

Financial Results

Second Quarter Fiscal 2016

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



Mark Durcan
Chief Executive Officer

Key Take-Aways

- Revenue of \$2.93 billion, within our guidance
- Gross margin of 20%, at the high end of our guidance
- GAAP net income of (\$97) million; EPS of (\$.09)
- Non-GAAP net income of (\$48) million; EPS of (\$.05), high end of guidance
- Operating cash flow of \$763 million
- Our results were impacted by continued weakness in the PC market, seasonality, and timing of product launches in other segments

Business Unit Update

Compute and Networking Business Unit

- Achieved initial customer qualifications of 20nm 8Gb DDR4 products
- In Enterprise, achieved qualification of NVDIMM solution at two major OEMs
- Early success of GDDR5X in Graphics segment

Mobile Business Unit

- Results negatively impacted by timing of product qualifications as customers are transitioned
- Expect to finalize most of 20nm LPDDR4 qualifications by end of FQ3
- Well positioned for substantial volume growth by FQ4

Embedded Business Unit

- Automotive design-in activity remains strong on 20nm DDR3 and LPDDR4
- Generating strong design-in activity for Industrial SSDs
- Delivering portfolio of differentiated NVM, DRAM and MCP to Consumer and Connected Home

Storage Business Unit

- Sampling Tier 1 OEMs with our new 3D NAND-enabled PCIe NVMe client SSDs
- Over next two quarters, shipping Crucial-branded, low cost 3D NAND Client SSDs, high-performance drives targeting gaming enthusiasts, and a 2TB client OEM drive

Industry Conditions

- DRAM industry bit supply growth to decrease to low-to-mid 20% range in 2016
- Although the current environment remains challenging, we continue to view longer term DRAM demand bit growth in the low-to-mid 20% range, resulting in healthy market fundamentals
- NAND industry bit supply growth in the mid-to-high 30% range in 2016, in line or below the long term demand outlook
- We expect that cost and performance advantages of 3D NAND will drive enhanced adoption rates and densities across key storage markets

Operating Priorities

- We are executing our leading edge technology deployment, and our bit growth and cost reduction targets are on track
- We expect strong double digit bit growth and related cost reductions for DRAM in FQ3 as a result of the deployment of our 20nm technology
- Our 3D NAND ramp in manufacturing is proceeding well and we expect to see significant bit growth and cost per bit reductions starting in the fall
- With expected operational execution, we have the opportunity to improve competitive position



Ernie Maddock

Chief Financial Officer

DRAM

REPRESENTED 54% OF MICRON TOTAL REVENUE IN FQ2-16

- Mobile was in the low 20% range
- The PC segment was in the mid-20% range
- The Server business was in the low 20% range
- Specialty DRAM, which includes Networking, Graphics, Auto and other embedded technologies, was in the high 20% range

Trade Non-Volatile

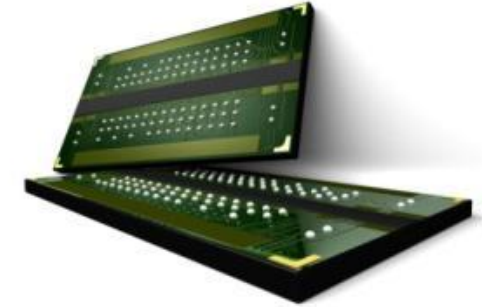
REPRESENTED 37% OF MICRON TOTAL REVENUE IN FQ2-16

- Consumer, which includes our memory cards, USB and components, represented more than 50%
- Mobile, including MCP was in the low teens % range
- SSDs were in the mid-teens % range
- Automotive and Industrial Multi-Market Segment (or AIMM) and other embedded applications were in the mid-teens percent range

Compute Networking Business Unit (CNBU)

NON-GAAP

CNBU	Dollars in Millions	FQ2-16	FQ1-16
Sales		\$1,053	\$1,139
Operating income (loss)		(\$55)	\$21
Operating income %		(5.2%)	1.8%

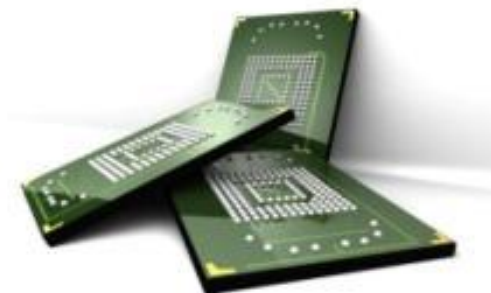


- Impacted by lower ASPs and continued softness in demand from the PC segment
- Significant demand for DDR4 solutions in Enterprise and Cloud segments
- Achieved successful enablement and volume ramp of 20nm 4Gb DDR3 solutions in Client segment

