

FORM 10-Q

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D. C. 20549  
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☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the quarterly period ended November 27, 1997

OR

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

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Commission File Number: 1-10658

MICRON TECHNOLOGY, INC.

State or other jurisdiction of incorporation or organization: Delaware

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

8000 S. Federal Way, Boise, Idaho 83716-9632  
(208) 368-4000  
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Indicate by check mark whether the registrant (1) has filed all reports  
required to be filed by Section 13 or 15(d) of the Securities Exchange Act of  
1934 during the preceding 12 months (or for such shorter period that the  
registrant was required to file such reports), and (2) has been subject to such  
filing requirements for the past 90 days.

Yes    ☒    No

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The number of outstanding shares of the registrant's Common Stock as of  
January 5, 1998 was 211,605,654.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

MICRON TECHNOLOGY, INC.

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

As of -----	November 27, 1997 ----- (Unaudited)	August 28, 1997 -----
<b>ASSETS</b>		
Cash and equivalents	\$ 342.4	\$ 619.5
Liquid investments	585.8	368.2
Receivables	436.6	458.9
Inventories	481.4	454.2
Prepaid expenses	11.9	9.4
Deferred income taxes	53.4	62.2
	-----	-----
Total current assets	1,911.5	1,972.4
Product and process technology, net	67.8	51.1
Property, plant and equipment, net	2,855.1	2,761.2
Other assets	68.3	66.6
	-----	-----
Total assets	\$4,902.7 =====	\$4,851.3 =====
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Accounts payable and accrued expenses	\$ 659.7	\$ 546.1
Short-term debt	10.4	10.6
Deferred income	6.7	14.5
Equipment purchase contracts	31.5	62.7
Current portion of long-term debt	95.3	116.0
	-----	-----
Total current liabilities	803.6	749.9
Long-term debt	744.5	762.3
Deferred income taxes	254.7	239.8
Non-current product and process technology	34.0	44.1
Other liabilities	37.1	35.6
	-----	-----
Total liabilities	1,873.9	1,831.7
	-----	-----
Minority interests	132.6	136.5
Commitments and contingencies		
Common stock, \$0.10 par value, authorized 1.0 billion shares, issued and outstanding 211.6 million and 211.3 million shares, respectively	21.1	21.1
Additional capital	488.1	483.8
Retained earnings	2,387.0	2,378.2
	-----	-----
Total shareholders' equity	2,896.2	2,883.1
	-----	-----
Total liabilities and shareholders' equity	\$4,902.7 =====	\$4,851.3 =====

See accompanying notes to consolidated financial statements.

MICRON TECHNOLOGY, INC.

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

For the quarter ended - - - - -	November 27, 1997 -----	November 28, 1996 -----
Net sales	\$954.6 -----	\$728.1 -----
Costs and expenses:		
Cost of goods sold	744.1	572.9
Selling, general and administrative	129.1	75.8
Research and development	63.9 -----	47.2 -----
Total costs and expenses	937.1 -----	695.9 -----
Operating income	17.5	32.2
Gain on sale of investments	0.1	9.2
Interest expense, net	(1.3) -----	(2.1) -----
Income before income taxes and minority interests	16.3	39.3
Income tax provision	(6.5)	(15.6)
Minority interests	(0.2) -----	(3.1) -----
Net income	\$ 9.6 =====	\$ 20.6 =====
Earnings per share:		
Primary	\$ 0.04	\$ 0.10
Fully diluted	0.04	0.10
Number of shares used in per share calculations:		
Primary	215.9	214.0
Fully diluted	215.9	214.5
Cash dividend declared per share	--	--

See accompanying notes to consolidated financial statements.

MICRON TECHNOLOGY, INC.

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

For the quarter ended - - - - -	November 27, 1997 - - - -	November 28, 1996 - - - -
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 9.6	\$ 20.6
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	136.3	110.3
Decrease in receivables	22.3	32.0
Increase in inventories	(27.2)	(52.7)
Increase in accounts payable and accrued expenses, net of plant and equipment purchases	59.1	17.3
Increase in deferred income taxes	17.3	22.1
Decrease in long-term product and process rights liability	(10.1)	(0.4)
Other	(18.1)	(1.3)
	-----	-----
Net cash provided by operating activities	189.2	147.9
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditures for property, plant and equipment	(187.9)	(133.5)
Purchase of available-for-sale and held-to-maturity securities	(362.0)	(2.1)
Proceeds from sales and maturities of securities	151.5	19.4
Purchase of product and process technology	(17.8)	--
Other	1.1	(0.3)
	-----	-----
Net cash used for investing activities	(415.1)	(116.5)
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of long-term debt	10.6	37.6
Net repayments on borrowings on lines of credit	--	(90.0)
Payments on equipment purchase contracts	(12.9)	(17.8)
Repayments of long-term debt	(48.6)	(18.3)
Other	(0.3)	3.3
	-----	-----
Net cash used for financing activities	(51.2)	(85.2)
	-----	-----
Net decrease in cash and equivalents	(277.1)	(53.8)
Cash and equivalents at beginning of period	619.5	276.1
	-----	-----
Cash and equivalents at end of period	\$ 342.4	\$ 222.3
	=====	=====
SUPPLEMENTAL DISCLOSURES		
Income taxes paid, net	\$ (3.3)	\$ 38.4
Interest paid	(6.8)	(7.9)
Noncash investing and financing activities:		
Equipment acquisitions on contracts payable and capital leases	24.6	13.4

See accompanying notes to consolidated financial statements.

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

1. Unaudited interim financial statements

In the opinion of management, the accompanying unaudited consolidated financial statements contain all adjustments (consisting solely of normal recurring adjustments) necessary to present fairly the consolidated financial position of Micron Technology, Inc., and subsidiaries (the "Company" or "MTI"), and their consolidated results of operations and cash flows.

This report on Form 10-Q for the quarter ended November 27, 1997, should be read in conjunction with the Company's Annual Report to Shareholders and/or Form 10-K for the year ended August 28, 1997.

2. Recently issued financial statements

In February 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards ("SFAS") No. 128 "Earnings Per Share." The requirements of this Statement are first effective for the Company's interim period ended February 26, 1998. The Statement requires, in all instances, dual presentation of a basic earnings per share ("EPS"), which excludes dilution, and a diluted EPS, which reflects the potential dilution that could occur if actions taken in respect of convertible securities or other obligations to issue common stock resulted in the issuance of common stock. It also requires a reconciliation of the income available to common stockholders and weighted-average shares of the basic EPS computation to the income available to common stockholders and weighted-average shares plus dilutive potential common shares of the diluted EPS computation. Basic and diluted EPS pursuant to the requirements of Statement No. 128 would be as follows:

	Quarter Ended	
	November 27, 1997	November 28, 1996
	-----	-----
Basic earnings per share	\$0.05	\$0.10
Diluted earnings per share	0.04	0.10

In June 1997, the FASB issued SFAS No. 130, "Reporting Comprehensive Income." SFAS No. 130 establishes standards for the reporting and display of comprehensive income and its components in a full set of general purpose financial statements. Comprehensive income is defined as the change in equity of a business enterprise during a period from transactions and other events and circumstances from nonowner sources. The adoption of SFAS No. 130 is effective for the Company in 1999.

In June 1997, the FASB issued SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information." SFAS No. 131 requires publicly-held companies to report financial and other information about key revenue-producing segments of the entity for which such information is available and is utilized by the chief operation decision maker. Specific information to be reported for individual segments includes profit or loss, certain revenue and expense items and total assets. A reconciliation of segment financial information to amounts reported in the financial statements is also to be provided. SFAS No. 131 is effective for the Company in 1999.

