

EXHIBIT 7(a)

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 2, 2022

OR

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

For the transition period from to

Commission file number 1-10658



Micron Technology, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

8000 S. Federal Way, Boise, Idaho

(Address of principal executive offices)

(Registrant's telephone number, including area code)

75-1618004

(I.R.S. Employer Identification No.)

83716-9632

(Zip Code)

(208) 368-4000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, par value \$0.10 per share	MU	Nasdaq Global Select Market

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

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

Large Accelerated Filer	Accelerated Filer	Non-Accelerated Filer	Smaller Reporting Company	Emerging Growth Company
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

The number of outstanding shares of the registrant's common stock as of June 24, 2022 was 1,103,145,108.

Forward-Looking Statements

This Form 10-Q contains trend information and other forward-looking statements that involve a number of risks and uncertainties. Such forward-looking statements may be identified by words such as "anticipate," "expect," "intend," "pledge," "committed," "plan," "opportunities," "future," "believe," "target," "on track," "estimate," "continue," "likely," "may," "will," "would," "should," "could," and variations of such words and similar expressions. However, the absence of these words or similar expressions does not mean that a statement is not forward-looking. Specific forward-looking statements include, but are not limited to, statements such as those made regarding potential increases in our effective tax rate; the impact of coronavirus disease 2019, including variant strains ("COVID-19") to our business; the sufficiency of our cash and investments; the payment of future cash dividends; capital spending in 2022; and funding of sustainability-focused projects. Our actual results could differ materially from our historical results and those discussed in the forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to, those identified in "Part II. Other Information - Item 1A. Risk Factors."



PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

Micron Technology, Inc.
Consolidated Statements of Operations

(In millions, except per share amounts)
(Unaudited)

	Quarter ended		Nine months ended	
	June 2, 2022	June 3, 2021	June 2, 2022	June 3, 2021
Revenue	\$ 8,642	\$ 7,422	\$ 24,115	\$ 19,431
Cost of goods sold	4,607	4,296	12,839	12,920
Gross margin	4,035	3,126	11,276	6,511
Research and development	773	670	2,277	1,958
Selling, general, and administrative	264	230	786	658
Restructure and asset impairments	-	453	43	466
Other operating (income) expense, net	(6)	(26)	(11)	101
Operating income	3,004	1,799	8,181	3,328
Interest income	20	8	42	28
Interest expense	(44)	(46)	(144)	(136)
Other non-operating income (expense), net	8	45	(61)	62
	2,988	1,806	8,018	3,282
Income tax (provision) benefit	(358)	(65)	(832)	(164)
Equity in net income (loss) of equity method investees	(4)	(6)	9	23
Net income	\$ 2,626	\$ 1,735	\$ 7,195	\$ 3,141
Earnings per share				
Basic	\$ 2.36	\$ 1.55	\$ 6.44	\$ 2.81
Diluted	2.34	1.52	6.38	2.75
Number of shares used in per share calculations				
Basic	1,112	1,121	1,117	1,119
Diluted	1,121	1,145	1,127	1,141

See accompanying notes to consolidated financial statements.

Micron Technology, Inc.

Consolidated Statements of Comprehensive Income

(In millions)
(Unaudited)

	Quarter ended		Nine months ended	
	June 2, 2022	June 3, 2021	June 2, 2022	June 3, 2021
Net income	\$ 2,626	\$ 1,735	\$ 7,195	\$ 3,141
Other comprehensive income (loss), net of tax				
Gains (losses) on derivative instruments	(210)	(32)	(330)	(20)
Gains (losses) on investments	(18)	(2)	(38)	(6)
Pension liability adjustments	2	-	1	1
Cumulative translation adjustments	-	-	1	1
Other comprehensive income (loss)	(226)	(34)	(366)	(24)
Total comprehensive income	\$ 2,400	\$ 1,701	\$ 6,829	\$ 3,117

See accompanying notes to consolidated financial statements.

