any Person succeeding to all or substantially all of the corporate trust business of the Indenture Trustee, shall be the successor of the Indenture Trustee hereunder, provided such Person shall meet the requirements of Section 7.08 hereof and shall be otherwise qualified and eligible under this Article VII, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Notes shall have been authenticated, but not delivered, by the Indenture Trustee then in office, any successor by merger, conversion or consolidation or sale of assets to such authenticating Indenture Trustee may adopt such authentication and deliver the Notes so authenticated with the same effect as if such successor Indenture Trustee had itself authenticated such Notes. If as a result of any such merger, conversion, consolidation, sale or succession it is necessary to amend any of the Operative Documents or to amend, modify, terminate and/or refile any documents or instruments or to take any other action to maintain the Lien of the Security Documents in the Collateral, the successor to the Indenture Trustee and the previous Indenture Trustee shall be jointly and severally liable for the costs and expenses relating to such amendments or for the maintenance of such Liens, including the reasonable fees and expenses of counsel to the Issuer, the Security Trustee and Ex-Im Bank, without any right to indemnification or reimbursement from the Issuer or the Guarantor under any other provisions of the Operative Documents.

Section 7.11 Representations and Warranties of Indenture Trustee. The representations and warranties of Wells Fargo Bank, National Association in its individual capacity and as Indenture Trustee set forth in Section 7.04 of the Participation Agreement are hereby incorporated herein by reference thereto as fully and to the same extent as if set forth herein.

Section 7.12 Documents Furnished to Noteholders. Promptly upon its receipt thereof, the Indenture Trustee shall furnish to each Noteholder, in the manner provided in Section 11.02 hereof a copy of any certificate, statement, instrument, opinion, report, notice, request, consent, order, approval, appraisal or other paper or document it receives from the Issuer or any other party pursuant to this Indenture or any other Operative Document.

Section 7.13 Appointment. By its acceptance of a Note or Beneficial Interest therein, each Noteholder and the Beneficial Owners (other than Ex-Im Bank) shall be deemed to have (i) appointed the Indenture Trustee to act as its agent in connection herewith and with the other Operative Documents and to have authorized the Indenture Trustee to exercise such rights, powers and discretions as are specifically delegated to the Indenture Trustee by the terms hereof and thereof together with all such rights, powers and discretions as are reasonably incidental thereto and (ii) agreed to be bound by and consented to the terms and provisions of the Operative Documents (including the provisions of Sections 4, 5.03, and 5.04 of the Ex-Im Bank Guarantee) and to have irrevocably authorized the Indenture Trustee to take any and all actions that may be taken by the Indenture Trustee under the terms of the Ex-Im Bank Guarantee, including an assignment of all of its rights, title and interest in a Note as to which enforcement of the Ex-Im Bank Guarantee is sought, this Indenture, any security referenced therein and the other Operative Documents (to the extent it relates to an affected Note). Upon the assignment of a Note to Ex-Im Bank pursuant to the Ex-Im Bank Guarantee, Ex-Im Bank shall be deemed to be the Holder of such Note and shall have all of the rights, powers and discretion of a Holder hereunder with respect to such Note.

Section 7.14 Certain Ex-Im Bank Guarantee Covenants. iii) The Indenture Trustee hereby covenants and agrees for the benefit of the Noteholders and Depositary Participants holding an interest in a Definitive Note that, if any Global Note or Definitive Note is outstanding, (i) upon the occurrence of an Event of Default pursuant to Section 6.01(a) hereof with respect to a scheduled payment of principal of or interest on a Global Note or a Definitive Note, the Indenture Trustee shall make a demand on each of the Issuer, the Guarantor (unless any such demand on the Issuer or the Guarantor may be omitted in accordance with the provisions of Section 4.01 of the Ex-Im Bank Guarantee) and Ex-Im Bank promptly within the periods contemplated in and otherwise on the terms of the Ex-Im Bank Guarantee (including but not limited to the provision of all information and documentation and any assignments (including rights under any Note, this Indenture or any other document or thing required thereunder) required by Section 4 of the Ex-Im Bank Guarantee) and provide notice of such demands to the Noteholders of such Global Note or Definitive Note and Depositary Participants holding an interest in a Definitive Note; provided that upon the occurrence of any Event of Default pursuant to Section 6.01(a) with respect to any scheduled payment of principal of or interest on a Global Note or a Definitive Note and so long as such Event of Default is continuing, if the Indenture Trustee shall not have made such demand, the Applicable Majority Noteholders may by notice in writing instruct the Indenture Trustee to make a demand on Ex-Im Bank to enforce its rights and those of the Noteholders under the Ex-Im Bank Guarantee and (ii) if any right to make a claim under Section 2.07 of the Ex-Im Bank Guarantee arises and the Indenture Trustee has returned any amount of a payment of principal of or interest on any Global Note or any Definitive Note or has received written notice that any Holder of a Global Note or a Definitive Note has returned any such amount as set forth in Section 2.07 of the Ex-Im Bank Guarantee, in either case, or if any such payment is rescinded, the Indenture Trustee shall make a demand on Ex-Im Bank and the parties set forth in such Section 2.07 to the extent required by such Section 2.07 promptly within the time periods contemplated in and otherwise on the terms of the Ex-Im Bank Guarantee.

(b) The Indenture Trustee hereby covenants and agrees for the benefit of the Noteholders and Depositary Participants holding an interest in a Definitive Note that, (i) without the prior written consent of Ex-Im Bank, the Indenture Trustee will not agree to an amendment or deviation prohibited by Section 5.03 of the Ex-Im Bank Guarantee and (ii) without the prior written consent of Ex-Im Bank, the Indenture Trustee will not declare all or any part of the Issuer's indebtedness under any Note to be immediately due and payable or to be due and payable upon demand of the Indenture Trustee.

ARTICLE VIII

NOTEHOLDERS' LISTS AND REPORTS

Section 8.01 Noteholder's List and Preservation of Information.

(a) The Indenture Trustee shall permit the Issuer, each Noteholder and Ex-Im Bank to inspect and copy (at the expense of such Noteholder or Ex-Im Bank, as the case may be) the Register and other books and records relating to the Notes upon written request during regular business hours of the Indenture Trustee; provided that, each Noteholder shall only be permitted to inspect and copy the relevant portion of the Register and other books and records relating to the relevant Global Notes or Definitive Notes, as the case may be.

(b) The Indenture Trustee shall preserve, in as current a form as is reasonably practicable, the names and addresses of the Noteholders contained in the most recent list furnished to the Indenture Trustee as provided in Section 2.08 hereof and the names and addresses of such Noteholders received by the Indenture Trustee in its capacity as Registrar, if so acting. The Indenture Trustee may destroy any list furnished to it as provided in Section 2.08 upon receipt of a new list so furnished.

ARTICLE IX

SUPPLEMENTAL INDENTURES

Section 9.01 Supplemental Indentures without Consent of Noteholders. Subject always to Section 9.03 and Section 9.04(b), without the consent of the Noteholders, but with the consent of Ex-Im Bank, the Issuer may, and, upon request of the Issuer, the Indenture Trustee shall, at any time and from time to time enter into one or more agreements supplemental hereto, in form satisfactory to Ex-Im Bank, for any of the following purposes:

(1) to add to the covenants of the Issuer or the Indenture Trustee for the benefit of the Noteholders, or to surrender any right or power herein conferred upon the Issuer;

(2) to correct or supplement any provision herein or in any supplemental agreement which may be defective or inconsistent with any other provision herein or in any supplemental agreement or in any offering circular; provided that any such provision shall not adversely affect the interests of the Noteholders (and the Indenture Trustee shall have received an opinion of counsel to such effect satisfactory to it); or

(3) to evidence and provide for the acceptance of appointment hereunder by a successor Indenture Trustee;

provided such supplemental agreement shall not increase the discretionary authority of the Indenture Trustee (in such capacity or any other capacity) or any successor Indenture Trustee without the consent of the Indenture Trustee and each Holder. For the avoidance of doubt, the waiver of any right or remedy exercisable by Ex-Im Bank under this Indenture or any other Operative Document against the Issuer or the Guarantor, in either Ex-Im Bank's individual capacity or as the Instructing Group (including, without limitation any waiver of an Event of Default) shall not require the consent of any Noteholders.

Section 9.02 Supplemental Indentures with Consent of Noteholders. Subject always to Section 9.03 and Section 9.04(b), (x) with the consent of the Majority Noteholders and Ex-Im Bank, the Issuer may, and the Indenture Trustee shall, enter into an agreement or agreements supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of modifying in any manner the rights and obligations of the Holders under this Indenture and (y) with the consent of the Applicable Majority Noteholders with respect to a Note and Ex-Im Bank, the Issuer may, and the Indenture Trustee shall, enter into an agreement or agreements supplemental hereto for the purpose of adding any provisions of such Note or of modifying in any manner the rights and obligations of the Holders thereof, as applicable; provided, that no such supplemental agreement may, without the unanimous consent of each Noteholder affected thereby:

(1) change any Repayment Date or Interest Payment Date, change the provisions of the Indenture relating to the amount, timing or application of payments on the Notes or change any place where, or the coin or currency in which, the Notes are payable;

(2) change the portion of percentage interests of the Notes, the consent of whose Holders is required for any such amendment or modification, or the consent of the Holders of which is required for any waiver of compliance with certain provisions of this Indenture or any Operative Document;

(3) impair or adversely affect the rights of any Holder under the Ex-Im Bank Guarantee or any Payment Certificate;

(4) modify any of the provisions of this Indenture in such a manner as to affect the rights of the Holders of Notes for the repayment of the Notes contained in this Indenture; or

(5) modify any of the provisions of this Section 9.02.