Mobile Business Unit (MBU)

NON-GAAP

MBU	Dollars in Millions	FQ2-16	FQ1-16
Sales		\$503	\$834
Operating income (loss)		(\$21)	\$136
Operating income %		(4.2%)	16.3%

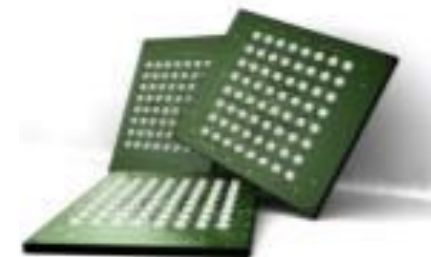


- Bit shipments of eMCPs down ~25%; redirected bits to higher value homes
- Strong LP3 from China mid-tier phones and expect to continue
- Expect customer qualifications to progressively improve during CY2016
- Continue to ramp LP4 solutions into flagship and high-end segments

Embedded Business Unit (EBU)

NON-GAAP

EBU	Dollars in Millions	FQ2-16	FQ1-16
Sales		\$460	\$479
Operating income (loss)		\$87	\$114
Operating income %		18.9%	23.8%



- Increasing demand in DRAM and e.MMC for automotive applications
 - Infotainment, Instrument Cluster and Advanced Driver Assistance Systems
- Good design-in activity of M500IT Industrial SSDs and specialty DRAM
- Seeing increased DRAM demand in Connected Home segment

Storage Business Unit (SBU)

NON-GAAP

SBU	Dollars in Millions	FQ2-16	FQ1-16
Sales		\$901	\$884
Operating income (loss)		(\$18)	(\$27)
Operating income %		(2.0%)	(3.1%)



- Trade NAND component bit growth up 16% Q/Q
- In Client and Consumer SSD, Q/Q bit growth up 13%
- In Enterprise SSD, starting to ship S600 series SAS drive

Financial Summary

NON-GAAP

Dollars in millions, except per share	FQ2-16	% of Sales	FQ1-16	% of Sales
Net sales	\$ 2,934	100%	\$ 3,350	100%
Gross margin	579	20%	849	25%
Operating income (loss)	(4)	(0%)	247	7%
Income tax (provision) benefit	4		(13)	
Net income (loss) attributable to Micron shareholders	\$ (48)	(2%)	\$ 249	7%
Diluted earnings (loss) per share	\$ (0.05)		\$ 0.24	
Cash provided by operating activities	\$ 763		\$ 1,120	
Cash and marketable investments	\$ 5,143		\$ 5,412	

FQ3 2016 Guidance

NON-GAAP

FQ3-16 Guidance	
Revenue	\$2.8 billion – \$3.1 billion
Gross margin	16.5% – 19%
Operating expenses	\$560 million – \$610 million
Operating income (loss)	(\$70) million – \$10 million
Diluted EPS*	(\$0.12) – (\$0.05)

* Based on 1,036 million diluted shares

Summary

- Navigating challenging market conditions
- Targeting alignment of our leading edge output with the right mix of customers and end markets
- Executing on operational priorities and on track for key targets
- Improving our relative competitive position

Q&A

Non-GAAP Reconciliations

Consolidated Statements of Operations

NON-GAAP RECONCILIATIONS

Amounts in millions, except per share amounts	FQ2-16	FQ1-16
GAAP net income (loss) attributable to Micron	\$ (97)	\$ 206
Non-GAAP adjustments:		
Restructure and asset impairments	1	15
Amortization of debt discount and other costs	31	33
Loss on restructure of debt	—	1
(Gain) loss from changes in currency exchange rates	5	3
Estimated tax effects of above items	(1)	2
Non-cash taxes from MMJ, MMT and Inotera	13	30
Non-cash taxes from business acquisition activities	—	(41)
Total non-GAAP adjustments	49	43
Non-GAAP net (loss) income attributable to Micron	\$ (48)	\$ 249
GAAP shares used in diluted EPS calculations	1,036	1,085
Anti-dilutive effect of capped calls	—	(50)
Non-GAAP shares used in diluted EPS calculations	1,036	1,035
GAAP diluted earnings (loss) per share	\$ (0.09)	\$ 0.19
Effects of above	0.04	0.05
Non-GAAP diluted earnings (loss) per share	\$ (0.05)	\$ 0.24