Cash and Investments

Substantially all of our marketable debt investments were classified as available-for-sale as of the dates noted below. Cash and equivalents and the fair values of our available-for-sale investments, which approximated amortized costs, were as follows:

As of	June 2, 2022				September 2, 2021			
	Cash and Equivalents	Short-term Investments	Long-term Marketable Investments ⁽¹⁾	Total Fair Value	Cash and Equivalents	Short-term Investments	Long-term Marketable Investments ⁽¹⁾	Total Fair Value
Cash	\$ 7,348	\$ -	\$ -	\$ 7,348	\$ 5,796	\$ -	\$ -	\$ 5,796
Level 1 ⁽²⁾								
Money market funds	105	-	-	105	38	-	-	38
Level 2 ⁽³⁾								
Corporate bonds	7	706	1,025	1,738	9	429	1,134	1,572
Certificates of deposits	1,661	45	-	1,706	1,907	69	-	1,976
Asset-backed securities	-	69	558	627	8	95	509	612
Government securities	2	170	63	235	1	190	122	313
Commercial paper	34	80	-	114	4	87	-	91
	9,157	\$ 1,070	\$ 1,646	\$ 11,873	7,763	\$ 870	\$ 1,765	\$ 10,398
Restricted cash ⁽⁴⁾	104				66			
Cash, cash equivalents, and restricted cash	\$ 9,261				\$ 7,829			

⁽¹⁾The maturities of long-term marketable securities primarily range from one to four years.

⁽²⁾The fair value of Level 1 securities is measured based on quoted prices in active markets for identical assets.

⁽³⁾The fair value of Level 2 securities is measured using information obtained from pricing services, which obtain quoted market prices for similar instruments, non-binding market consensus prices that are corroborated by observable market data, or various other methodologies, to determine the appropriate value at the measurement date. We perform supplemental analysis to validate information obtained from these pricing services. No adjustments were made to the fair values indicated by such pricing information as of June 2, 2022 or September 2, 2021.

⁽⁴⁾Restricted cash is included in other current assets and other noncurrent assets and primarily relates to certain government incentives received prior to being earned and for which restrictions lapse upon achieving certain performance conditions.

Gross realized gains and losses from sales of available-for-sale securities were not significant for any period presented.

In addition to the amounts included in the table above, we had \$210 million and \$153 million of non-marketable equity investments without a readily determinable fair value that were included in other noncurrent assets as of June 2, 2022 and September 2, 2021, respectively.

Receivables

As of	June 2, 2022	September 2, 2021
Trade receivables	\$ 5,896	\$ 4,920
Income and other taxes	218	264
Other	115	127
	\$ 6,229	\$ 5,311

Inventories

As of	June 2, 2022	September 2, 2021
Finished goods	\$ 620	\$ 513
Work in process	4,325	3,469
Raw materials and supplies	684	505
	<u>\$ 5,629</u>	<u>\$ 4,487</u>

Effective as of the beginning of the second quarter of 2021, we changed our method of inventory costing from average cost to FIFO. The change to FIFO was not material to any prior periods, and as such, prior periods were not retrospectively adjusted.

Property, Plant, and Equipment

As of	June 2, 2022	September 2, 2021
Land	\$ 280	\$ 280
Buildings	16,181	14,776
Equipment ⁽¹⁾	58,365	51,902
Construction in progress ⁽²⁾	1,664	1,517
Software	1,099	987
	<u>77,589</u>	<u>69,462</u>
Accumulated depreciation	<u>(40,924)</u>	<u>(36,249)</u>
	<u>\$ 36,665</u>	<u>\$ 33,213</u>

⁽¹⁾Includes costs related to equipment not placed into service of \$2.40 billion as of June 2, 2022 and \$1.99 billion as of September 2, 2021.

⁽²⁾Includes building-related construction, tool installation, and software costs for assets not placed into service.

Intangible Assets and Goodwill

As of	June 2, 2022		September 2, 2021	
	Gross Amount	Accumulated Amortization	Gross Amount	Accumulated Amortization
Product and process technology	\$ 727	\$ (312)	\$ 633	\$ (284)
Goodwill	1,228		1,228	

In the first nine months of 2022 and 2021, we capitalized \$130 million and \$82 million, respectively, for product and process technology with weighted-average useful lives of 9 years. Amortization expense was \$63 million and \$62 million for the first nine months of 2022 and 2021, respectively. Expected amortization expense is \$22 million for the remainder of 2022, \$78 million for 2023, \$70 million for 2024, \$49 million for 2025, and \$40 million for 2026.