3. Supplemental balance sheet information

November 27,      August 28,  
1997                      1997

-----  
Receivables  
-----

Trade receivables	\$412.3	\$447.2
Income taxes receivable	30.4	17.9
Allowance for returns and discounts	(18.5)	(29.3)
Allowance for doubtful accounts	(10.3)	(9.0)
Other receivables	22.7	32.1
	-----	-----
	\$436.6	\$458.9
	=====	=====



Notes to Consolidated Financial Statements, continued

3. Supplemental balance sheet information (continued) November 27, August 28,  
1997 1997

Inventories

Finished goods	\$129.5	\$128.6
Work in progress	201.8	195.7
Raw materials and supplies	150.1	129.9
	-----	-----
	\$481.4	\$454.2
	=====	=====

Product and process technology

Product and process technology, at cost	\$129.5	\$108.1
Less accumulated amortization	(61.7)	(57.0)
	-----	-----
	\$ 67.8	\$ 51.1
	=====	=====

Property, plant and equipment

Land	\$ 36.7	\$ 35.4
Buildings	875.1	817.9
Equipment	2,489.3	2,416.2
Construction in progress	758.3	681.9
	-----	-----
	4,159.4	3,951.4
Less accumulated depreciation and amortization	(1,304.3)	(1,190.2)
	-----	-----
	\$ 2,855.1	\$ 2,761.2
	=====	=====

As of November 27, 1997 property, plant and equipment included unamortized costs of \$625.6 million for the Company's semiconductor memory manufacturing facility in Lehi, Utah, of which \$589.2 million has not been placed in service and is not being depreciated. Test capacity is expected to be provided by the Lehi facility in the summer of 1998. Completion of the remainder of the Lehi production facilities is dependent upon market conditions. Market conditions which the Company expects to evaluate include, but are not limited to, worldwide market supply and demand of semiconductor products and the Company's operations, cash flows and alternative uses of capital.

Accounts payable and accrued expenses

Accounts payable	\$416.1	\$277.0
Salaries, wages and benefits	71.7	93.7
Product and process technology payable	74.5	99.9
Taxes payable other than income	42.5	37.3
Interest payable	15.6	6.9
Other	39.3	31.3
	-----	-----
	\$659.7	\$546.1
	=====	=====

Notes to Consolidated Financial Statements, continued

3. Supplemental balance sheet information (continued)	November 27, 1997	August 28, 1997
Debt		
Convertible Subordinated Notes payable, due July 2004, interest rate of 7%	\$500.0	\$ 500.0
Notes payable in periodic installments through July 2015, weighted average interest rate of 7.43% and 7.33%, respectively	297.0	331.3
Capitalized lease obligations payable in monthly installments through August 2002, weighted average interest rate of 7.67% and 7.68%, respectively	37.7	40.7
Other	5.1	6.3
	839.8	878.3
Less current portion	(95.3)	(116.0)
	\$744.5	\$ 762.3
	=====	=====

During the fourth quarter of 1997 the Company issued \$500 million in 7% convertible subordinated notes due July 1, 2004 which are convertible into shares of the company's common stock at \$67.44 per share. The notes were offered under a \$1 billion shelf registration statement pursuant to which the Company may issue from time to time up to \$500 million of additional debt or equity securities.

MTI has a \$500 million unsecured revolving credit agreement expiring in May 2000. The agreement contains certain restrictive covenants pertaining to the Company's semiconductor operations, including a minimum fixed charge coverage ratio and a maximum operating loss covenant. As of November 27, 1997, MTI was in compliance with all covenants under the facility and had no borrowings outstanding under the agreement. There can be no assurance that MTI will continue to be able to meet the terms of the covenants and conditions and be able to borrow under the credit agreement. MEI has an aggregate of \$157 million in revolving credit agreements which contain certain restrictive covenants pertaining to MEI's operations, including a minimum EBITDA covenant, certain minimum financial ratios and limitations on the amount of dividends declared or paid by MEI. As of November 27, 1997 MEI had aggregate borrowings of approximately \$9 million outstanding under the agreements.

The Company leases certain facilities and equipment under operating leases. Total rental expense on all operating leases was \$2.9 million and \$1.4 million for the first quarter of 1997 and 1996, respectively. Minimum future rental commitments under operating leases aggregate \$11.5 million as of November 27, 1997 and are payable as follows (in millions): 1998, \$2.7; 1999, \$3.7; 2000, \$3.3; 2001, \$1.4 and 2002, \$0.4.

#### 4. Advertising costs

Advertising costs are charged to operations as incurred. Advertising costs expensed in the first quarters of 1998 and 1997 were \$20.3 million and \$9.6 million, respectively.

#### 5. Income taxes

The estimated effective income tax rate for fiscal 1998 is 40.0%. The effective income tax rate primarily reflects the statutory corporate income tax rate, the net effect of state taxation, and provision of tax by the parent on the earnings of domestic subsidiaries not consolidated with the Company for federal income tax purposes.



#### 6. Earnings per share

Earnings per share is computed using the weighted average number of common and common equivalent shares outstanding. Common equivalent shares result from the assumed exercise of outstanding stock options and affect earnings per share when they have a dilutive effect.

#### 7. Purchase of minority interest

In the first quarter of 1998 the Company purchased the 12% minority interest in one of its subsidiaries, Micron Display Technology, Inc. ("MDT"), for \$21 million in cash. The cost of the acquired interest was allocated primarily to intangible assets related to field emission flat panel display technology, which is being amortized over a three-year period.

#### 8. Commitments

As of November 27, 1997, the Company had commitments of approximately \$573.2 million for equipment purchases and \$69.5 million for the construction of buildings.

#### 9. Contingencies

Periodically, the Company is made aware that technology used by the Company in the manufacture of some or all of its products may infringe on product or process technology rights held by others. The Company has accrued a liability and charged operations for the estimated costs of settlement or adjudication of asserted and unasserted claims for infringement prior to the balance sheet date. Determination that the Company's manufacture of products has infringed on valid rights held by others could have a material adverse effect on the Company's financial position, results of operations or cash flows and could require changes in production processes and products. The Company is currently party to various other legal actions arising out of the normal course of business, none of which are expected to have a material effect on the Company's financial position or results of operations.

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

### OF OPERATIONS

The following discussion contains trend information and other forward looking statements (including statements regarding future operating results, future capital expenditures and facility expansion, new product introductions, technological developments and industry trends) that involve a number of risks and uncertainties. The Company's actual results could differ materially from the Company's historical results of operations and those discussed in the forward looking statements. Factors that could cause actual results to differ materially include, but are not limited to, those identified in "Certain Factors." All period references are to the Company's fiscal periods ended November 27, 1997, August 28, 1997, or November 28, 1996, unless otherwise indicated.

Micron Technology, Inc. and its subsidiaries are hereinafter referred to collectively as the "Company" or "MTI". The Company designs, develops, manufactures and markets semiconductor memory products, primarily DRAM, and through its approximately 64% owned subsidiary, Micron Electronics, Inc. ("MEI"), the Company develops, markets, manufactures and supports PC systems.

### RESULTS OF OPERATIONS

Net income for the first quarter of 1998 was \$10 million, or \$0.04 per fully diluted share, on net sales of \$955 million. For the first quarter of 1997 net income was \$21 million, or \$0.10 per fully diluted share, on net sales of \$728 million. For the fourth quarter of 1997, net income was \$72 million, or \$0.33 per fully diluted share, on net sales of \$946 million.

#### NET SALES

	First Quarter			
	1998		% Change	1997
	Net sales %			Net sales %
Semiconductor memory products	\$440.1	46.1		\$342.2 47.0
PC systems	445.1	46.6		333.8 45.8
Other	69.4	7.3		52.1 7.2
Total net sales	\$954.6	100.0	31.1%	\$728.1 100.0

Net sales reported under "semiconductor memory products" include sales of MTI semiconductor memory products incorporated in MEI products, which amounted to \$12.4 million and \$11.3 million in the first quarters of 1998 and 1997, respectively. The caption "Other" primarily includes revenue from contract manufacturing services, government research and development contracts, licensing fees and remote intelligent communication ("RIC") products. In December 1997, MEI entered into an agreement to sell, subject to certain conditions, a 90% interest in its contract manufacturing business. Contract manufacturing services accounted for approximately \$60.6 million of the Company's "Other" revenue in the first quarter of 1998.