It shall not be necessary for any Act of Noteholders under this Section 9.02 to approve the particular form of any proposed supplemental agreement, but it shall be sufficient if such Act shall approve the substance thereof.

Promptly after the execution by the Issuer and the Indenture Trustee of any supplemental indenture pursuant to this Section 9.02, the Indenture Trustee, at the expense of the

Issuer, shall mail to Ex-Im Bank a copy thereof and notify the Noteholders in accordance with Section 11.02. Any failure of the Indenture Trustee to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such supplemental indenture.

Section 9.03 Documents Affecting Immunity or Indemnity. If in the reasonable opinion of the Indenture Trustee any document required to be executed by it pursuant to the terms of Section 9.01 or 9.02 affects any interest, right, duty, immunity or indemnity in favor of the Indenture Trustee under this Indenture, the Indenture Trustee may (but shall not be obligated to) execute such document.

Section 9.04 Execution of Supplemental Indentures.

(a) In executing, or accepting the additional trusts created by, any supplemental agreement permitted by this Article IX or the modifications thereby of the trusts created by this Indenture, the Indenture Trustee shall be entitled to receive, and shall be fully protected in relying upon, an Officer's Certificate and an opinion of counsel each stating that the execution of such supplemental agreement is authorized or permitted by this Indenture and that all conditions precedent have been complied with.

(b) Anything in this Article IX to the contrary notwithstanding, the Indenture Trustee shall not enter into any supplemental agreement pursuant to this Article IX without the written consent of Ex-Im Bank and any supplemental agreement entered into by the Indenture Trustee without such consent shall not be valid to amend this Indenture for any other purpose hereunder.

Section 9.05 Effect of Supplemental Indentures. Upon the execution of any supplemental agreement in accordance with this Article IX, this Indenture shall be modified in accordance therewith, and such supplemental agreement shall form a part of this Indenture for all purposes; and every Holder of any Note theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

Section 9.06 Reference in Notes to Supplemental Indentures. Notes authenticated and delivered after the execution of any supplemental agreement pursuant to this Article IX may bear a notation in a form approved by the Indenture Trustee as to any matter provided for in such supplemental agreement; and, in such case, suitable notation may be made upon Outstanding Notes after proper presentation and demand.

Section 9.07 Solicitation of Noteholders.

(a) The Issuer will provide the Indenture Trustee with sufficient information, sufficiently far in advance of the date a decision is required, to enable each Noteholder, to make an informed and considered decision with respect to any proposed amendment, waiver or consent in respect of any of the provisions of this Indenture or the Notes. In determining the Noteholders entitled to vote or consent to any proposed amendment, waiver or consent, the Indenture Trustee may establish a special record date and notify (in the case of a Noteholder) the Depositary thereof.

(b) The Issuer will not, directly or indirectly, pay or cause to be paid any remuneration, whether by way of supplemental or additional interest, fee or otherwise, or grant any security, to any Noteholder as consideration for or as an inducement to the entering into by any Noteholder of any waiver or amendment of any of the terms and provisions hereof, or of the Notes unless such remuneration is concurrently offered to be paid, or security is concurrently offered to be granted, on the same terms, ratably to each Holder of Notes then Outstanding.

ARTICLE X

SATISFACTION AND DISCHARGE

Section 10.01 Satisfaction and Discharge of Indenture. Provided no Event of Default has occurred and is continuing hereunder, this Indenture shall cease to be of further effect with respect to the Notes except as to (i) rights of registration of transfer or exchange, (ii) substitution of mutilated, defaced, destroyed, lost or stolen Notes, (iii) rights of Noteholders to receive payments hereunder, (iv) the rights, obligations and immunities of the Indenture Trustee hereunder and (v) the rights of Noteholders as beneficiaries hereof with respect to the property deposited with the Indenture Trustee and payable to all or any of them, and the Indenture Trustee, on demand of and at the expense of the Issuer, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture when (except as limited above):

(a) all Notes theretofore authenticated and delivered (other than Notes which have been destroyed, lost or stolen and which have been paid or replaced as provided in Section 2.06), if not then in the possession of the Indenture Trustee, have been delivered to the Indenture Trustee for payment and cancellation and have been paid in full;

(b) the Issuer has paid or caused to be paid in full all other sums payable hereunder by the Issuer and all other Secured Obligations have been paid in full; and

(c) the Issuer has delivered to the Indenture Trustee and Ex-Im Bank an Officer’s Certificate stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture with respect to the Notes have been complied with.

Notwithstanding the satisfaction and discharge of this Indenture, the obligation of the Issuer to the Indenture Trustee under Section 7.06 hereof shall survive.

ARTICLE XI

MISCELLANEOUS PROVISIONS

Section 11.01 No Waiver. No failure on the part of the Indenture Trustee, the Security Trustee, Ex-Im Bank or any Noteholder to exercise and no delay in exercising, and no course of dealing with respect to, any right, power or privilege under this Indenture shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege under this Indenture preclude any other or further exercise thereof or the exercise of any other right, power or privilege. Any waiver actually given hereunder shall only be effective for its purpose and at the time given. The remedies provided herein are cumulative and not exclusive of any remedies provided by law.

Section 11.02 Notices.

(a) Each of the parties hereby acknowledges and confirms that this Indenture and each of the Notes is one of the Operative Documents and as a result all of the provisions of Section 10.01 of the Participation Agreement are hereby incorporated herein and therein by reference thereto as fully and to the same extent as if set forth herein and therein (including, without limitation, (a) the manner in which all notices or other communications are to be made hereunder, (b) the time as of which such notices or communications shall be deemed to have been given or made, and (c) the address to which such notices or communications are to be sent). For the convenience of the parties hereto, the addresses for notices referred to in Section 10.01 of the Participation Agreement are as follows:

(i) if to the Issuer to:

Micron Semiconductor Asia Pte. Ltd.
1 North Coast Drive
Singapore 757432
Attention: Eng Eng Ang/Melissa Llamanzares,
Micron Asia Treasury
Telephone: (+65) 663 71773
Fax: (+65) 663 71790
E-mail: engang@micron.com

with a copy to the Security Trustee and to:

Micron Technology, Inc.
8000 South Federal Way
Boise, Idaho 83707-0006
Attention: Greg Routin/ Assistant Treasurer
Fax: (+1-208) 368-5763
Telephone: (+1-208) 363-2017
E-mail: groutin@micron.com

And, for notices of breach of any Operative Documents or any Event of Default, with a copy to:

Micron Technology, Inc.
8000 South Federal Way
Boise, Idaho 83707-0006
Attention: General Counsel
Fax: (+1-208) 363-1309

(ii) if to the Indenture Trustee to:

Wells Fargo Bank, National Association
MAC: U1240-026
260 N. Charles Lindbergh Drive
Salt Lake City, UT 84116
Attention: Corporate Trust Department
Telephone: (+1 801) 246-6000
Fax: (+1 801) 246-7142

(iii) if to the Security Trustee to:

Wells Fargo Bank Northwest, National Association
MAC: U1240-026
260 N. Charles Lindbergh Drive
Salt Lake City, UT 84116
Attention: Corporate Trust Department
Telephone: (+1 801) 246-6000
Fax: (+1 801) 246-7142

(iv) if to Ex-Im Bank to:

Export-Import Bank of the United States
811 Vermont Avenue, N. W.
Washington, D.C. 20571
U.S.A.
Attention: Vice-President - Asset Management Division
Fax: (+1 202) 565-3625 (Asset Management Division)
Fax: (+1 202) 565-3380 (Bank-wide)
Telephone: (+1 202) 565-3600
E-mail: amd.credit@exim.gov

with a copy to Ex-Im Bank's Counsel:

Vedder Price P.C.
222 North LaSalle Street
Chicago, Illinois 60601-1003
Attention: Joshua D. Gentner, Esq.
Telephone: (+1 312) 609-7887
Fax: (+1 312) 609-5005

or, as to any party, at such other address as shall be designated by such party in a written notice to each other party hereto. Any communication or document to be made or delivered to Ex-Im Bank

shall be effective only when received by Ex-Im Bank and then only if the same is expressly marked for the attention of the department or officer identified above (or such other department or officer as Ex-Im Bank shall specify from time to time for this purpose).

(b) Where this Indenture provides for notice to the Noteholders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if such notice is in writing and mailed, first-class postage prepaid, to each Noteholder affected by such event, at its address as it appears on the Register, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice.