Leases

The components of lease expense are presented below:

	Quarter ended		Nine months ended	
	June 2, 2022	June 3, 2021	June 2, 2022	June 3, 2021
Finance lease cost				
Amortization of right-of-use asset	\$ 23	\$ 16	\$ 75	\$ 49
Interest on lease liability	6	5	18	15
Operating lease cost	32	28	91	82
	<u>\$ 61</u>	<u>\$ 49</u>	<u>\$ 184</u>	<u>\$ 146</u>

Supplemental cash flow information related to leases was as follows:

	June 2, 2022	June 3, 2021
Nine months ended		
Cash flows used for operating activities		
Finance leases	\$ 18	\$ 16
Operating leases	81	80
Cash flows used for financing activities from financing leases	79	61
Noncash acquisitions of right-of-use assets		
Finance leases	304	164
Operating leases	190	19

Supplemental balance sheet information related to leases was as follows:

As of	June 2, 2022	September 2, 2021
Finance lease right-of-use assets (included in property, plant, and equipment and assets held for sale)	\$ 924	\$ 766
Current operating lease liabilities (included in accounts payable and accrued expenses)	58	55
Weighted-average remaining lease term (in years)		
Finance leases	12	11
Operating leases	12	12
Weighted-average discount rate		
Finance leases	2.64%	3.14%
Operating leases	2.87%	2.63%

As of June 2, 2022, maturities of lease liabilities were as follows:

For the year ending	Finance Leases	Operating Leases
Remainder of 2022	\$ 30	\$ 19
2023	126	65
2024	102	80
2025	88	70
2026	88	68
2027 and thereafter	632	531
Less imputed interest	(137)	(146)
	<u>\$ 929</u>	<u>\$ 687</u>

Derivative Instruments without Hedge Accounting Designation

Currency Derivatives: We generally utilize a rolling hedge strategy with currency forward contracts that mature within three months to hedge our exposures of monetary assets and liabilities from changes in currency exchange rates. At the end of each reporting period, monetary assets and liabilities denominated in currencies other than the U.S. dollar are remeasured into U.S. dollars and the associated outstanding forward contracts are marked to market. Currency forward contracts are valued at fair values based on the middle of bid and ask prices of dealers or exchange quotations (Level 2). Realized and unrealized gains and losses on derivative instruments without hedge accounting designation as well as the changes in the underlying monetary assets and liabilities from changes in currency exchange rates are included in other non-operating income (expense), net. The amounts recognized for derivative instruments without hedge accounting designation were not significant for the periods presented.

Equity Plans

As of June 2, 2022,
94 million shares of our common stock were available for future awards under our equity plans.

Restricted Stock and Restricted Stock Units (“Restricted Stock Awards”)

Restricted Stock Awards activity is summarized as follows:

	Quarter ended		Nine months ended	
	June 2, 2022	June 3, 2021	June 2, 2022	June 3, 2021
Restricted stock award shares granted	2	1	12	11
Weighted-average grant-date fair value per share	\$ 71.58	\$ 84.73	\$ 71.31	\$ 53.00

In the first quarter of 2022, our Board of Directors approved dividend equivalent rights for unvested restricted stock units awarded on or after October 13, 2021.

Employee Stock Purchase Plan (“ESPP”)

For each nine month period ended June 2, 2022 and June 3, 2021, we issued 2 million shares at a per share price of \$65.94 and \$42.55, respectively.

Stock-based Compensation Expense

Stock based compensation expense recognized in our statements of operations is presented below. Stock-based compensation expense of \$43 million and \$30 million was capitalized and remained in inventory as of June 2, 2022 and September 2, 2021, respectively.