Net sales in the first quarter of 1998 increased by 31% as compared to the first quarter of 1997, principally due to increased volumes of semiconductor memory products sold and increased unit sales of PC systems, offset by a sharp decline in average selling prices of semiconductor memory products and a decline in average selling prices for PC systems. The relatively flat sales for the first quarter of 1998 compared to the \$946 million of net sales for the fourth quarter of 1997 reflect an increase in revenue from the Company's PC operations which was offset by a decrease in net sales of semiconductor memory products.

Net sales of semiconductor memory products for the first quarter of 1998 increased by 29% as compared to the first quarter of 1997, primarily due to increased production, which was partially offset by a sharp decline in average selling prices for such products. The Company's principal memory product in the first quarter of 1998 was the 16 Meg DRAM, which comprised approximately 88% of the net sales of semiconductor memory. Total megabits shipped in the first quarter of 1998 more than doubled the megabits shipped in the first quarter of

1997. This increase in production was principally the result of the transition to the 16 Meg DRAM as the Company's principal memory product, ongoing transitions to successive reduced die size ("shrink") versions of existing memory products, enhanced yields on existing memory products and an increase in total wafer outs primarily due to completion of the conversion to 8-inch wafers. Average selling prices per megabit of memory declined approximately 44% from the

first quarter of 1997 to the first quarter of 1998 and 25% from the fourth quarter of 1997 to the first quarter of 1998. Average selling prices for the Company's semiconductor memory products continue to decline and in December 1997 were approximately 38% lower than in the first quarter of 1998. As a result of the decline in average selling prices, net sales of semiconductor memory products for the first quarter of 1998 decreased by 9% as compared to the fourth quarter of 1997 despite a 24% increase in megabits shipped for the same period. The increase in megabit shipments for the first quarter of 1998 as compared to the fourth quarter of 1997 was primarily due to ongoing transitions to successive shrink versions of existing memory products, enhanced yields on existing memory products and shifts in the Company's mix of semiconductor memory products to a higher average density. Total wafer outs for the first quarter of 1998 were 10% lower than for the fourth quarter of 1997, primarily as a result of a shift in product mix to SDRAM.

Net sales of PC systems increased in the first quarter of 1998 compared to the first quarter of 1997 primarily due to a 36% increase in unit sales of PC systems partially offset by a decline in average selling prices for the Company's PC systems, and an increase in non-system revenue. Non-system revenue is revenue received from the sale of PC related products and services separate from the sale of a PC system. The growth in unit sales of PC systems was partially attributable to a higher level of sales to governmental entities and corporate customers. Net sales of PC systems for the first quarter of 1998 were 18% higher than for the fourth quarter of 1997 primarily due to a higher level of non-system revenue, an increase in unit sales of PC systems and a higher average selling price for the Company's PC systems.

#### GROSS MARGIN

	First Quarter		
	1998	Change	1997
Gross margin	210.5	35.6%	\$155.2
As a % of net sales	22.1%		21.3%

The Company's gross margin percentage was relatively flat for the first quarter of 1998 compared to the first quarter of 1997. The gross margin percentage on sales of the Company's semiconductor memory products improved for the first quarter of 1998 as compared to the fourth quarter of 1997 as a result of increased production efficiencies. The increase in semiconductor gross margin was offset by lower gross margins on sales of the Company's PC systems. The Company's gross margin percentage for the fourth quarter of 1997 was 30% which exceeded the first quarter of 1998 primarily due to a decline in average selling prices for semiconductor memory products, increased pricing pressure on PC systems, and the disposition of PC component inventories.

The Company's gross margin percentage on sales of semiconductor memory products for the first quarter of 1998 was 32%, compared to 24% and 44% in the first and fourth quarters of 1997, respectively. The increase in gross margin percentage on sales of semiconductor memory products for the first quarter of 1998 compared to the first quarter of 1997 was primarily the result of a decline in per unit manufacturing costs, partially offset by a decline in average selling prices. Decreases in per unit manufacturing costs for the first quarter of 1998 compared to the same period in 1997 were achieved through transitions to shrink versions of existing products, shifts in the Company's mix of semiconductor memory products to a higher average density, and improved manufacturing yields. The decrease in gross margin percentage on semiconductor memory products in the first quarter of 1998 from the fourth quarter of 1997 was primarily the result of the approximate 25% decline in average selling prices per megabit of memory, partially offset by lower per megabit manufacturing costs. The gross margin in the first quarter of 1998 was adversely affected by a \$15 million charge related to the valuation of Flash products and benefited by \$11 million resulting from a change in estimate of a long-term product and process rights liability.

The semiconductor memory industry is characterized by frequent product introductions and enhancements. The Company's ramp of its SDRAM products reached approximately 55% of DRAM wafer starts at the end of the first quarter of 1998. The Company's transition from the 16 Meg to the 64 Meg SDRAM as its primary memory product is expected to occur in late calendar 1998. Future gross margins may be adversely impacted if the Company is unable to transition to shrink versions of the 16 Meg SDRAM or to the 64 Meg at gross margin rates comparable to those of the Company's current primary products.

The gross margin percentage for the Company's PC operations for the first quarter of 1998 was 13%, compared to 20% and 16% in the first and fourth quarters of 1997, respectively. In the first quarter of 1998 net sales of PC

systems increased but the gross margin decreased due to intense price pressure, particularly on notebook systems, and the disposition of PC component inventories.

#### SELLING, GENERAL AND ADMINISTRATIVE

	First Quarter		
	1998	Change	1997
Selling, general and administrative	129.1	70.3%	\$75.8
as a % of net sales	13.5%		10.4%

The higher level of selling, general and administrative expenses during the first quarter of 1998 as compared to the first quarter of 1997 primarily reflects an increase in the number of administrative employees associated with the Company's expanded PC and semiconductor operations. In addition, selling, general and administrative expenses for the Company's PC operations increased during the first quarter of 1998 as a result of increased advertising costs, bad debt expense and increased technical and professional fees primarily associated with information technology consulting services. Selling, general and administrative expenses for the first quarter of 1998 also reflect a \$6 million contribution to a university in support of engineering education. This contribution, along with an increase in advertising costs for the Company's PC operations, contributed to a 28% increase in selling, general and administrative expenses for the first quarter of 1998 as compared to the fourth quarter of 1997.

#### RESEARCH AND DEVELOPMENT

	First Quarter		
	1998	Change	1997
Research and development	63.9	35.4%	\$47.2
as a % of net sales	6.7%		6.5%

Research and development expenses vary primarily with the number of wafers processed, personnel costs, and the cost of advanced equipment dedicated to new product and process development. Research and development efforts are focused on advanced process technology, which is the primary determinant in transitioning to next generation products. Application of advanced process technology currently is concentrated on development of the Company's 16 Meg, 64 Meg and 256 Meg SDRAMs. The PC industry is in the process of transitioning from EDO to SDRAM. The Company's transition to SDRAM as the primary DRAM technology is expected to occur in early calendar 1998. Other research and development efforts are devoted to the design and development of Flash, SRAM, RIC, flat panel display products and PC systems.

The Company transitioned a substantial portion of its product lines to .30 micron (u) line width processing from .35(u) line width processing in 1997. The Company anticipates completion of the .30(u) transition in 1998 and anticipates that process technology will move to line widths of .25(u), .21(u) and .18(u) in the next several years as needed for the development of future generation semiconductor products.

#### RECENTLY ISSUED ACCOUNTING STANDARDS

Recently issued accounting standards include Statement of Financial Accounting Standards ("SFAS") No. 128 "Earnings Per Share," issued by the Financial Accounting Standards Board ("FASB") in February 1997, SFAS No. 130 "Reporting Comprehensive Income" and SFAS No. 131 "Disclosures about Segments of an Enterprise and Related Information," issued by the FASB in June 1997. Basic and diluted earnings per share pursuant to the requirements of SFAS No. 128, as well as a description of SFAS No. 130 and SFAS No. 131 are disclosed in the notes to the financial statements.