In any case where notice to the Noteholders is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed, to any Noteholder shall affect the sufficiency of such notice with respect to other Noteholders. Any notice that is given in the manner herein provided shall conclusively be presumed to have been duly given whether or not actually received by any Noteholder. Any notice to the Noteholders provided for in this Indenture will be deemed to have been given on the date of mailing if sent by overnight courier guaranteeing next day delivery and otherwise on the third day after the date of mailing.

Where this Indenture provides for notice in any manner, such notice may be waived in writing by any Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by any Noteholder shall be filed with the Indenture Trustee but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

In the event that, by reason of the suspension of the regular mail service as a result of a strike, work stoppage or similar activity, it shall be impractical to mail notice of any event to any Noteholder when such notice is required to be given pursuant to any provision of this Indenture, then any manner of giving such notice as shall be satisfactory to the Indenture Trustee and as shall be reasonably calculated to reach the intended recipients thereof shall be deemed to be a sufficient giving of such notice.

(c) Each document, instrument, statement, report, notice or other communication delivered in connection with this Indenture shall be in English or where not in English shall be accompanied by a certified English translation which translation shall with respect to all documents of a contractual nature and all certificates and notices to be delivered hereunder be the governing version and upon which in all cases Ex-Im Bank, the Indenture Trustee, the Security Trustee and the Noteholders shall be entitled to rely.

Section 11.03 Governing Law. THIS INDENTURE AND EACH NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK, UNITED STATES OF AMERICA WITHOUT REFERENCE TO PRINCIPLES OF CONFLICTS OF LAW OTHER THAN SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW.

Section 11.04 Severability. If any provision hereof is invalid and unenforceable in any jurisdiction, then, to the fullest extent permitted by law, (i) the other provisions hereof shall remain in full force and effect in such jurisdiction and shall be construed in order to carry out the intentions

of the parties hereto as nearly as may be possible and (ii) the invalidity or unenforceability of any provision hereof in any jurisdiction shall not affect the validity or enforceability of such provision in any other jurisdiction.

Section 11.05 Captions. The table of contents and captions and section headings appearing herein are included solely for convenience of reference and are not intended to affect the interpretation of any provision of this Indenture.

Section 11.06 Successors and Assigns. This Indenture shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

Section 11.07 Assignments. Except as expressly permitted under the Operative Documents, the Issuer may not assign or transfer its rights or delegate its obligations hereunder or under any other Operative Document without the prior consent of Ex-Im Bank.

Section 11.08 Counterparts. This Indenture may be executed in any number of counterparts each of which shall be an original and all of which taken together shall constitute one and the same instrument and any of the parties hereto may execute this Indenture by signing any such counterpart.

Section 11.09 Jurisdiction; Service of Process. Any suit, proceeding, action or process against the Issuer with respect to this Indenture may be brought in accordance with Sections 9.02 and 9.03 of the Participation Agreement as if the same were repeated herein in full mutatis mutandis, and the Issuer hereby consents to service of process as therein set forth.

Section 11.10 Waiver of Jury Trial. THE ISSUER, THE INDENTURE TRUSTEE, THE SECURITY TRUSTEE AND EACH NOTEHOLDER (BY ACCEPTANCE OF A NOTE) HEREBY KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY WAIVE ANY RIGHTS THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, THIS INDENTURE, OR ANY OTHER OPERATIVE DOCUMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN), OR ACTIONS OR OMISSIONS OF THE INDENTURE TRUSTEE, THE NOTEHOLDERS, THE ISSUER OR THE SECURITY TRUSTEE OR ANY PERSON RELATING TO THE OPERATIVE DOCUMENTS.

Section 11.11 Expenses, Etc. Other than with respect to Article IV hereof, the provisions of Section 5 of the Participation Agreement are hereby incorporated herein, mutatis mutandis. In addition (but without duplication of amounts described elsewhere herein or in Section 5 of the Participation Agreement) the Issuer agrees to pay or reimburse each of Ex-Im Bank, the Security Trustee and the Indenture Trustee (against invoices or receipts (to the extent available) submitted by Ex-Im Bank, the Security Trustee and the Indenture Trustee) for (a) all reasonable out-of-pocket costs and expenses of Ex-Im Bank, the Security Trustee and the Indenture Trustee, acting in any capacity hereunder, (including the reasonable fees and expenses of counsel to Ex-Im Bank, the Security Trustee and the Indenture Trustee), in connection with any actual or proposed amendment, modification or waiver requested by the Issuer (whether the same shall ever become effective) of any of the terms of this Indenture and the other Operative Documents and in accordance with the terms thereof; and (b) all costs and expenses of Ex-Im Bank, the Security Trustee and the Indenture

Trustee (including counsel’s fees) in connection with any Event of Default and any enforcement or collection proceedings resulting therefrom.

Section 11.12 Noteholders. By acceptance of a Note or Beneficial Interest therein, each Noteholder and Beneficial Owner (other than Ex-Im Bank) shall be deemed to have agreed to be bound and consented to the terms and provisions of the Operative Documents. Upon the assignment of a Note to Ex-Im Bank in accordance with the terms of the Ex-Im Bank Guarantee, Ex-Im Bank shall be deemed the Holder of such Note and shall have all the rights, powers and discretion of a Holder hereunder with respect to such Note.

Section 11.13 Amendments, Etc. Except as otherwise expressly provided in this Indenture, no provision of this Indenture may be amended, changed, waived, discharged or terminated except in accordance with the provisions of Section 10.06 of the Participation Agreement.

Section 11.14 Entire Agreement. This Indenture (together with the other Operative Documents) is the entire agreement of the parties hereto with respect to the subject matter hereof and supersedes all prior communications and agreements by the parties hereto with respect thereto, and each such prior communication and agreement is null and void.

[Signatures on Next Page]

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed all as of the day and year first above written.

MICRON SEMICONDUCTOR ASIA PTE. LTD.

By: /s/ Kai Strohbecke

Name: Kai Strohbecke

Title: Director

WELLS FARGO BANK, NATIONAL ASSOCIATION,
not in its individual capacity, except as expressly provided herein, but solely as Indenture Trustee

By: /s/ Scott Rosevear

Name: Scott Rosevear

Title: Vice President

WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION,
not in its individual capacity, but solely as Security Trustee

By: /s/ David Wall

Name: David Wall

Title: Vice President

EXPORT-IMPORT BANK OF THE UNITED STATES

By: /s/ John L. Schuster

Name: John L. Schuster

Title: Vice President, Structured Finance Division

SCHEDULE 1

[FORM OF FLOATING RATE GLOBAL NOTE]

THIS FLOATING RATE GLOBAL NOTE IS HELD BY THE DEPOSITARY (AS DEFINED IN THE INDENTURE GOVERNING THIS NOTE) OR ITS NOMINEE FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF. TRANSFERS OF THIS FLOATING RATE GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, EITHER TO THE DEPOSITARY, TO NOMINEES OF THE DEPOSITARY OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE OR TO EXPORT-IMPORT BANK OF THE UNITED STATES, IN EACH INSTANCE, MADE IN ACCORDANCE WITH THE PROVISIONS SET FORTH IN THE INDENTURE. TRANSFERS OF BENEFICIAL INTERESTS IN THIS FLOATING RATE GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE PROVISIONS SET FORTH IN THE INDENTURE AND THE APPLICABLE PROCEDURES OF THE DEPOSITARY REFERRED TO THEREIN.

MICRON SEMICONDUCTOR ASIA PTE. LTD.
SECURED FLOATING RATE GLOBAL NOTE
SERIES ____ (MICRON)
DUE IN QUARTERLY INSTALLMENTS
COMMENCING ON APRIL 15, 2014 AND
MATURING ON JANUARY 15, 2019

ISSUED IN CONNECTION WITH
SEMICONDUCTOR MANUFACTURING EQUIPMENT

AP086036XX - Micron

Note No. G-____ _____ __, 20__
CUSIP No. _____
$_____

MICRON SEMICONDUCTOR ASIA PTE. LTD., a company organized under the laws of the Republic of Singapore (the "**Issuer**"), for value received, hereby promises to pay to Cede & Co. or its registered assigns, the principal amount of _____ Million _____ Thousand and _____ United States Dollars (U.S.$_____), payable in _____ consecutive quarterly principal installments commencing on April 15, 2014, and thereafter on January 15, April 15, July 15 and October 15 of each year (or if any such day is not a Business Day, on the next succeeding Business Day, unless such succeeding Business Day falls in the next calendar month, then on the preceding Business Day, each such day being a "**Repayment Date**"), each such principal installment to be in the amount set forth opposite the applicable Repayment Date in Annex A attached hereto and made a part hereof and the entire unpaid principal amount then owing hereunder to be paid in full on January 15, 2019 (the "**Final Maturity Date**"); and to pay interest on the unpaid principal amount of this Note from time to time at the applicable LIBOR plus a margin of ___% per annum (together, the "**Floating Rate**") on January 15, April 15, July 15 and October 15 of each year, commencing on January 15, 2014 (or if any such day is not

a Business Day, on the next succeeding Business Day, unless such succeeding Business Day falls in the next calendar month, then on the preceding Business Day, each such day being an "**Interest Payment Date**") and upon the payment or redemption thereof (but only on the principal amount so paid or redeemed). The Issuer also agrees to pay on demand interest at the applicable Post-Default Rate on overdue principal and overdue interest payable under this Note, from the date due until the Business Day such payment is received at or before 11:00 a.m., New York City time, at the place of payment set forth below, and to pay the costs of collection, if any (including reasonable attorneys' fees), and in each case, in lawful money of the United States of America and in immediately available and freely transferable funds. Payments of principal and interest received by the Indenture Trustee will be distributed by the Indenture Trustee to Noteholders of record as of the Record Date.