	Quarter ended		Nine months ended	
	June 2, 2022	June 3, 2021	June 2, 2022	June 3, 2021
Stock-based compensation expense by caption				
Cost of goods sold	\$ 57	\$ 45	\$ 145	\$ 143
Research and development	45	29	128	82
Selling, general, and administrative	33	24	98	77
Restructure	-	-	(5)	-
	<u>\$ 135</u>	<u>\$ 98</u>	<u>\$ 366</u>	<u>\$ 302</u>
Stock-based compensation expense by type of award				
Restricted stock awards	\$ 116	\$ 84	\$ 316	\$ 255
ESPP	19	12	49	39
Stock options	-	2	1	8
	<u>\$ 135</u>	<u>\$ 98</u>	<u>\$ 366</u>	<u>\$ 302</u>

As of June 2, 2022, \$1.09 billion of total unrecognized compensation costs for unvested awards, before the effect of any future forfeitures, was expected to be recognized through the third quarter of 2026, resulting in a weighted-average period of 1.4 years.

Revenue and Customer Contract Liabilities

Revenue by Technology

	Quarter ended		Nine months ended	
	June 2, 2022	June 3, 2021	June 2, 2022	June 3, 2021
DRAM	\$ 6,271	\$ 5,448	\$ 17,577	\$ 13,948
NAND	2,288	1,812	6,123	5,036
Other (primarily 3D XPoint memory and NOR)	83	162	415	447
	<u>\$ 8,642</u>	<u>\$ 7,422</u>	<u>\$ 24,115</u>	<u>\$ 19,431</u>

See "Segment and Other Information" for disclosure of disaggregated revenue by market segment.

Customer Contract Liabilities

As of June 2, 2022 and September 2, 2021, other current liabilities included \$1.03 billion and \$846 million, respectively, for estimates of consideration payable to customers, including estimates for pricing adjustments and returns.

As of June 2, 2022 and September 2, 2021, other current liabilities included \$57 million and \$74 million, respectively, of advance payments received from our customers to secure product in future periods. Revenue for the first nine months of 2022 included \$74 million recognized as a result of satisfying our performance obligation to ship product against customer advances that existed as of September 2, 2021.

Revenue is primarily recognized at a point in time when control of the promised goods is transferred to our customers in an amount that reflects the consideration we expect to be entitled to in exchange for those goods. Substantially all contracts with our customers are short-term in duration at fixed, negotiated prices with payment generally due shortly after delivery. From time to time, we have contracts with initial terms that include performance obligations that extend beyond one year. As of June 2, 2022, our future performance obligations beyond one year were not significant.

Restructure and Asset Impairments

	Quarter ended		Nine months ended	
	June 2, 2022	June 3, 2021	June 2, 2022	June 3, 2021
Restructure and asset impairments	\$ -	\$ 453	\$ 43	\$ 466

Restructure and asset impairments for the first nine months of 2022 primarily related to the sale of our Lehi, Utah facility. See “Lehi, Utah Fab and 3D XPoint.”

Other Operating (Income) Expense, Net

	Quarter ended		Nine months ended	
	June 2, 2022	June 3, 2021	June 2, 2022	June 3, 2021
Patent license charges	\$ -	\$ -	\$ -	\$ 128
Other	(6)	(26)	(11)	(27)
	\$ (6)	\$ (26)	\$ (11)	\$ 101

Other Non-Operating Income (Expense), Net

	Quarter ended		Nine months ended	
	June 2, 2022	June 3, 2021	June 2, 2022	June 3, 2021
Gain (loss) on investments	\$ 12	\$ 46	\$ 25	\$ 61
Gain (loss) on debt repurchases and conversions	-	(1)	(83)	(1)
Other	(4)	-	(3)	2
	\$ 8	\$ 45	\$ (61)	\$ 62

EXHIBIT 7(b)

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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Micron Technology, Inc.

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(Registrant's telephone number, including area code)

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Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, par value \$0.10 per share	MU	Nasdaq Global Select Market

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

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

Large Accelerated Filer	Accelerated Filer	Non-Accelerated Filer	Smaller Reporting Company	Emerging Growth Company
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

The number of outstanding shares of the registrant's common stock as of December 16, 2022 was 1,091,176,552.