#### LIQUIDITY AND CAPITAL RESOURCES

As of November 27, 1997, the Company had cash and liquid investments totaling \$928 million, representing a decrease of \$59 million during the first quarter of 1998.

The Company's principal source of liquidity during the first quarter of 1998 was cash flows from operations of \$189 million. Cash flow from operations depends significantly on average selling prices and variable cost per unit

for the Company's semiconductor memory products. The principal uses of funds in the first quarter of 1998 were \$188 million for property, plant and equipment and \$63 million for repayments of equipment contracts and debt. During the first three months of 1998, the Company's inventories increased by \$27 million, of which \$20 million was attributable to an increase in raw materials inventories.

The Company believes that in order to develop new product and process technologies, support future growth, achieve operating efficiencies and maintain product quality, it must continue to invest in manufacturing technology, facilities and capital equipment, research and development, and product and process technology. The Company currently estimates it will spend approximately \$1 billion in fiscal 1998 for purchases of equipment and construction and improvement of buildings. Subsequent to its first quarter of 1998, the Company experienced further price decreases for its semiconductor memory products and, in consideration of these decreases, is reevaluating its capital expenditures and will adjust such expenditures as appropriate in response to market conditions and expected cash flow needs. As of November 27, 1997, the Company had entered into contracts extending into fiscal 2000 for approximately \$573 million for equipment purchases and approximately \$69 million for the construction of facilities. Should the Company elect to cancel its outstanding equipment purchase commitments, the Company could be subject to cancellation fees in excess of \$135 million. Future capital expenditures will be used primarily to enhance manufacturing efficiencies and product and process technology at the Company's existing facilities. As the Company considers its product and process technology enhancement programs and technology diversification objectives, the Company has evaluated, and continues to evaluate, possible acquisitions, strategic alliances and the purchase of the minority interest of its subsidiaries. In the first quarter of 1998 the Company purchased the 12% minority interest in Micron Display Technology, Inc. for \$21 million in cash. The Company has a \$1 billion shelf registration statement. In July 1997, the Company issued \$500 million in convertible subordinated notes pursuant to the shelf registration statement and may issue from time to time up to an additional \$500 million in debt or equity securities.

MTI has a \$500 million unsecured revolving credit agreement expiring in May 2000. The agreement contains certain restrictive covenants pertaining to the Company's semiconductor operations, including a minimum fixed charge coverage ratio and a maximum operating loss covenant. As of November 27, 1997, MTI was in compliance with all covenants under the facility and had no borrowings outstanding under the agreement. There can be no assurance that MTI will continue to be able to meet the terms of the covenants and conditions and be able to borrow under the credit agreement. MEI has an aggregate of \$157 million in revolving credit agreements which contain certain restrictive covenants pertaining to MEI's operations, including a minimum EBITDA covenant, certain minimum financial ratios and limitations on the amount of dividends declared or paid by MEI. As of November 27, 1997 MEI had aggregate borrowings of approximately \$9 million outstanding under the agreements. Cash generated by and credit lines available to MEI are not anticipated to be available to finance other MTI operations.

#### CERTAIN FACTORS

In addition to the factors discussed elsewhere in this Form 10-Q and in the Company's Form 10-K for the fiscal year ended August 28, 1997, the following are important factors which could cause actual results or events to differ materially from those contained in any forward looking statements made by or on behalf of the Company.

The semiconductor memory industry is characterized by rapid technological change, frequent product introductions and enhancements, difficult product transitions, relatively short product life cycles, and volatile market conditions. These characteristics historically have made the semiconductor industry highly cyclical, particularly in the market for DRAMs, which are the Company's primary semiconductor memory products. The semiconductor industry has a history of declining average sales prices as products mature. Long-term average decreases in sales prices for semiconductor memory products approximate 30% on an annualized basis; however, significant fluctuations from this rate have occurred from time to time, as evidenced by the 75% decline in average selling prices for the Company's semiconductor memory products for 1997 and the 25% decline in average selling prices for the first quarter of 1998 compared to the fourth quarter of 1997. In addition, average selling prices for the Company's semiconductor memory products in December 1998 were approximately 38% lower than the average selling prices for the first quarter of 1998.

The selling prices for the Company's semiconductor memory products fluctuate significantly with real and perceived changes in the balance of supply and demand for these commodity products. Growth in worldwide supply





has outpaced growth in worldwide demand in recent periods, resulting in a significant decrease in average selling prices for the Company's semiconductor memory products. For most of fiscal 1997 the rate at which the Company was able to decrease per unit manufacturing costs exceeded the rate of decline in average selling prices, due mainly to a transition to a higher density product. However, in the fourth quarter of 1997 and the first quarter of 1998 the Company was unable to decrease per unit manufacturing costs at a rate commensurate with the decline in average selling prices. In the event that average selling prices continue to decline at a faster rate than that at which the Company is able to decrease per unit manufacturing costs, the Company could be materially adversely affected in its operations, cash flows and financial condition. Although worldwide excess capacity exists, certain Asian competitors continue to add capacity for the production of semiconductor memory products. The amount of capacity to be placed into production and future yield improvements by the Company's competitors could dramatically increase worldwide supply of semiconductor memory and increase downward pressure on pricing. Further, the Company has no firm information with which to determine inventory levels of its competitors, or to determine the likelihood that substantial inventory liquidation may occur and cause further downward pressure on pricing.

Worldwide semiconductor pricing is influenced by currency fluctuations. In calendar 1997 the Korean Won, the New Taiwan Dollar and the Japanese Yen were devalued significantly, dropping approximately 100%, 20% and 10%, respectively, compared to the U.S. dollar. The devaluation of these currencies was particularly severe in the fourth quarter of calendar 1997 and contributed to the current South Korean credit crisis. South Korean semiconductor competitors are likely to be particularly affected by the currency devaluations as a result of substantial debt structures denominated in U.S. dollars. The currency devaluations and the credit crisis could have a particularly significant impact on DRAM pricing if the Company's Asian, and particularly Korean, competitors offer products at significantly lower prices in an effort to maximize cash flows to service near-term dollar denominated obligations. While the Company cannot predict the overall impact of the Asian currency devaluations and the Korean credit crisis, its products may be subject to further downward pricing pressure. If average selling prices for semiconductor memory products continue to decline, the Company may not be able to remain profitable.

If pricing for the Company's semiconductor products remains at current levels for an extended period of time or declines further, the Company may be required to make changes in its operations, including but not limited to, reduction of the amount or changes in timing of its capital expenditures, renegotiation of existing debt agreements, reduction of production and workforce levels, reduction of research and development, or changes in the products produced.

Approximately 63% of the Company's sales of semiconductor memory products during the first quarter of 1998 were directed into the PC or peripheral markets. DRAMs are the most widely used semiconductor memory component in most PC systems. Should the rate of growth of sales of PC systems or the rate of growth in the amount of memory per PC system decrease, the growth rate for sales of semiconductor memory could also decrease, placing further downward pressure on selling prices for the Company's semiconductor memory products. The Company is unable to predict changes in industry supply, major customer inventory management strategies, or end user demand, which are significant factors influencing pricing for the Company's semiconductor memory products. In recent periods the PC industry has seen a shift in demand towards sub-\$1000 PCs. While the Company cannot predict with any degree of accuracy the future impact on the PC and semiconductor industry of this shift, possible effects include, but are not limited to, further downward pricing pressure on PC systems and further downward pricing pressure on semiconductor memory products.

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

result in the Company changing its ownership interest in its subsidiaries.

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

The semiconductor memory industry is characterized by frequent product introductions and enhancements. The Company's transition to SDRAM products reached approximately 55% of DRAM wafer starts at the end of the first quarter of 1998. The Company's transition from the 16 Meg to the 64 Meg SDRAM as its primary memory product is expected to occur in late calendar 1998. It is not unusual to encounter difficulties in manufacturing while transitioning to shrink versions of existing products or new generation products. Future gross margins will be adversely impacted if the Company is unable to transition to shrink versions of the 16 Meg SDRAM or to the 64 Meg SDRAM at gross margin rates at least comparable to those of the Company's current primary products.