Consolidated Statements of Operations

FQ2 2016 NON-GAAP RECONCILIATIONS

Amounts in millions	GAAP	Adjustments	Non-GAAP
Net sales	\$ 2,934	\$ —	\$ 2,934
Cost of goods sold	2,355	—	2,355
Gross margin	579	—	579
Selling, general and administrative	175	—	175
Research and development	403	—	403
Other operating (income) expense, net	6	(1) A	5
Total operating expenses	584	(1)	583
Operating income (loss)	(5)	1	(4)
Interest income	12	—	12
Interest expense	(97)	31 B	(66)
Other non-operating income (expense), net	(6)	5 C	(1)
	(96)	37	(59)
Income tax (provision) benefit	(5)	9 D,E	4
Equity in net income (loss) of equity method investees	5	3 F	8
Net income (loss)	(96)	49	(47)
Net income (loss) attributable to noncontrolling interests	(1)	—	(1)
Net income (loss) attributable to Micron	\$ (97)	\$ 49	\$ (48)

Consolidated Statements of Operations

FQ2 2016 NON-GAAP RECONCILIATIONS (CONTINUED)

Amounts in millions		
A	Restructure and asset impairments	\$ 1
B	Amortization of debt discount and other costs	31
C	(Gain) loss from changes in currency exchange rates	5
D	Estimated tax effects of above items	(1)
E	Non-cash taxes from MMJ and MMT	10
F	Non-cash taxes from Inotera	3

Summary Key Data

Operational & Financial Data and Guidance

Approximate % of Revenue	FQ2-16
DRAM	54%
Non-Volatile*	37%

Sales Bit Growth	FQ2-16
DRAM	(9%)
Non-Volatile*	11%

Average Sales Price	FQ2-16
DRAM	(10%)
Non-Volatile*	(15%)

Cost / Bit	FQ2-16
DRAM	1%
Non-Volatile*	(12%)

	FQ2-16 Non-GAAP (amounts in millions, except per share)	FQ3-16 Non-GAAP Guidance
Revenue	\$ 2,934	\$2.8 billion – \$3.1 billion
Gross Margin	20%	16.5% – 19%
Operating expenses	\$ 583	\$560 million – \$610 million
Operating income (loss)	\$ (4)	(\$70) million – \$10 million
Earnings (loss) per share	\$ (0.05)	(\$0.12) – (\$0.05)

	FQ2-16 Non-GAAP (amounts in millions)	FQ3-16 Non-GAAP Estimates
Net interest expense	\$ 54	\$~65 million
Equity in net income of equity method investments	\$ 8	Primarily ~33% of Inotera net income (on a 2-month lag)
Equity compensation expense	\$ 55	\$~50 million
Diluted shares	1,036	~1,036 million based on \$12 share price. Refer to the Convertible Notes Dilution Overview provided in our Earnings Data File.
Tax benefit		\$~15 million
Operating cash flow	\$ 763	N/A
Depreciation and amortization	\$ 774	FY-16: ~\$3.3 billion
Capital expenditures (Capital cash flow)	\$ 1,233	FY-16: \$5.3 billion – \$5.8 billion (a)

See Non-GAAP reconciliations.

* Non-Volatile includes NAND and 3D XPoint and excludes NOR and sales to Intel through IMFT, which are at long-term negotiated prices approximating cost

(a) Excludes estimated investments from partners

Convertible Notes Dilution Overview

FQ2 2016 (IN SHARES, ROUNDED IN MILLIONS)

Stock Price	\$10	\$12	\$14	\$16	\$18	\$20	\$22	\$24	\$26	\$28
2032 C Notes	1	5	7	9	11	12	13	14	15	15
2032 D Notes	0	3	5	7	8	9	10	10	11	11
2033 E Notes	0	1	4	5	6	7	8	9	9	10
2033 F Notes	0	2	6	9	11	12	14	15	16	17
2043 G Notes	0	0	0	0	0	0	0	0	0	0
Total dilutive shares	1	11	22	30	36	40	45	48	51	53
Benefit from capped calls	-1	-22	-41	-47	-42	-37	-34	-31	-29	-27
Net dilution	0	-11	-19	-17	-6	3	11	17	22	26