All payments of principal, interest, overdue interest and other amounts to be made by the Issuer to the Indenture Trustee for the account of the Noteholders under this Note shall be made by payment to the account of the Indenture Trustee at Wells Fargo Bank, N.A., ABA No.: 121000248, SWIFT: WFBIUS6S, Account No. 0510922115 (Reference: FFC: 48344700) (or such other account in the continental United States as the Indenture Trustee may designate, in writing, by not less than ten (10) Business Days' notice) at or before 11:00 a.m., New York City time, on the due date therefor at the place of payment.

Interest shall accrue on the unpaid principal amount of this Note from and including the date hereof to but not including each Interest Payment Date and the date the principal amount of this Note shall be due (by installments, at maturity, by acceleration or otherwise) at the Floating Rate. Any payment of interest, principal or any other payment not paid to the Indenture Trustee when due and payable hereunder shall, from the date when due and payable until the date when fully paid, bear interest at the Post-Default Rate. Interest (including Post-Default Rate interest) shall be computed on the basis of a year of 360 days and the actual number of days elapsed (including the first day but excluding the last day) occurring in the period for which such interest is payable.

The Issuer agrees that the records maintained by the Indenture Trustee as to the outstanding principal amount of this Note, the Floating Rate, the date and amount of each repayment of principal of this Note and payment of interest or overdue interest received by the Indenture Trustee, shall be conclusive absent manifest error.

This Note is a "**Floating Rate Global Note**" as referred to in the Indenture and is secured by the Security Documents. The Issuer may redeem or be obligated to redeem the principal of this Note, all as specified in the Indenture, and subject to the requirements thereof. Capitalized terms not otherwise defined herein shall have the respective meanings assigned thereto in the Indenture.

Upon the occurrence of an Event of Default and for so long as such Event of Default shall continue, the principal hereof, accrued interest hereon and all other amounts payable hereunder may be declared to be or may automatically become forthwith due and payable, all as provided in the Indenture.

The Issuer waives diligence, demand, presentment, notice of nonpayment, protest, and notice of protest all in the sole discretion of the Holder and without notice and without affecting in any manner the liability of the Issuer. This Note (i) is intended by the Issuer to be an "instrument for the payment of money only" within the meaning of New York law, and (ii) shall be governed by and construed in accordance with the internal laws of the State of New York, United States of America, without reference to principles of conflicts of law other than Sections 5-1401 and 5-1402 of the New York General Obligations Law.

This Note is a registered instrument. A manually signed and authenticated copy of this Note shall be evidence of the Holder's rights and is not a bearer instrument.

No transfer by the Holder of any interest of the Holder in this Note or in the rights to receive any payments hereunder (other than a transfer to Ex-Im Bank) shall be effective unless a book entry of such transfer is made upon the Register referred to in the Indenture and such transfer is effected in compliance with the Indenture including final acceptance and entry into the Register of the transfer pursuant to the Indenture.

Prior to the entry into the Register of any transfer (other than a transfer to Ex-Im Bank) as provided in the immediately preceding paragraph, the Issuer and each other Person shall deem and treat each owner of this Note reflected in the Register as owner of this Note or the rights to receive any payments hereunder as the owner thereof for all purposes.

This Note is subject to redemption only as required or permitted by the terms of the Indenture. By acceptance of this Note or a beneficial interest herein, each Noteholder and Beneficial Owner (other than Ex-Im Bank) shall be deemed to have agreed to be bound by and consented to the terms and provisions of the Operative Documents. In connection with any redemption of this Note in accordance with the terms of the Indenture, the "Prepayment Premium" shall be shall be an amount (as determined by an independent investment bank of national standing selected by the Indenture Trustee) equal to the sum of the present values of the products of (a) the scheduled outstanding principal amount of the Note on each future Repayment Date (without giving effect to any payment of principal on such Repayment Date), (b) the Applicable Margin and (c) the actual number of days elapsed in the Interest Period ending on such future Repayment Date divided by 360. Such present values will be calculated by discounting each such product from the relevant future Repayment Date to the proposed date of redemption using a discount rate equal to the then applicable spot 3-month LIBOR rate for such future Repayment Date and [the No Redemption Period shall be [___][there shall not be a No Redemption Period].

IN WITNESS WHEREOF, the Issuer has caused its signatory thereunto duly authorized to execute this Floating Rate Global Note as of the date first above written.

MICRON SEMICONDUCTOR ASIA PTE. LTD.

By: _____

Name:

Title:

GUARANTEE

This note issued by Micron Semiconductor Asia Pte. Ltd. dated _____, ____ is guaranteed by the Export-Import Bank of the United States ("**Ex-Im Bank**") for a principal amount not to exceed U.S.$_____ plus interest thereon at the Guaranteed Interest Rate as provided in the Guarantee Agreement dated as of December 16, 2013 (the "**Guarantee Agreement**") between the Indenture Trustee and Ex-Im Bank, and said guarantee is expressly made subject to all of the provisions therein as if all of said provisions were expressly set forth herein. Capitalized terms used herein and not otherwise defined have the meaning specified in the Guarantee Agreement.

EXPORT-IMPORT BANK OF THE UNITED STATES

By: _____

(Signature)

Name: _____

(Print)

Title: _____

Ex-Im Bank Guarantee No. AP086036XX - Singapore

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is a Floating Rate Global Note issued under the Indenture and is entitled to the benefits thereof.

Date: _____

WELLS FARGO BANK, NATIONAL ASSOCIATION,
not in its individual capacity but solely as the Indenture Trustee

By: _____
Authorized Signatory

Annex A

Repayment Date	Principal Payment	Principal Balance

SCHEDULE 2

[FORM OF FIXED RATE GLOBAL NOTE]

THIS FIXED RATE GLOBAL NOTE IS HELD BY THE DEPOSITARY (AS DEFINED IN THE INDENTURE GOVERNING THIS NOTE) OR ITS NOMINEE FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF. TRANSFERS OF THIS FIXED RATE GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, EITHER TO THE DEPOSITARY, TO NOMINEES OF THE DEPOSITARY OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE OR TO EXPORT-IMPORT BANK OF THE UNITED STATES, IN EACH INSTANCE, MADE IN ACCORDANCE WITH THE PROVISIONS SET FORTH IN THE INDENTURE. TRANSFERS OF BENEFICIAL INTERESTS IN THIS FIXED RATE GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE PROVISIONS SET FORTH IN THE INDENTURE AND THE APPLICABLE PROCEDURES OF THE DEPOSITARY REFERRED TO THEREIN.

MICRON SEMICONDUCTOR ASIA PTE. LTD.
SECURED FIXED RATE GLOBAL NOTE
SERIES ____ (MICRON)
DUE IN SEMI-ANNUAL INSTALLMENTS
COMMENCING ON JULY 15, 2014 AND
MATURING ON JANUARY 15, 2019

ISSUED IN CONNECTION WITH
SEMICONDUCTOR MANUFACTURING EQUIPMENT

AP086036XX - Micron

Note No. G-_____
CUSIP No. _____ _____ __, 20___
$_____

MICRON SEMICONDUCTOR ASIA PTE. LTD., a company organized under the laws of the Republic of Singapore (the "**Issuer**"), for value received, hereby promises to pay to Cede & Co. or its registered assigns, the principal amount of _____ Million _____ Thousand and _____ United States Dollars (U.S.$_____), payable in consecutive semi-annual principal installments commencing on July 15, 2014, and thereafter on January 15 and July 15 of each year (or if any such day is not a Business Day, on the next succeeding Business Day, each such day being a "**Repayment Date**"), each such principal installment to be in the amount set forth opposite the applicable Repayment Date in Annex A attached hereto and made a part hereof, and the entire unpaid principal amount then owing hereunder to be paid in full on January 15, 2019 (the "**Final Maturity Date**"); and to pay interest on the unpaid principal amount of this Note from time to time at ___% per annum (the "**Fixed Rate**") on January 15 and July 15 of each year, commencing on January 15, 2014 (or if any such day is not a Business Day, on the next succeeding Business Day, each such day being an "**Interest Payment Date**") and upon the payment or redemption thereof (but only on the principal amount so paid or redeemed). The Issuer also agrees to pay on demand interest at the applicable Post-Default Rate on overdue principal and overdue interest payable under this Note,

from the date due until the Business Day such payment is received at or before 11:00 a.m., New York City time, at the place of payment set forth below, and to pay the costs of collection, if any (including reasonable attorneys' fees), and in each case, in lawful money of the United States of America and in immediately available and freely transferable funds. Payments of principal and interest received by the Indenture Trustee will be distributed by the Indenture Trustee to Noteholders of record as of the Record Date.