Historically, the Company has reinvested substantially all cash flow from semiconductor memory operations in capacity expansion and enhancement programs. The Company's cash flow from operations depends primarily on average selling prices and per unit manufacturing costs of the Company's semiconductor memory products. If for any extended period of time average selling prices decline faster than the rate at which the Company is able to decrease per unit manufacturing costs, the Company may not be able to generate sufficient cash flows from operations to sustain operations. The Company has a \$500 million unsecured revolving credit agreement which is available to finance its semiconductor operations. However, the agreement contains certain restrictive covenants, including a minimum fixed charge coverage ratio and a maximum operating losses covenant, which the Company may not be able to meet if semiconductor market conditions continue to deteriorate. In the event that the Company does not comply with the covenants, there can be no assurance that the Company would be able to successfully renegotiate the agreement or obtain a waiver to the covenants of the existing agreement. In either event, the Company may not be able to draw on the credit facility. Cash generated by, and credit lines available to, MEI are not anticipated to be available to finance other MTI operations.

Completion of the Company's semiconductor manufacturing facility in Lehi, Utah was suspended in February 1996, as a result of the decline in average selling prices for semiconductor memory products. As of November 27, 1997, the Company had invested approximately \$626 million in the Lehi facility. The cost to complete the Lehi facility is estimated to approximate \$1.7 billion. Although additional test capacity for Boise production is anticipated to be provided in Lehi in 1998, completion of the remainder of the Lehi production facilities is dependent upon market conditions. Market conditions which the Company expects to evaluate include, but are not limited to, worldwide market supply and demand of semiconductor products and the Company's operations, cash flows and alternative uses of capital. There can be no assurance that the Company will be able to fund the completion of the Lehi manufacturing facility. The failure by the Company to complete the facility would likely result in the Company being required to write off all or a portion of the facility's cost, which could have a material adverse effect on the Company's business and results of operations. In addition, in the event that market conditions improve, there can be no assurance that the Company can commence manufacturing at the Lehi facility in a timely, cost effective manner that enables it to take advantage of the improved market conditions.

The semiconductor and PC industries have experienced a substantial amount of litigation regarding patent and other intellectual property rights. In the future, litigation may be necessary to enforce patents issued to the Company, to protect trade secrets or know-how owned by the Company, or to defend the Company against claimed infringement of the rights of others. The Company has from time to time received, and may in the future receive, communications alleging that its products or its processes may infringe on product or process technology rights held by others. The Company has entered into a number of patent and intellectual property license agreements with third parties, some of which require one-time or periodic royalty payments. It may be necessary or advantageous in the future for the Company to obtain additional patent licenses or to renew existing license agreements. The Company is unable to predict

whether these license agreements can be obtained or renewed on terms acceptable to the Company.

Adverse determinations that the Company's manufacturing processes or products have infringed on the product or process rights held by others could subject the Company to significant liabilities to third parties or require material changes in production processes or products, any of which could have a material adverse effect on the Company's business, results of operations and financial condition.

The Company is dependent upon a limited number of key management and technical personnel. In addition, the Company's future success will depend in part upon its ability to attract and retain highly qualified personnel, particularly as the Company adds different product types to its product line, which will require parallel design efforts and significantly increase the need for highly skilled technical personnel. The Company competes for such personnel with other companies, academic institutions, government entities and other organizations. In recent periods, the Company has experienced increased recruitment of its existing personnel by other employers. There can be no assurance that the Company will be successful in hiring or retaining qualified personnel. Any loss of key personnel or the inability to hire or retain qualified personnel could have a material adverse effect on the Company's business and results of operations.

## PART II. OTHER INFORMATION

### ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SHAREHOLDERS

The registrant's 1997 Annual Meeting of Shareholders was held on November 25, 1997. At the meeting, the following items were submitted to a vote of the shareholders:

(a) The following nominees for Directors were elected. Each person elected as a Director will serve until the next annual meeting of shareholders or until such person's successor is elected and qualified.

Name of Nominee	Votes Cast For	Votes Cast Against/Withheld
Steven R. Appleton	189,948,273	2,392,942
James W. Bagley	190,476,132	1,865,083
Jerry M. Hess	190,473,599	1,867,616
Robert A. Lothrop	189,870,675	2,470,540
Thomas T. Nicholson	190,442,144	1,899,071
Don J. Simplot	189,851,706	2,489,509
John R. Simplot	189,721,948	2,619,267
Gordon C. Smith	190,432,525	1,908,690

(b) The amendment to the 1994 Stock Option Plan to increase the number of shares reserved for issuance thereunder to 32,000,000 shares was approved with 94,834,478 votes in favor, 55,013,642 votes against, 1,130,052 abstentions and 41,363,043 broker non-votes.

(c) The ratification and appointment of Coopers & Lybrand L.L.P. as independent public accountants of the Company for the fiscal year ending September 3, 1998 was approved with 191,163,783 votes in favor, 604,724 votes against, 572,708 abstentions and 0 broker non-votes.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

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

Exhibit Number -----	Description of Exhibit -----
10.110	1994 Stock Option Plan
11	Computation of per share earnings for the quarters ended November 27, 1997 and November 28, 1996
27	Financial Data Schedule

(b) The registrant did not file any reports on Form 8-K during the fiscal quarter ended November 27, 1997.



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.

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(Registrant)

Dated: January 12, 1998

/s/ Wilbur G. Stover, Jr.

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

MICRON TECHNOLOGY, INC.  
1994 STOCK OPTION PLAN

1. Purposes of the Plan. The purposes of this Stock Option Plan are:

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- . to attract and retain the best available personnel for positions of substantial responsibility,
- . to provide additional incentive to Employees and Consultants, and
- . to promote the success of the Company's business.

Options granted under the Plan may be Incentive Stock Options or Nonstatutory Stock Options, as determined by the Administrator at the time of grant.

2. Definitions. As used herein, the following definitions shall apply:

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(a) "Administrator" means the Board or any of its Committees as shall

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be administering the Plan, in accordance with Section 4 of the Plan.

(b) "Applicable Laws" means the legal requirements relating to the

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administration of stock option plans under Delaware corporate and securities laws and the Code.

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

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(d) "Change in Control" means the acquisition by any person or entity,

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directly, indirectly or beneficially, acting alone or in concert, of more than thirty-five percent (35%) of the Common Stock of the Company outstanding at any time.

(e) "Code" means the Internal Revenue Code of 1986, as amended.

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(f) "Committee" means a Committee appointed by the Board in accordance

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with Section 4 of the Plan.

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

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(h) "Company" means Micron Technology, Inc., a Delaware corporation.

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(i) "Consultant" means any person, including an advisor, engaged by

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the Company or a Parent or Subsidiary to render services and who is compensated for such services. The term "Consultant" shall also include Directors who are not Employees of the Company.

(j) "Continuous Status as and Employee or Consultant" means that the

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employment or consulting relationship with the Company, any Parent, or Subsidiary, is not interrupted or terminated. Continuous Status as an Employee or Consultant shall not be considered interrupted in the case of (i) any leave of absence approved by the Company or (ii) transfers between locations of the Company or between the Company, its Parent, any Subsidiary, or any successor. A leave of absence approved by the Company shall include sick leave, military leave, or any other personal leave approved by an authorized representative of the Company. For purposes of Incentive Stock Options, no such leave may exceed 90 days, unless reemployment upon expiration of such leave is guaranteed by statute or contract. If reemployment upon expiration of a leave of absence approved by the Company is not so guaranteed, on the 91st day of such leave any Incentive Stock Option held by the Optionee shall cease to be treated as an Incentive Stock Option and shall be treated for tax purposes as a Nonstatutory Stock Option.

(k) "Director" means a member of the Board.

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(l) "Disability" means total and permanent disability as defined in

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Section 22(e)(3) of the Code.