Forward-Looking Statements

This Form 10-Q contains trend information and other forward-looking statements that involve a number of risks and uncertainties. Such forward-looking statements may be identified by words such as "anticipate," "expect," "intend," "pledge," "committed," "plan," "opportunities," "future," "believe," "target," "on track," "estimate," "continue," "likely," "may," "will," "would," "should," "could," and variations of such words and similar expressions. However, the absence of these words or similar expressions does not mean that a statement is not forward-looking. Specific forward-looking statements include, but are not limited to, statements such as those made regarding restructure plans and related charges; market conditions and profitability in our industry; reductions in our wafer starts and the corresponding impact on our costs in 2023; the timing for construction and ramping of production for new memory manufacturing fabs in the United States; the receipt of government grants and investment tax credits; the sufficiency of our cash and investments; capital spending in 2023; funding of sustainability-focused projects; and allocation and dispersal of the net proceeds of our 2032 Green Bonds. Our actual results could differ materially from our historical results and those discussed in the forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to, those identified in "Part II. Other Information - Item 1A. Risk Factors."

PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

Micron Technology, Inc.
Consolidated Statements of Operations

(In millions, except per share amounts)
(Unaudited)

Three months ended	December 1, 2022	December 2, 2021
Revenue	\$ 4,085	\$ 7,687
Cost of goods sold	3,192	4,122
Gross margin	893	3,565
Research and development	849	712
Selling, general, and administrative	251	259
Restructure and asset impairments	13	38
Other operating (income) expense, net	(11)	(75)
Operating income (loss)	(209)	2,631
Interest income	88	10
Interest expense	(51)	(45)
Other non-operating income (expense), net	(4)	(75)
	(176)	2,521
Income tax (provision) benefit	(8)	(219)
Equity in net income (loss) of equity method investees	(11)	4
Net income (loss)	\$ (195)	\$ 2,306
Earnings (loss) per share		
Basic	\$ (0.18)	\$ 2.06
Diluted	(0.18)	2.04
Number of shares used in per share calculations		
Basic	1,090	1,119
Diluted	1,090	1,130

See accompanying notes to consolidated financial statements.

Micron Technology, Inc.

Consolidated Statements of Comprehensive Income (Loss)

(In millions)
(Unaudited)

Three months ended	December 1, 2022	December 2, 2021
Net income (loss)	\$ (195)	\$ 2,306
Other comprehensive income (loss), net of tax		
Gains (losses) on derivative instruments	108	(86)
Pension liability adjustments	1	-
Gains (losses) on investments	(19)	(7)
Foreign currency translation adjustments	(3)	-
Other comprehensive income (loss)	87	(93)
Total comprehensive income (loss)	\$ (108)	\$ 2,213

See accompanying notes to consolidated financial statements.



Cash and Investments

All of our short-term investments and long-term marketable investments were classified as available-for-sale as of the dates noted below. Cash and equivalents and the fair values of our available-for-sale investments, which approximated amortized costs, were as follows:

As of	December 1, 2022				September 1, 2022			
	Cash and Equivalents	Short-term Investments	Long-term Marketable Investments ⁽¹⁾	Total Fair Value	Cash and Equivalents	Short-term Investments	Long-term Marketable Investments ⁽¹⁾	Total Fair Value
Cash	\$ 6,706	\$ -	\$ -	\$ 6,706	\$ 6,055	\$ -	\$ -	\$ 6,055
Level 1 ⁽²⁾								
Money market funds	925	-	-	925	1,196	-	-	1,196
Level 2 ⁽³⁾								
Certificates of deposit	1,879	50	-	1,929	976	50	-	1,026
Corporate bonds	8	757	839	1,604	-	759	995	1,754
Asset-backed securities	-	20	547	567	-	20	608	628
Government securities	13	130	40	183	2	155	44	201
Commercial paper	43	50	-	93	33	85	-	118
	9,574	\$ 1,007	\$ 1,426	\$ 12,007	8,262	\$ 1,069	\$ 1,647	\$ 10,978
Restricted cash ⁽⁴⁾	68				77			
Cash, cash equivalents, and restricted cash	\$ 9,642				\$ 8,339			

⁽¹⁾ The maturities of long-term marketable securities primarily range from one to four years.

⁽²⁾ The fair value of Level 1 securities is measured based on quoted prices in active markets for identical assets.

⁽³⁾ The fair value of Level 2 securities is measured using information obtained from pricing services, which obtain quoted market prices for similar instruments, non-binding market consensus prices that are corroborated by observable market data, or various other methodologies, to determine the appropriate value at the measurement date. We perform supplemental analysis to validate information obtained from these pricing services. No adjustments were made to the fair values indicated by such pricing information as of December 1, 2022 or September 1, 2022.