All payments of principal, interest, overdue interest and other amounts to be made by the Issuer to the Indenture Trustee for the account of the Noteholders under this Note shall be made by payment to the account of the Indenture Trustee at Wells Fargo Bank, N.A., ABA No.: 121000248, SWIFT: WFBIUS6S, Account No. 0510922115 (Reference: FFC: 48344700) (or such other account in the continental United States as the Indenture Trustee may designate, in writing, by not less than ten (10) Business Days' notice) at or before 11:00 a.m., New York City time, on the due date therefor at the place of payment.

Interest shall accrue on the unpaid principal amount of this Note from and including the date hereof to but not including each Interest Payment Date and the date the principal amount of this Note shall be due (by installments, at maturity, by acceleration or otherwise) at the Fixed Rate. Any payment of interest, principal or any other payment not paid to the Indenture Trustee when due and payable hereunder shall, from the date when due and payable until the date when fully paid, bear interest at the Post-Default Rate. Interest shall be computed on the basis of a year of 360 days and twelve (12) 30-day months, and interest at the Post-Default Rate shall be computed on the basis of a year of 360 days and the actual number of days elapsed (including the first day but excluding the last day) occurring in the period for which such interest is payable.

The Issuer agrees that the records maintained by the Indenture Trustee as to the outstanding principal amount of this Note, the Fixed Rate, the date and amount of each repayment of principal of this Note and payment of interest or overdue interest received by the Indenture Trustee, shall be conclusive absent manifest error.

This Note is a "**Fixed Rate Global Note**" as referred to in the Indenture and is secured by the Security Documents. The Issuer may redeem or be obligated to redeem the principal of this Note, all as specified in the Indenture, and subject to the requirements thereof. Capitalized terms not otherwise defined herein shall have the respective meanings assigned thereto in the Indenture.

Upon the occurrence of an Event of Default and for so long as such Event of Default shall continue, the principal hereof, accrued interest hereon and all other amounts payable hereunder may be declared to be or may automatically become forthwith due and payable, all as provided in the Indenture.

The Issuer waives diligence, demand, presentment, notice of nonpayment, protest, and notice of protest all in the sole discretion of the Holder and without notice and without affecting in any manner the liability of the Issuer. This Note (i) is intended by the Issuer to be an "instrument for the payment of money only" within the meaning of New York law, and (ii) shall be governed by and construed in accordance with the internal laws of the State of New York, United States of America, without reference to principles of conflicts of law other than Sections 5-1401 and 5-1402 of the New York General Obligations Law.

This Note is a registered instrument. A manually signed and authenticated copy of this Note shall be evidence of the Holder's rights and is not a bearer instrument.

No transfer by the Holder of any interest of the Holder in this Note (other than a transfer to Ex-Im Bank) or in the rights to receive any payments hereunder shall be effective unless a book entry of such transfer is made upon the Register referred to in the Indenture and such transfer is effected in compliance with the Indenture including final acceptance and entry into the Register of the transfer pursuant to the Indenture.

Prior to the entry into the Register of any transfer (other than a transfer to Ex-Im Bank) as provided in the immediately preceding paragraph, the Issuer and each other Person shall deem and treat each owner of this Note reflected in the Register as owner of this Note or the rights to receive any payments hereunder as the owner thereof for all purposes.

This Note is subject to redemption only as required or permitted by the terms of the Indenture. By acceptance of this Note or a beneficial interest herein, each Noteholder and Beneficial Owner (other than Ex-Im Bank) shall be deemed to have agreed to be bound by and consented to the terms and provisions of the Operative Documents. In connection with any redemption of this Note in accordance with the terms of the Indenture, [the "Premium Over Treasuries" shall be [l]%] [no Make-Whole Amount shall be payable].

IN WITNESS WHEREOF, the Issuer has caused its signatory thereunto duly authorized to execute this Fixed Rate Global Note as of the date first above written.

MICRON SEMICONDUCTOR ASIA PTE. LTD.

By: _____

Name:

Title:

GUARANTEE

This note issued by Micron Semiconductor Asia Pte. Ltd. dated _____, ____ is guaranteed by the Export-Import Bank of the United States ("**Ex-Im Bank**") for a principal amount not to exceed U.S.$_____ plus interest thereon at the Guaranteed Interest Rate as provided in the Guarantee Agreement dated as of December 16, 2013 (the "**Guarantee Agreement**") between the Indenture Trustee and Ex-Im Bank, and said guarantee is expressly made subject to all of the provisions therein as if all of said provisions were expressly set forth herein. Capitalized terms used herein and not otherwise defined have the meaning specified in the Guarantee Agreement.

EXPORT-IMPORT BANK OF THE UNITED STATES

By: _____
(Signature)

Name: _____
(Print)

Title: _____

Ex-Im Bank Guarantee No. AP086036XX - Singapore

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is a Fixed Rate Global Note issued under the Indenture and is entitled to the benefits thereof.

Date: _____

WELLS FARGO BANK, NATIONAL ASSOCIATION,
not in its individual capacity but solely as the Indenture Trustee

By: _____
Authorized Signatory

Annex A

Repayment Date	Principal Payment	Principal Balance

SCHEDULE 3

[FORM OF FLOATING RATE DEFINITIVE NOTE]

[THIS FLOATING RATE DEFINITIVE NOTE IS HELD BY THE INDENTURE TRUSTEE (AS CUSTODIAN AND AGENT PURSUANT TO SECTION 2.03(b)(ii) OF THE INDENTURE GOVERNING THIS NOTE) OR ITS NOMINEE FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF. TRANSFERS OF THIS FLOATING RATE DEFINITIVE NOTE SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, EITHER TO THE INDENTURE TRUSTEE, TO NOMINEES OF THE INDENTURE TRUSTEE OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE OR TO EXPORT-IMPORT BANK OF THE UNITED STATES, IN EACH INSTANCE, MADE IN ACCORDANCE WITH THE PROVISIONS SET FORTH IN THE INDENTURE. TRANSFERS OF BENEFICIAL INTERESTS IN THIS FLOATING RATE DEFINITIVE NOTE SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE PROVISIONS SET FORTH IN THE INDENTURE AND THE APPLICABLE PROCEDURES OF THE INDENTURE TRUSTEE REFERRED TO THEREIN.] 1

MICRON SEMICONDUCTOR ASIA PTE. LTD.
SECURED FLOATING RATE DEFINITIVE NOTE
SERIES ____ (MICRON)
DUE IN QUARTERLY INSTALLMENTS
COMMENCING ON APRIL 15, 2014 AND
MATURING ON JANUARY 15, 2019

ISSUED IN CONNECTION WITH
SEMICONDUCTOR MANUFACTURING EQUIPMENT

AP086036XX - Micron

Note No. F-_____
CUSIP No. _____ _____ __, 20__
$_____

MICRON SEMICONDUCTOR ASIA PTE. LTD., a company organized under the laws of the Republic of Singapore (the "**Issuer**"), for value received, hereby promises to pay to [**INDENTURE TRUSTEE/EX-IM BANK**] or its registered assigns, the principal amount of _____ Million _____ Thousand and _____ United States Dollars (U.S.$_____), payable in _____ consecutive quarterly principal installments commencing on April 15, 2014, and thereafter on January 15, April 15, July 15 and October 15 of each year (or if any such day is not a Business Day, on the next succeeding Business Day, unless such succeeding Business Day falls in the next calendar month, then on the preceding Business Day, each such day being a "**Repayment Date**"), each such principal installment to be in the amount set forth opposite the applicable Repayment Date in Annex A attached hereto and made a part hereof, and the entire

_____

1 Delete if registered in the name of Ex-Im Bank.

unpaid principal amount then owing hereunder to be paid in full on January 15, 2019 (the "**Final Maturity Date**"); and to pay interest on the unpaid principal amount of this Note from time to time at the applicable LIBOR plus a margin of ___% per annum (together, the "**Floating Rate**") on January 15, April 15, July 15 and October 15 of each year, commencing on January 15, 2014 (or if any such day is not a Business Day, on the next succeeding Business Day, unless such succeeding Business Day falls in the next calendar month, then on the preceding Business Day, each such day being an "**Interest Payment Date**") and upon the payment or redemption thereof (but only on the principal amount so paid or redeemed). The Issuer also agrees to pay on demand interest at the applicable Post-Default Rate on overdue principal and overdue interest payable under this Note, from the date due until the Business Day such payment is received at or before 11:00 a.m., New York City time, at the place of payment set forth below, and to pay the costs of collection, if any (including reasonable attorneys' fees), and in each case, in lawful money of the United States of America and in immediately available and freely transferable funds. Payments of principal and interest received by the Indenture Trustee will be distributed by the Indenture Trustee to Noteholders of record as of the Record Date.

All payments of principal, interest, overdue interest and other amounts to be made by the Issuer to the Indenture Trustee for the account of the Noteholders under this Note shall be made by payment to the account of the Indenture Trustee at Wells Fargo Bank, N.A., ABA No.: 121000248, SWIFT: WFBIUS6S, Account No. 0510922115 (Reference: FFC: 48344700) (or such other account in the continental United States as [the Indenture Trustee/Ex-Im Bank] may designate, in writing, by not less than ten (10) Business Days' notice) at or before 11:00 a.m., New York City time, on the due date therefor at the place of payment.