(m) "Employee" means any person, including Officers and Directors,

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employed by the Company or any Parent or Subsidiary of the Company. Neither service as a Director nor payment of a director's fee by the Company shall be sufficient to constitute "employment" by the Company.

(n) "Exchange Act" means the Securities Exchange Act of 1934, as

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amended.

(o) "Fair Market Value" means, as of any date, the value of Common

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Stock determined as follows:

(i) If the Common Stock is listed on any established stock exchange, including without limitation the New York Stock Exchange ("NYSE"), or a national market system, the Fair Market Value of a Share of Common Stock shall be the average closing price for such stock (or the closing bid, if no sales were reported) as quoted on such exchange or system (or the exchange with the greatest volume of trading in Common Stock) for the five business days preceding the day of determination, as reported in the The Wall Street Journal or such other source as the Administrator deems reliable;

(ii) If the Common Stock is quoted on the over-the-counter market or is regularly quoted by a recognized securities dealer, but selling prices are not reported, the Fair Market Value of a Share of Common Stock shall be the mean between the high bid and low asked prices for the Common Stock on the last market trading day prior to the day of determination, as reported in The Wall Street Journal or such other source as the Administrator deems reliable;

(iii) In the absence of an established market for the Common Stock, the Fair Market Value shall be determined in good faith by the Administrator.

(p) "Incentive Stock Option" means an Option intended to qualify as an

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incentive stock option within the meaning of Section 422 of the Code and the regulations promulgated thereunder.

(q) "Nonstatutory Stock Option" means an Option not intended to

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qualify as an Incentive Stock Option.

(r) "Notice of Grant" means a written notice evidencing certain terms

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and conditions of an individual Option grant. The Notice of Grant is subject to the terms and conditions of the Option Agreement.

(s) "Officer" means a person who is an officer of the Company within

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the meaning of Section 16 of the Exchange Act and the rules and regulations promulgated thereunder.

(t) "Option" means a stock option granted pursuant to the Plan.

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(u) "Option Agreement" means a written agreement between the Company

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and an Optionee evidencing the terms and conditions of an individual Option grant. The Option Agreement is subject to the terms and conditions of the Plan.

(v) "Option Exchange Program" means a program whereby outstanding

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options are surrendered in exchange for options with a lower exercise price.

(w) "Optioned Stock" means the Common Stock subject to an Option.

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(x) "Optionee" means an Employee or Consultant who holds an

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outstanding Option.

(y) "Parent" means a "parent corporation", whether now or hereafter

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existing, as defined in Section 424(e) of the Code.

(z) "Plan" means this 1994 Option Plan.

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(aa) "Rule 16b-3" means Rule 16b-3 of the Exchange Act or any

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successor to Rule 16b-3, as in effect when discretion is being exercised with respect to the Plan.

(bb) "Share" means a share of the Common Stock, as adjusted in

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accordance with Section 12 of the Plan.

(cc) "Subsidiary" means a "subsidiary corporation", whether now or

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hereafter existing, as defined in Section 424(f) of the Code. In the case of an Option that is not intended to qualify as an Incentive Stock Option, the term "Subsidiary" shall also include any other entity in which the Company, or any Parent or Subsidiary of the Company has a significant ownership interest.

3. Stock Subject to the Plan. Subject to the provisions of Section 12 of

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the Plan, the maximum aggregate number of Shares which may be optioned and sold under the Plan is 32,000,000 Shares. The Shares may be authorized, but unissued, or reacquired Common Stock.

If an Option expires or becomes unexercisable without having been exercised in full, or is surrendered pursuant to an Option Exchange Program, the unpurchased Shares which were subject thereto shall become available for future grant or sale under the Plan (unless the Plan has terminated); provided,

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however, that Shares that have actually been issued under the Plan shall not be returned to the Plan and shall not become available for future distribution under the Plan.

4. Administration of the Plan.

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(a) Procedure.

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(i) Multiple Administrative Bodies. If permitted by Rule 16b-3,

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the Plan may be administered by different bodies with respect to Directors, Officers who are not Directors, and Employees who are neither Directors nor Officers.

(ii) Administration With Respect to Directors and Officers

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Subject to Section 16(b). With respect to Option grants made to Employees who

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are also Officers or Directors subject to Section 16(b) of the Exchange Act, the Plan shall be administered by (A) the Board, if the Board may administer the Plan in compliance with the rules governing a plan intended to qualify as a discretionary plan under Rule 16b-3, or (B) a committee designated by the Board to administer the Plan, which committee shall be constituted to comply with the rules governing a plan intended to qualify as a discretionary plan under Rule 16b-3. Once appointed, such committee shall continue to serve in its designated capacity until otherwise directed by the Board. From time to time the Board may increase the size of the Committee and appoint additional members, remove members (with or without cause) and substitute new members, fill vacancies (however caused), and remove all members of the Committee and thereafter directly administer the Plan, all to the extent permitted by the rules governing a plan intended to qualify as a discretionary plan under Rule 16b-3.

(iii) Administration With Respect to Other Persons. With respect

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to Option grants made to Employees or Consultants who are neither Directors nor Officers of the Company, the Plan shall be administered by (A) the Board or (B) a committee designated by the Board, which committee shall be constituted to satisfy Applicable Laws. Once appointed, such Board may increase the size of the Committee and appoint additional members, remove members (with or without cause) and substitute new members, fill vacancies (however caused), and remove all members of the Committee and thereafter directly administer the Plan, all to the extent permitted by Applicable Laws.

(b) Powers of the Administrator. Subject to the provisions of the

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Plan, and in the case of a Committee, subject to the specific duties delegated by the Board to such Committee, the Administrator shall have the authority, in its discretion:

(i) to determine the Fair Market Value of the Common Stock, in accordance with Section 2(o) of the Plan;

(ii) to select the Consultants and Employees to whom Options may be granted hereunder;

(iii) to determine whether and to what extent Options are granted hereunder;

(iv) to determine the number of shares of Common Stock to be covered by each Option granted hereunder;

(v) to approve forms of agreement for use under the Plan;

(vi) to determine the terms and conditions, not inconsistent with the terms of the Plan, of any award granted hereunder. Such terms and conditions include, but are not limited to, the exercise price, the time or times when Options may be exercised (which may be based on performance criteria), any vesting acceleration or waiver of forfeiture restrictions, and any restriction or limitation regarding any Option or the shares of Common Stock relating thereto, based in each case on such factors as the Administrator, in its sole discretion, shall determine;

(vii) to reduce the exercise price of any Option to the then current Fair Market Value if the Fair Market Value of the Common Stock covered by such Option shall have declined since the date the Option was granted;

(viii) to construe and interpret the terms of the Plan and awards granted pursuant to the Plan;

(ix) to prescribe, amend, and rescind rules and regulations relating to the Plan, including rules and regulations relating to sub-plans established for the purpose of qualifying for preferred tax treatment under foreign tax laws;

(x) to modify or amend each Option (subject to Section 14(c) of the Plan), including the discretionary authority to extend the post-termination exercisability period of Options longer than is otherwise provided for in the Plan;

(xi) to authorize any person to execute on behalf of the Company any instrument required to effect the grant of an Option previously granted by the Administrator;

(xii) to institute an Option Exchange Program; and

(xiii) to make all other determinations deemed necessary or advisable for administering the Plan.

(c) Effect of Administrator's Decision. The Administrator's

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decisions, determinations, and interpretations shall be final and binding on all Optionees and any other holders of Options.

5. Eligibility. Nonstatutory Stock Options may be granted to Employees

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and Consultants. Incentive Stock Options may be granted only to Employees. If otherwise eligible, an Employee or Consultant who has been granted an Option may be granted additional Options.