⁽⁴⁾ Restricted cash is included in other current assets and other noncurrent assets and primarily relates to certain government incentives received prior to being earned and for which restrictions lapse upon achieving certain performance conditions.

Gross realized gains and losses from sales of available-for-sale securities were not significant for any period presented.

Non-marketable Equity Investments

In addition to the amounts included in the table above, we had \$ 218 million and \$222 million of non-marketable equity investments without a readily determinable fair value that were included in other noncurrent assets as of December 1, 2022 and September 1, 2022, respectively.

Receivables

As of	December 1, 2022	September 1, 2022
Trade receivables	\$ 2,875	\$ 4,765
Income and other taxes	279	251
Other	164	114
	<u>\$ 3,318</u>	<u>\$ 5,130</u>

Inventories

As of	December 1, 2022	September 1, 2022
Finished goods	\$ 1,649	\$ 1,028
Work in process	5,839	4,830
Raw materials and supplies	871	805
	<u>\$ 8,359</u>	<u>\$ 6,663</u>

Property, Plant, and Equipment

As of	December 1, 2022	September 1, 2022
Land	\$ 280	\$ 280
Buildings	17,133	16,676
Equipment ⁽¹⁾	63,450	61,354
Construction in progress ⁽²⁾	1,828	1,897
Software	1,170	1,124
	83,861	81,331
Accumulated depreciation	(44,526)	(42,782)
	<u>\$ 39,335</u>	<u>\$ 38,549</u>

⁽¹⁾ Includes costs related to equipment not placed into service of \$4.10 billion as of December 1, 2022 and \$3.35 billion as of September 1, 2022.

⁽²⁾ Includes building-related construction, tool installation, and software costs for assets not placed into service.

Intangible Assets and Goodwill

As of	December 1, 2022		September 1, 2022	
	Gross Amount	Accumulated Amortization	Gross Amount	Accumulated Amortization
Product and process technology	\$ 763	\$ (335)	\$ 742	\$ (321)
Goodwill	1,228		1,228	

In the first quarters of 2023 and 2022, we capitalized \$30 million and \$18 million, respectively, for product and process technology with weighted-average useful lives of 10 years, and 11 years, respectively. Amortization expense was \$23 million and \$20 million for the first three months of 2023 and 2022, respectively. Expected amortization expense is \$65 million for the remainder of 2023, \$76 million for 2024, \$55 million for 2025, \$46 million for 2026, and \$39 million for 2027.

Leases

The components of lease cost are presented below:

Three months ended	December 1, 2022	December 2, 2021
Finance lease cost		
Amortization of right-of-use assets	\$ 24	\$ 25
Interest on lease liabilities	6	6
Operating lease cost ⁽¹⁾	36	29
	<u>\$ 66</u>	<u>\$ 60</u>

⁽¹⁾ Operating lease cost includes short-term and variable lease expenses, which were not material for the periods presented.

Supplemental cash flow information related to leases was as follows:

Three months ended	December 1, 2022	December 2, 2021
Cash flows used for operating activities		
Finance leases	\$ 5	\$ 5
Operating leases	33	27
Cash flows used for financing activities - Finance leases	20	20
Noncash acquisitions of right-of-use assets		
Finance leases	43	198
Operating leases	35	39

Supplemental balance sheet information related to leases was as follows:

As of	December 1, 2022	September 1, 2022
Finance lease right-of-use assets (included in property, plant, and equipment)	\$ 924	\$ 904
Current operating lease liabilities (included in accounts payable and accrued expenses)	61	60
Weighted-average remaining lease term (in years)		
Finance leases	11	12
Operating leases	12	12
Weighted-average discount rate		
Finance leases	2.67 %	2.65 %
Operating leases	3.04 %	2.90 %

Fair Value Hedges: We utilize fixed-to-floating interest rate swaps designated as fair value hedges to minimize certain exposures to changes in the fair value of fixed-rate debt that result from fluctuations in benchmark interest rates. Interest rate swaps are measured at fair value based on market-based observable inputs including interest rates and credit-risk spreads (Level 2). The changes in the fair values of derivatives designated as fair value hedges and the offsetting changes in the underlying fair values of the hedged items are both recognized in earnings. When a derivative is no longer designated as a fair value hedge for any reason, including termination and maturity, the remaining unamortized difference between the carrying value of the hedged item at that time and the face value of the hedged item is amortized to earnings over the remaining life of the hedged item, or immediately if the hedged item has matured or been extinguished. The effects of fair value hedges on our consolidated statements of operations, recognized in interest expense, were not significant for the periods presented.