Interest shall accrue on the unpaid principal amount of this Note from and including the date hereof to but not including each Interest Payment Date and the date the principal amount of this Note shall be due (by installments, at maturity, by acceleration or otherwise) at the Floating Rate. Any payment of interest, principal or any other payment not paid to the Indenture Trustee when due and payable hereunder shall, from the date when due and payable until the date when fully paid, bear interest at the Post-Default Rate. Interest (including Post-Default Rate interest) shall be computed on the basis of a year of 360 days and the actual number of days elapsed (including the first day but excluding the last day) occurring in the period for which such interest is payable.

The Issuer agrees that the records maintained by the Indenture Trustee as to the outstanding principal amount of this Note, the Floating Rate, the date and amount of each repayment of principal of this Note and payment of interest or overdue interest received by the Indenture Trustee, shall be conclusive absent manifest error.

This Note is a "**Floating Rate Definitive Note**" as referred to in the Indenture and is secured by the Security Documents. The Issuer may redeem or be obligated to redeem the principal of this Note, all as specified in the Indenture, and subject to the requirements thereof. Capitalized terms not otherwise defined herein shall have the respective meanings assigned thereto in the Indenture.

Upon the occurrence of an Event of Default and for so long as such Event of Default shall continue, the principal hereof, accrued interest hereon and all other amounts payable hereunder may be declared to be or may automatically become forthwith due and payable, all as provided in the Indenture.

The Issuer waives diligence, demand, presentment, notice of nonpayment, protest, and notice of protest all in the sole discretion of the Holder and without notice and without affecting in any manner the liability of the Issuer. This Note (i) is intended by the Issuer to be an "instrument for the payment of money only" within the meaning of New York law, and (ii) shall be governed by and construed in accordance with the internal laws of the State of New York, United States of America, without reference to principles of conflicts of law other than Sections 5-1401 and 5-1402 of the New York General Obligations Law.

This Note is a registered instrument. A manually signed and authenticated copy of this Note shall be evidence of the Holder's rights and is not a bearer instrument.

No transfer by the Holder of any interest of the Holder in this Note (other than a transfer to Ex-Im Bank) or in the rights to receive any payments hereunder shall be effective unless a book entry of such transfer is made upon the Register referred to in the Indenture and such transfer is effected in compliance with the Indenture including final acceptance and entry into the Register of the transfer pursuant to the Indenture.

Prior to the entry into the Register of any transfer (other than a transfer to Ex-Im Bank) as provided in the immediately preceding paragraph, the Issuer and each other Person shall deem and treat each owner of this Note reflected in the Register as owner of this Note or the rights to receive any payments hereunder as the owner thereof for all purposes.

This Note is subject to redemption only as required or permitted by the terms of the Indenture. By acceptance of this Note or a beneficial interest herein, each Noteholder and Beneficial Owner (other than Ex-Im Bank) shall be deemed to have agreed to be bound by and consented to the terms and provisions of the Operative Documents. In connection with any redemption of this Note in accordance with the terms of the Indenture, the "Prepayment Premium" shall be shall be an amount (as determined by an independent investment bank of national standing selected by the Indenture Trustee) equal to the sum of the present values of the products of (a) the scheduled outstanding principal amount of the Note on each future Repayment Date (without giving effect to any payment of principal on such Repayment Date), (b) the Applicable Margin and (c) the actual number of days elapsed in the Interest Period ending on such future Repayment Date divided by 360. Such present values will be calculated by discounting each such product from the relevant future Repayment Date to the proposed date of redemption using a discount rate equal to the then applicable spot 3-month LIBOR rate for such future Repayment Date and [the No Redemption Period shall be [___][there shall not be a No Redemption Period].

IN WITNESS WHEREOF, the Issuer has caused its signatory thereunto duly authorized to execute this Floating Rate Definitive Note as of the date first above written.

MICRON SEMICONDUCTOR ASIA PTE. LTD.

By: _____

Name:

Title:

GUARANTEE

This note issued by Micron Semiconductor Asia Pte. Ltd. dated _____, ____ is guaranteed by the Export-Import Bank of the United States ("**Ex-Im Bank**") for a principal amount not to exceed U.S.$_____ plus interest thereon at the Guaranteed Interest Rate as provided in the Guarantee Agreement dated as of December 16, 2013 (the "**Guarantee Agreement**") between the Indenture Trustee and Ex-Im Bank, and said guarantee is expressly made subject to all of the provisions therein as if all of said provisions were expressly set forth herein. Capitalized terms used herein and not otherwise defined have the meaning specified in the Guarantee Agreement.

EXPORT-IMPORT BANK OF THE UNITED STATES

By: _____

(Signature)

Name: _____

(Print)

Title: _____

Ex-Im Bank Guarantee No. AP086036XX - Singapore

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is a Floating Rate Definitive Note issued under the Indenture and is entitled to the benefits thereof.

Date: _____

WELLS FARGO BANK, NATIONAL ASSOCIATION,
not in its individual capacity but solely as the Indenture Trustee

By: _____
Authorized Signatory

Annex A

Repayment Date	Principal Payment	Principal Balance

SCHEDULE 4

[FORM OF FIXED RATE DEFINITIVE NOTE]

[THIS FIXED RATE DEFINITIVE NOTE IS HELD BY THE INDENTURE TRUSTEE (AS CUSTODIAN AND AGENT PURSUANT TO SECTION 2.03(b)(ii) OF THE INDENTURE GOVERNING THIS NOTE) OR ITS NOMINEE FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF. TRANSFERS OF THIS FIXED RATE DEFINITIVE NOTE SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, EITHER TO THE INDENTURE TRUSTEE, TO NOMINEES OF THE INDENTURE TRUSTEE OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE OR TO EXPORT-IMPORT BANK OF THE UNITED STATES, IN EACH INSTANCE, MADE IN ACCORDANCE WITH THE PROVISIONS SET FORTH IN THE INDENTURE. TRANSFERS OF BENEFICIAL INTERESTS IN THIS FIXED RATE DEFINITIVE NOTE SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE PROVISIONS SET FORTH IN THE INDENTURE AND THE APPLICABLE PROCEDURES OF THE INDENTURE TRUSTEE REFERRED TO THEREIN.] 2

MICRON SEMICONDUCTOR ASIA PTE. LTD.
SECURED FIXED RATE DEFINITIVE NOTE
SERIES ____ (MICRON)
DUE IN SEMI-ANNUAL INSTALLMENTS
COMMENCING ON JULY 15, 2014 AND
MATURING ON JANUARY 15, 2019

ISSUED IN CONNECTION WITH
SEMICONDUCTOR MANUFACTURING EQUIPMENT

AP086036XX - Micron

Note No. F-_____
CUSIP No. _____ _____ __, 20___
$_____

MICRON SEMICONDUCTOR ASIA PTE. LTD., a company organized under the laws of the Republic of Singapore (the "**Issuer**"), for value received, hereby promises to pay to [**INDENTURE TRUSTEE/EX-IM BANK**] or its registered assigns, the principal amount of _____ Million _____ Thousand and _____ United States Dollars (U.S.$_____), payable in consecutive semi-annual principal installments commencing on July 15, 2014 and thereafter on January 15 and July 15 of each year (or if any such day is not a Business Day, on the next succeeding Business Day, each such day being a "**Repayment Date**"), each such principal installment to be in the amount set forth opposite the applicable Repayment Date in Annex A attached hereto and made a part hereof, and the entire unpaid principal amount then owing hereunder to be paid in full on January 15, 2019 (the "**Final Maturity Date**"); and to pay interest

_____

2 Delete if registered in the name of Ex-Im Bank.

on the unpaid principal amount of this Note from time to time at ___% per annum (the "**Fixed Rate**") on January 15 and July 15 of each year, commencing on January 15, 2014 (or if any such day is not a Business Day, on the next succeeding Business Day, each such day being an "Interest Payment Date" and upon the payment or redemption thereof (but only on the principal amount so paid or redeemed). The Issuer also agrees to pay on demand interest at the applicable Post-Default Rate on overdue principal and overdue interest payable under this Note, from the date due until the Business Day such payment is received at or before 11:00 a.m., New York City time, at the place of payment set forth below, and to pay the costs of collection, if any (including reasonable attorneys' fees), and in each case, in lawful money of the United States of America and in immediately available and freely transferable funds. Payments of principal and interest received by the Indenture Trustee will be distributed by the Indenture Trustee to Noteholders of record as of the Record Date.

All payments of principal, interest, overdue interest and other amounts to be made by the Issuer to the Indenture Trustee for the account of the Noteholders under this Note shall be made by payment to the account of the Indenture Trustee at Wells Fargo Bank, N.A., ABA No.: 121000248, SWIFT: WFBIUS6S, Account No. 0510922115 (Reference: FFC: 48344700) (or such other account in the continental United States as [the Indenture Trustee/Ex-Im Bank] may designate, in writing, by not less than ten (10) Business Days' notice) at or before 11:00 a.m., New York City time, on the due date therefor at the place of payment.