6. Limitations.

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(a) Each Option shall be designated in the Notice of Grant as either an Incentive Stock Option or a Nonstatutory Stock Option. However, notwithstanding such designations, to the extent that the aggregate Fair Market Value:

(i) of Shares subject to an Optionee's Incentive Stock Options granted by the Company or any Parent or Subsidiary, which

(ii) become exercisable for the first time during any calendar year (under all plans of the Company or any Parent or Subsidiary) exceeds \$100,000, such excess Options shall be treated as Nonstatutory Stock Options. For purposes of this Section 6(a), Incentive Stock Options shall be taken into account in the order in which they were granted, and the Fair Market Value of the Shares shall be determined as of the time of grant.

(b) Neither the Plan nor any Option shall confer upon an Optionee any right with respect to continuing the Optionee's employment or consulting relationship with the Company, nor shall they interfere in any way with the Optionee's right or the Company's right to terminate such employment or consulting relationship at any time, with or without cause.

(c) The following limitations shall apply to grants of Options to Employees:

(i) No employee shall be granted, in any fiscal year of the Company, Options to purchase more than 500,000 Shares.

(ii) The foregoing limitations shall be adjusted proportionately in connection with any change in the Company's capitalization as described in Section 12.

(iii) If an Option is canceled in the same fiscal year of the Company in which it was granted (other than in connection with a transaction described in Section 12), the canceled Option will be counted against the limit set forth in Section 6(c)(i). For this purpose, if the exercise price of an Option is reduced, the transaction will be treated as a cancellation of the Option and the grant of a new Option.

7. Term of Plan. Subject to Section 18 of the Plan, the Plan shall

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become effective upon the earlier to occur of its adoption by the Board or its approval by the shareholders of the Company as described in Section 18 of the Plan. It shall continue in effect for a term of ten (10) years unless terminated earlier under Section 14 of the Plan.

8. Term of Option. The term of each Option shall be stated in the Notice

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of Grant; provided, however, that in the case of an Incentive Stock Option, the term shall be ten (10) years from the date of grant or such shorter term as may be provided in the Notice of Grant. Moreover, in the case of an Incentive Stock Option granted to an Optionee who, at the time Incentive Stock Option is granted, owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Parent or Subsidiary, the term of the Incentive Stock Option shall be five (5) years from the date of grant or such shorter term as may be provided in the Notice of Grant.

9. Option Exercise Price and Consideration.

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(a) Exercise Price. The per share exercise price for the Shares to

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be issued pursuant to exercise of an Option shall be determined by the Administrator, subject to the following:

(i) In the case of an Incentive Stock Option

(A) granted to an Employee who, at the time the Incentive Stock Option is granted, owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or Parent or Subsidiary, the per Share exercise price shall be no less than 110% of the Fair Market Value per Share on the date of grant.

(B) granted to any Employee other than an Employee described in paragraph (A) immediately above, the per Share exercise price shall be no less than 100% of the Fair Market Value per Share on the date of grant.

(ii) In the case of a Nonstatutory Stock Option, the per Share exercise price shall be determined by the Administrator.

(b) Waiting Period and Exercise Dates. At the time an Option is

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granted, the Administrator shall fix the period within which the Option may be exercised and shall determine any conditions which must be satisfied before the Option may be exercised. In doing so, the Administrator may specify that an Option may not be exercised until the completion of a service period.

(c) Form of Consideration. The Administrator shall determine the

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acceptable form of consideration for exercising an Option, including the method of payment. In the case of an Incentive Stock Option, the Administrator shall determine the acceptable form of consideration at the time of grant. Such consideration may consist entirely of:

(i) cash;

(ii) check;

(iii) promissory note;



(iv) other Shares which (A) in the case of Shares acquired upon exercise of an option, have been owned by the Optionee for more than six months on the date of surrender, and (B) have a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Shares as to which said Option shall be exercised;

(v) delivery of a properly executed exercise notice together with such other documentation as the Administrator and the broker, if applicable, shall require to effect an exercise of the Option and delivery to the Company of the sale or loan proceeds required to pay the exercise price;

(vi) a reduction in the amount of any Company liability to the Optionee, including any liability attributable to the Optionee's participation in any Company-sponsored deferred compensation program or arrangement;

(vii) any combination of the foregoing methods of payment; or

(viii) such other consideration and method of payment for the issuance of Shares to the extent permitted by Applicable Laws.

#### 10. Exercise of Option.

##### (a) Procedure for Exercise; Rights as a Shareholder. Any Option

granted thereunder shall be exercisable according to the terms of the Plan and at such times and under such conditions as determined by the Administrator and set forth in the Option Agreement.

An Option may not be exercised for a fraction of a Share.

An Option shall be deemed exercised when the Company receives:

(i) written notice of exercise (in accordance with the Option Agreement) from the person entitled to exercise the Option, and (ii) full payment for the Shares with respect to which the Option is exercised. Full payment may consist of any consideration and method of payment authorized by the Administrator and permitted by the Option Agreement and the Plan. Shares issued upon exercise of an Option shall be issued in the name of the Optionee or, if requested by the Optionee, in the name of the Optionee and his or her spouse. Until the stock certificate evidencing such Shares is issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a shareholder shall exist with respect to the Optioned Stock, notwithstanding the exercise of the Option. The Company shall issue (or cause to be issued) such stock certificate, either in book entry form or in certificate form, promptly after the Option is exercised. No adjustment will be made for a dividend or other right for which the record date is prior to the date the Shares are issued, except as provided in Section 12 of the Plan.

Exercising an Option in any manner shall decrease the number of Shares thereafter available, both for purposes of the Plan and for sale under the Option, by the number of Shares as to which the Option is exercised.

(b) Termination of Employment or Consulting Relationship. Upon

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termination of an Optionee's Continuous Status as an Employee or Consultant, other than upon the Optionee's death or Disability, the Optionee may exercise his or her Option, but only within such period of time as is specified in the Notice of Grant, and only to the extent that the Optionee was entitled to exercise it as the date of termination (but in no event later than the expiration of the term of such Option as set forth in the Notice of Grant). In the absence of a specified time in the Notice of Grant, the Option shall remain exercisable for 30 days following the Optionee's termination of Continuous Status as an Employee or Consultant. In the case of an Incentive Stock Option, such period of time shall not exceed thirty (30) days from the date of termination. If, at the date of termination, the Optionee is not entitled to exercise his or her entire Option, the Shares covered by the unexercisable portion of the Option shall revert to the Plan. If, after termination, the Optionee does not exercise his or her Option within the time specified herein, the Option shall terminate, and the Shares covered by such Option shall revert to the Plan.

(c) Disability of Optionee. In the event that an Optionee's

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Continuous Status as an Employee or Consultant terminates as a result of the Optionee's Disability, the Optionee may exercise his or her Option at any time within twelve (12) months from the date of such termination, but only to the extent that the Optionee was entitled to exercise it at the date of such termination (but in no event later than the expiration of the term of such Option as set forth in the Notice of Grant). If, at the date of termination, the Optionee does not exercise his or her entire Option, the Shares covered by the unexercisable portion of the Option shall revert to the Plan. If, after termination, the Optionee does not exercise his or her option within the time specified herein, the Option shall terminate, and the Shares covered by such Option shall revert to the Plan.

(d) Death of Optionee. In the event of the death of an Optionee, the

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Option may be exercised at any time within twelve (12) months following the date of death (but in no event later than the expiration of the term of such Option as set forth in the Notice of Grant), by the Optionee's estate or by a person who acquired the right to exercise the Option by bequest or inheritance, but only to the extent that the Optionee was entitled to exercise the Option at the date of death. If, at any time of death, the Optionee was not entitled to exercise his or her entire Option, the Shares covered by the unexercisable portion of the Option shall immediately revert to the Plan. If, after death, the Optionee's estate or a person who acquired the right to exercise the Option by bequest or inheritance does not exercise the Option within the time specified herein, the Option shall terminate, and the Shares covered by such Option shall revert to the Plan.

(e) Rule 16b-3. Options granted to individuals subject to Section 16

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of the Exchange Act ("Insiders") must comply with the applicable provisions of Rule 16b-3 and shall contain such additional conditions or restrictions as may be required thereunder to qualify for the maximum exemption from Section 16 of the Exchange Act with respect to Plan transactions.