Interest shall accrue on the unpaid principal amount of this Note from and including the date hereof to but not including each Interest Payment Date and the date the principal amount of this Note shall be due (by installments, at maturity, by acceleration or otherwise) at the Fixed Rate. Any payment of interest, principal or any other payment not paid to the Indenture Trustee when due and payable hereunder shall, from the date when due and payable until the date when fully paid, bear interest at the Post-Default Rate. Interest shall be computed on the basis of a year of 360 days and twelve (12) 30-day months, and interest at the Post-Default Rate shall be computed on the basis of a year of 360 days and the actual number of days elapsed (including the first day but excluding the last day) occurring in the period for which such interest is payable.

The Issuer agrees that the records maintained by the Indenture Trustee as to the outstanding principal amount of this Note, the Fixed Rate, the date and amount of each repayment of principal of this Note and payment of interest or overdue interest received by the Indenture Trustee, shall be conclusive absent manifest error.

This Note is a "**Fixed Rate Definitive Note**" as referred to in the Indenture and is secured by the Security Documents. The Issuer may redeem or be obligated to redeem the principal of this Note, all as specified in the Indenture, and subject to the requirements thereof. Capitalized terms not otherwise defined herein shall have the respective meanings assigned thereto in the Indenture.

Upon the occurrence of an Event of Default and for so long as such Event of Default shall continue, the principal hereof, accrued interest hereon and all other amounts payable hereunder may be declared to be or may automatically become forthwith due and payable, all as provided in the Indenture.

The Issuer waives diligence, demand, presentment, notice of nonpayment, protest, and notice of protest all in the sole discretion of the Holder and without notice and without affecting in any manner the liability of the Issuer. This Note (i) is intended by the Issuer to be an "instrument for the payment of money only" within the meaning of New York law, and (ii) shall be governed by and construed in accordance with the internal laws of the State of New York, United States of America, without reference to principles of conflicts of law other than Sections 5-1401 and 5-1402 of the New York General Obligations Law.

This Note is a registered instrument. A manually signed and authenticated copy of this Note shall be evidence of the Holder's rights and is not a bearer instrument.

No transfer by the Holder of any interest of the Holder in this Note (other than a transfer to Ex-Im Bank) or in the rights to receive any payments hereunder shall be effective unless a book entry of such transfer is made upon the Register referred to in the Indenture and such transfer is effected in compliance with the Indenture including final acceptance and entry into the Register of the transfer pursuant to the Indenture.

Prior to the entry into the Register of any transfer (other than a transfer to Ex-Im Bank) as provided in the immediately preceding paragraph, the Issuer and each other Person shall deem and treat each owner of this Note reflected in the Register as owner of this Note or the rights to receive any payments hereunder as the owner thereof for all purposes.

This Note is subject to redemption only as required or permitted by the terms of the Indenture. By acceptance of this Note or a beneficial interest herein, each Noteholder and Beneficial Owner (other than Ex-Im Bank) shall be deemed to have agreed to be bound by and consented to the terms and provisions of the Operative Documents. In connection with any redemption of this Note in accordance with the terms of the Indenture, [the "Premium Over Treasuries" shall be []%][no Make-Whole Amount shall be payable].

IN WITNESS WHEREOF, the Issuer has caused its signatory thereunto duly authorized to execute this Fixed Rate Definitive Note as of the date first above written.

MICRON SEMICONDUCTOR ASIA PTE. LTD.

By: _____

Name:

Title:

GUARANTEE

This note issued by Micron Semiconductor Asia Pte. Ltd. dated _____, ____ is guaranteed by the Export-Import Bank of the United States ("**Ex-Im Bank**") for a principal amount not to exceed U.S.$_____ plus interest thereon at the Guaranteed Interest Rate as provided in the Guarantee Agreement dated as of December 16, 2013 (the "**Guarantee Agreement**") between the Indenture Trustee and Ex-Im Bank, and said guarantee is expressly made subject to all of the provisions therein as if all of said provisions were expressly set forth herein. Capitalized terms used herein and not otherwise defined have the meaning specified in the Guarantee Agreement.

EXPORT-IMPORT BANK OF THE UNITED STATES

By: _____

(Signature)

Name: _____

(Print)

Title: _____

Ex-Im Bank Guarantee No. AP086036XX - Singapore

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is a Fixed Rate Definitive Note issued under the Indenture and is entitled to the benefits thereof.

Date: _____

WELLS FARGO BANK, NATIONAL ASSOCIATION,
not in its individual capacity but solely as the Indenture Trustee

By: _____
Authorized Signatory

Annex A

Repayment Date	Principal Payment	Principal Balance

EXHIBIT 10.3

INDEMNIFICATION AGREEMENT

This Indemnification Agreement ("**Agreement**") is made as of _____, by and between **Micron Technology, Inc.**, a Delaware corporation (the "**Company**"), and _____ ("**Indemnitee**").

WHEREAS, directors, officers, and other persons in service to corporations or business enterprises are being increasingly subjected to expensive and time-consuming litigation relating to, among other things, matters that traditionally would have been brought only against the Company or business enterprise itself;

WHEREAS, highly competent persons have become more reluctant to serve corporations as directors or in other capacities unless they are provided with adequate protection through insurance or adequate indemnification against inordinate risks of claims and actions against them arising out of their service to and activities on behalf of the corporation;

WHEREAS, the Board of Directors of the Company (the "**Board**") has determined that the increased difficulty in attracting and retaining such persons is detrimental to the best interests of the Company's stockholders and that the Company should act to assure such persons that there will be increased certainty of such protection in the future;

WHEREAS, it is reasonable, prudent and necessary for the Company contractually to obligate itself to indemnify, and to advance expenses on behalf of, such persons to the fullest extent permitted by applicable law so that they will serve or continue to serve the Company free from undue concern that they will not be so indemnified;

WHEREAS, Indemnitee does not regard the protection available under the Company's Bylaws and insurance as adequate in the present circumstances, may not be willing to serve as an officer or director without adequate protection, and is willing to serve on the condition that Indemnitee be so indemnified;

WHEREAS, although the Bylaws of the Company require indemnification of the officers and directors of the Company, and Indemnitee may also be entitled to indemnification pursuant to the General Corporation Law of the State of Delaware ("**DGCL**"), the Bylaws and the DGCL expressly provide that the indemnification provisions set forth therein are not exclusive, and thereby contemplate that contracts may be entered into between the Company and members of the board of directors, officers and other persons with respect to indemnification;

WHEREAS, this Agreement is a supplement to and in furtherance of the Bylaws of the Company and any resolutions adopted pursuant thereto, and shall not be deemed a substitute therefor, nor to diminish or abrogate any rights of Indemnitee thereunder;

NOW, THEREFORE, in consideration of Indemnitee's agreement to serve as a director, officer or in another key company position after the date hereof, the parties hereto agree as follows:

1. Indemnification

(a) *Third Party Proceedings*. The Company shall indemnify Indemnitee if Indemnitee is or was a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Company) by reason of the fact that Indemnitee is or was a director, officer, employee or agent of the Company, or any subsidiary of the Company, by reason of any action or inaction on the part of Indemnitee while an officer, director, employee or agent or by reason of the fact that Indemnitee is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorney's fees), judgments, fines and amounts paid in settlement (if such settlement is approved in advance by the Company, which approval shall not be unreasonably withheld) actually and reasonably incurred by Indemnitee in connection with such action, suit or proceeding if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, had no reasonable cause to believe Indemnitee's conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that Indemnitee did not act in good faith and in a manner which Indemnitee reasonably believed to be in or not opposed to the best interests of the Company, and with respect to any criminal action or proceeding, had reasonable cause to believe that Indemnitee's conduct was unlawful.

(b) *Proceedings By or in the Right of the Company*. The Company shall indemnify Indemnitee if Indemnitee was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Company or any subsidiary of the Company to procure a judgment in its favor by reason of the fact that Indemnitee is or was a director, officer, employee or agent of the Company, or any subsidiary of the Company, by reason of any action or inaction on the part of Indemnitee while an officer, director, employee or agent by reason of the fact that Indemnitee is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorney's fees) actually and reasonably incurred by Indemnitee in connection with the defense or settlement of such action or suit if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company, except that no indemnification shall be made in respect of any claim, issue or matter as to which Indemnitee shall have been adjudged to be liable to the Company unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnity for such expenses as the court shall deem proper.

(c) *Mandatory Payment of Expenses*. To the extent that Indemnitee has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Subsections (a) and (b) of this Section 1 or the defense of any claim, issue or matter therein, Indemnitee shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by Indemnitee in connection therewith.

2. Expenses; Indemnification Procedure

(a) *Advancement of Expenses*. The Company shall advance all expenses (including attorney's fees) incurred by Indemnitee in connection with the investigation, defense, settlement or appeal of any civil or criminal, administrative or investigative action, suit or proceeding referenced in Section 1(a) or (b) hereof. Indemnitee hereby undertakes to repay such amounts advanced only if, and to the extent that, it shall ultimately be determined that Indemnitee is not entitled to be indemnified by the Company as authorized hereby.