(f) Suspension. Any Optionee who is also a participant in the

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Retirement at Micron ("RAM") Section 401(k) Plan and who requests and receives a hardship distribution from the RAM Plan, is prohibited from making, and must suspend, his or her employee elective

contributions and employee contributions including, without limitation on the foregoing, the exercise of any Option granted from the date of receipt by that employee of the RAM hardship distribution.

11. Non-Transferability of Options. An Option may not be sold, pledged, -----  
assigned, hypothecated, transferred, or disposed of in any manner other than by will or by laws of descent or distribution and may be exercised, during the lifetime of the Optionee, only by the Optionee.

12. Adjustments Upon Changes in Capitalization, Dissolution, Merger, or -----  
Asset Sale.  
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(a) Changes in Capitalization. Subject to any required action by the -----  
shareholders of the Company, the number of shares of Common Stock covered by each outstanding Option, and the number of issued shares of Common Stock which have been authorized for issuance under the Plan but as to which no Options have yet been granted or which have been returned to the Plan upon cancellation or expiration of an Option, as well as the price per share of Common Stock covered by each such outstanding Option, shall be proportionately adjusted for any increase or decrease in the number of issued shares of Common Stock resulting from a stock split, reverse stock split, stock dividend, combination or reclassification of the Common Stock or any other increase or decrease in the number of shares of Common Stock effected without receipt of consideration by the Company; provided, however, that conversion of any convertible securities of the Company shall not be deemed to have been "effected without receipt of consideration." Such adjustment shall be made by the Board, whose determination in that respect shall be final, binding, and conclusive. Except as expressly provided herein, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares of Common Stock subject to an Option.

(b) Dissolution or Liquidation. In the event of the proposed -----  
dissolution or liquidation of the Company, to the extent that an Option has not been previously exercised, it will terminate immediately prior to the consummation of such proposed action. The Board may, in the exercise of its sole discretion in such instances, declare that any Option shall terminate as of a date fixed by the Board and give each Optionee the right to exercise his or her Option as to all or any part of the Optioned stock, including Shares as to which the Option would not otherwise be exercisable.

(c) Merger or Asset Sale. In the event of a merger of the Company -----  
with or into another corporation, or the sale of substantially all of the assets of the Company, each outstanding Option may be assumed or an equivalent option or right may be substituted by the successor corporation or a Parent or Subsidiary of the successor corporation. The Administrator may, in lieu of such assumption or substitution, provide for the Optionee to have the right to exercise the Option as to all or a portion of the Optioned Stock, including Shares as to which it would not otherwise be exercisable. If the Administrator makes an Option exercisable in lieu of assumption or substitution in the event of a merger or sale of assets, the Administrator shall notify the Optionee that the Option shall be fully exercisable for a period of thirty (30) days from the date of such notice, and the Option will terminate upon the expiration of such period. For the

purposes of this paragraph, the Option shall be considered assumed if, following the merger or sale of assets, the option or right confers the right to purchase, for each Share of Optioned Stock subject to the Option immediately prior to the merger or sale of assets, the consideration (whether stock, cash, or other securities or property) received in the merger or sale of assets by holders of Common Stock for each Share held on the effective date of the transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares); provided, however, that if such consideration received in the merger or sale of assets was not solely common stock of the successor corporation or its Parent, the Administrator may, with the consent of the successor corporation, provide for the consideration to be received upon the exercise of the Option, for each Share of Optioned Stock subject to the Option, to be solely common stock of the successor corporation or its Parent equal in fair market value to the per share consideration received by holders of Common Stock in the merger or sale of assets.

(d) Change in Control. In the event of a Change in Control, the

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unexercised portion of the Option shall become immediately exercisable, to the extent such acceleration does not disqualify the Plan, or cause an Incentive Stock Option to be treated as a Nonstatutory Stock Option without the consent of the Optionee.

13. Date of Grant. The date of grant of an Option shall be, for all

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purposes, the date on which the Administrator makes the determination granting such Option, or such other later date as is determined by the Administrator. Notice of the determination shall be provided to each Optionee within a reasonable time after the date of such grant.

14. Amendment and Termination of the Plan.

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(a) Amendment and Termination. The Board may at any time amend,

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alter, suspend, or terminate the Plan.

(b) Shareholder Approval. The Company shall obtain shareholder

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approval of any Plan amendment to the extent necessary and desirable to comply with Rule 16b-3 or with Section 422 of the Code (or any successor rule or statute or other applicable law, rule, or regulation, including the requirements of any exchange or quotation system on which the Common Stock is listed or quoted). Such shareholder approval, if required, shall be obtained in such a manner and to such a degree as is required by the applicable law, rule, or regulation.

(c) Effect of Amendment or Termination. No amendment, alteration,

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suspension, or termination of the Plan shall impair the rights of any Optionee, unless mutually agreed otherwise between the Optionee and the Administrator, which agreement must be in writing and signed by the Optionee and the Company.

15. Conditions Upon Issuance of Shares.

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(a) Legal Compliance. Shares shall not be issued pursuant to the

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exercise of an Option unless the exercise of such Option and the issuance and delivery of such Shares shall comply with all relevant provisions of law, including, without limitation, the Securities Act of

1933, as amended, the Exchange Act, the rules and regulations promulgated thereunder, Applicable Laws, and the requirements of any stock exchange or quotation system upon which the Shares may then be listed or quoted, and shall be further subject to the approval of counsel for the Company with respect to such compliance.

(b) Investment Representations. As a condition to the exercise of an  
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Option, the Company may require the person exercising such Option to represent and warrant at the time of any such exercise that the Shares are being purchased only for investment and without any present intention to sell or distribute such Shares if, in the opinion of counsel for the Company, such a representation is required.

16. Liability of Company.  
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(a) Inability to Obtain Authority. The inability of the Company to  
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obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, shall relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.

(b) Grants Exceeding Allotted Shares. If the Optioned Stock covered  
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by an Option exceeds, as of the date of grant, the number of Shares which may be issued under the Plan without additional shareholder approval, such Option shall be void with respect to such excess Optioned Stock, unless shareholder approval of an amendment sufficiently increasing the number of shares subject to the Plan is timely obtained in accordance with Section 14(b) of the Plan.

17. Reservation of Shares. The Company, during the term of this Plan,  
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will at all times reserve and keep available such number of Shares as shall be sufficient to satisfy the requirements of the Plan.

18. Shareholder Approval. Continuance of the Plan shall be subject to  
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approval by the shareholders of the Company within twelve (12) months before or after the date the Plan is adopted. Such shareholder approval shall be obtained in the manner and to the degree required under applicable federal and Delaware law.

Revised 09/10/97

## EXHIBIT 11

## MICRON TECHNOLOGY, INC.

Computation of Per Share Earnings  
(Amounts in millions except for per share data)

Quarter Ended	November 27, 1997	November 28, 1996
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PRIMARY		
Weighted average shares outstanding	211.5	209.1
Net effect of dilutive stock options	4.4	4.9
	-----	-----
Total shares	215.9	214.0
	=====	=====
Net income	\$ 9.6	\$ 20.6
	=====	=====
Primary earnings per share	\$ 0.04	\$ 0.10
	=====	=====
FULLY DILUTED		
Weighted average shares outstanding	211.5	209.1
Net effect of dilutive stock options	4.4	5.4
	-----	-----
Total shares	215.9	214.5
	=====	=====
Net income	\$ 9.6	\$ 20.6
	=====	=====
Fully diluted earnings per share	\$ 0.04	\$ 0.10
	=====	=====



This schedule contains summary financial information extracted from the accompanying financial statements and is qualified in its entirety by reference to such financial statements.

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3-MOS

SEP-03-1998

NOV-27-1997

342

586

466

(29)

481

1,912

4,159

(1,304)

4,903

804

745

0

0

21

2,875

4,903

955

955

744

937

0

0

1

16

6

0

0

0

0

10

.04

.04