(b) *Notice/Cooperation by Indemnitee*. Indemnitee shall, as a condition precedent to his right to be indemnified under this Agreement, give the Company notice in writing as soon as practicable of any claim made against Indemnitee for which indemnification will or could be sought under this Agreement. In addition, Indemnitee shall give the Company such information and cooperation as it may reasonably require and as shall be within Indemnitee's power.

(c) *Procedure*. Any indemnification and advances provided for by this Agreement shall be made no later than thirty (30) days after receipt of the written request of Indemnitee. If a claim under this Agreement, under any statute, or under any provision of the Company's Certificate of Incorporation or Bylaws providing for indemnification is not paid in full by the Company within thirty (30) days after a written request for payment thereof has first been received by the Company, Indemnitee may, but need not, at any time thereafter bring an action against the Company to recover the unpaid amount of the claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in connection with any action, suit or proceeding in advance of its final disposition) that Indemnitee has not met the standards of conduct which make it permissible under applicable law for the Company to indemnify Indemnitee for the amount claimed, but the burden of proving such defense shall be on the Company and Indemnitee shall be entitled to receive interim payments of expenses hereunder unless and until such defense may be finally adjudicated by court order or judgment from which no further right of appeal exists.

(d) *Selection of Counsel*. In the event the Company shall be obligated to pay the expenses of any proceeding against Indemnitee, the Company shall be entitled to assume the defense of such proceeding, with counsel selected by the Company, upon the delivery to Indemnitee of written notice of its election so to do. After delivery of such notice, the Company will not be liable to Indemnitee under this Agreement for any fees of counsel subsequently incurred by Indemnitee with respect to the same proceeding, provided that (i) Indemnitee shall have the right to employ his counsel in any such proceeding at Indemnitee's expense; and (ii) if (A) the employment of counsel by Indemnitee has been authorized by the Company, (B) the Company shall have reasonably concluded that there may be a conflict of interest between the Company and Indemnitee in the conduct of any such defense or (C) the Company shall not, in fact, have employed counsel to assume the defense of such proceeding, then the fees and expenses of Indemnitee's counsel shall be at the expense of the Company.

3. Additional Indemnification Rights; Nonexclusivity

(a) *Scope*. Notwithstanding any other provision of this Agreement, the Company hereby agrees to indemnify Indemnitee to the fullest extent permitted by law, notwithstanding that such indemnification is not specifically authorized by the other provisions of this Agreement, the Company's Certificate of Incorporation, the Company's Bylaws or by statute. In the event of any change, after the date of this Agreement, in any applicable law, statute, or rule which expands the right of a Delaware corporation to indemnify a member of its board of directors or an officer, such

changes shall be, ipso facto, within the purview of Indemnitee's rights and Company's obligations, under this Agreement. In the event of any change in any applicable law, statute or rule which narrows the right of a Delaware corporation to indemnify a member of its board of directors or an officer, such changes, to the extent not otherwise required by such law, statute or rule to be applied to this Agreement shall have no effect on this Agreement or the parties' rights and obligations hereunder.

(b) *Nonexclusivity*. The indemnification and advancement of expenses provided by or granted pursuant to this Agreement shall not be deemed exclusive of any rights to which an Indemnitee may be entitled under the Company's Certificate of Incorporation, its Bylaws, any agreement, any vote of stockholders or disinterested directors, the DCGL, or otherwise, both as to action in Indemnitee's official capacity and as to action in another capacity while holding such office. The indemnification provided under this Agreement shall continue as to Indemnitee for any action taken or not taken while serving in an indemnified capacity even though he may have ceased to serve in such capacity at the time of any action, suit or other covered proceeding.

4. Partial Indemnification. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of the expenses, judgments, fines or penalties actually or reasonably incurred by him in the investigation, defense, appeal or settlement of any civil or criminal action, suit or proceeding, but not, however, for the total amount thereof, the Company shall nevertheless indemnify Indemnitee for the portion of such expenses, judgments, fines or penalties to which Indemnitee is entitled.

5. Mutual Acknowledgment. Both the Company and Indemnitee acknowledge that in certain instances, Federal law or public policy may override applicable state law and prohibit the Company from indemnifying its directors and officers under this Agreement or otherwise. For example, the Company and Indemnitee acknowledge that the Securities and Exchange Commission (the "**SEC**") has taken the position that indemnification is not permissible for liabilities arising under certain federal securities laws, and federal legislation prohibits indemnification for certain ERISA violations.

6. Severability. Nothing in this Agreement is intended to require or shall be construed as requiring the Company to do or fail to do any act in violation of applicable law. The Company's inability, pursuant to court order, to perform its obligations under this Agreement shall not constitute a breach of this Agreement. The provisions of this Agreement shall be severable. If this Agreement or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Company shall nevertheless indemnify Indemnitee to the full extent permitted by any applicable portion of this Agreement that shall not have been invalidated, and the balance of this Agreement not so invalidated shall be enforceable in accordance with its terms.

7. Exceptions. Any other provision herein to the contrary notwithstanding, the Company shall not be obligated pursuant to the terms of this Agreement:

(a) *Claims Initiated by Indemnitee*. To indemnify or advance expenses to Indemnitee with respect to proceedings or claims initiated or brought voluntarily by Indemnitee and not by way of defense.

(b) *Insured Claims*. To indemnify Indemnitee for expenses or liabilities of any type whatsoever (including, but not limited to, judgments, fines, ERISA excise taxes or penalties, and amounts paid in settlement) which have been paid directly to Indemnitee by an insurance carrier under a policy of officers' and directors' liability insurance maintained by the Company.

(c) *Claims Under Section 16(b)*. To indemnify Indemnitee for expenses or the payment of profits arising from the purchase and sale by Indemnitee of securities in violation of Section 16(b) of the Securities Exchange Act of 1934, as amended, or any similar successor statute.

8. Construction of Certain Phrases

(a) For purposes of this Agreement, references to the "**Company**" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, and employees or agents, so that if Indemnitee is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, Indemnitee shall stand in the same position under the provisions of this Agreement with respect to the resulting or surviving corporation as Indemnitee would have with respect to such constituent corporation if its separate existence had continued.

(b) For purposes of this Agreement, references to "**other enterprises**" shall include employee benefit plans; references to "**fines**" shall include any excise taxes assessed on Indemnitee with respect to an employee benefit plan; and references to "**serving at the request of the Company**" shall include any service as a director, officer, employee or agent of the Company which imposes duties on, or involves services by, such director, officer, employee or agent with respect to an employee benefit plan, its participants, or beneficiaries; and if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in the interest of the participants and beneficiaries of any employee benefit plan, Indemnitee shall be deemed to have acted in a manner "**not opposed to the best interests of the Company**" as referred to in this Agreement.

9. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall constitute an original.

10. Successors and Assigns. This Agreement shall be binding upon the Company and its successors and assigns, and shall inure to the benefit of Indemnitee and Indemnitee's estate, heirs, legal representatives and assigns.

11. Attorneys' Fees. In the event that any action is instituted by Indemnitee under this Agreement to enforce or interpret any of the terms hereof, Indemnitee shall be entitled to be paid all court costs and expenses, including reasonable attorneys' fees, incurred by Indemnitee with respect to such action, unless as a part of such action, the court of competent jurisdiction determines that each of the material assertions made by Indemnitee as a basis for such action were not made in good faith or were frivolous. In the event of an action instituted by or in the name of the Company under this Agreement or to enforce or interpret any of the terms of this Agreement, Indemnitee shall

be entitled to be paid all court costs and expenses, including attorneys' fees, incurred by Indemnitee in defense of such action (including with respect to Indemnitee's counterclaims and cross-claims made in such action), unless as a part of such action the court determines that each of Indemnitee's material defenses to such action were made in bad faith or were frivolous.

12. Notice. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed duly given (i) if delivered by hand and receipted for by the party addressee, on the date of such receipt, or (ii) if mailed by domestic certified or registered mail with postage prepaid, on the third business day after the date postmarked. Addresses for notice to either party are as shown on the signature page of this Agreement, or as subsequently modified by written notice.

13. Choice of Law. This Agreement shall be governed by and its provisions construed in accordance with the laws of the State of Delaware, as applied to contracts between Delaware residents entered into and to be performed entirely within Delaware.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

AGREED TO AND ACCEPTED:

INDEMNITEE:	Micron Technology, Inc.
By: _____	By: _____
Name:	Name: D. Mark Durcan
	Title: CEO

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 7, 2014

/s/ D. Mark Durcan

D. Mark Durcan
Chief Executive Officer

EXHIBIT 31.2

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

I, Ronald C. Foster, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Micron Technology, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 7, 2014

/s/ Ronald C. Foster

Ronald C. Foster
Vice President of Finance and Chief Financial Officer

EXHIBIT 32.1

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

I, 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 February 27, 2014, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in the Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Micron Technology, Inc.

Date: April 7, 2014

/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, Ronald C. Foster, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of Micron Technology, Inc. on Form 10-Q for the period ended February 27, 2014, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in the Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Micron Technology, Inc.

Date: April 7, 2014

/s/ Ronald C. Foster

Ronald C. Foster
Vice President of Finance and Chief Financial Officer