Derivative Instruments without Hedge Accounting Designation

Currency Derivatives: We generally utilize a rolling hedge strategy with currency forward contracts that mature within three months to hedge our exposures of monetary assets and liabilities from changes in currency exchange rates. At the end of each reporting period, monetary assets and liabilities denominated in currencies other than the U.S. dollar are remeasured into U.S. dollars and the associated outstanding forward contracts are marked to market. Currency forward contracts are valued at fair values based on the middle of bid and ask prices of dealers or exchange quotations (Level 2). Realized and unrealized gains and losses on derivative instruments without hedge accounting designation as well as the changes in the underlying monetary assets and liabilities from changes in currency exchange rates are included in other non-operating income (expense), net. The amounts recognized for derivative instruments without hedge accounting designation were not significant for the periods presented. We do not use derivative instruments for speculative purposes.

Equity Plans

As of December 1, 2022, 51 million shares of our common stock were available for future awards under our equity plans, including 18 million shares approved for issuance under our employee stock purchase plan ("ESPP").

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

Restricted Stock Awards activity is summarized as follows:

Three months ended	December 1, 2022	December 2, 2021
Restricted stock award shares granted	14	10
Weighted-average grant-date fair value per share	\$ 53.94	\$ 70.42

Stock-based Compensation Expense

Stock-based compensation expense recognized in our statements of operations is presented below. Stock-based compensation expense of \$69 million and \$48 million was capitalized and remained in inventory as of December 1, 2022 and September 1, 2022, respectively.

Three months ended	December 1, 2022	December 2, 2021
Stock-based compensation expense by caption		
Research and development	\$ 53	\$ 38
Selling, general, and administrative	37	35
Cost of goods sold	36	43
Restructure	-	(5)
	<u>\$ 126</u>	<u>\$ 111</u>
Stock-based compensation expense by type of award		
Restricted stock awards	\$ 109	\$ 96
ESPP	17	14
Stock options	-	1
	<u>\$ 126</u>	<u>\$ 111</u>

As of December 1, 2022, \$1.59 billion of total unrecognized compensation costs for unvested awards, before the effect of any future forfeitures, was expected to be recognized through the first quarter of 2027, resulting in a weighted-average period of 1.5 years.

Revenue

Revenue is primarily recognized at a point in time when control of the promised goods is transferred to our customers in an amount that reflects the consideration we expect to be entitled to in exchange for those goods. Substantially all contracts with our customers are short-term in duration at fixed, negotiated prices with payment generally due shortly after delivery. From time to time, we have contracts with initial terms that include performance obligations that extend beyond one year. As of December 1, 2022, our future performance obligations beyond one year were not significant.

As of December 1, 2022 and September 1, 2022, other current liabilities included \$829 million and \$1.26 billion for estimates of consideration payable to customers, respectively, including estimates for pricing adjustments and returns.

Revenue by Technology

Three months ended	December 1, 2022	December 2, 2021
DRAM	\$ 2,829	\$ 5,587
NAND	1,103	1,878
Other (primarily NOR and 3D XPoint memory)	153	222
	<u>\$ 4,085</u>	<u>\$ 7,687</u>

See "Segment and Other Information" for disclosure of disaggregated revenue by market segment.

Other Non-Operating Income (Expense), Net

Three months ended	December 1, 2022	December 2, 2021
Gain (loss) on investments	\$ (9)	\$ 10
Gain (loss) on debt repurchases	-	(83)
Other	5	(2)
	<u>\$ (4)</u>	<u>\$ (75)</u>

Income Taxes

Our income tax (provision) benefit consisted of the following:

Three months ended	December 1, 2022	December 2, 2021
Income (loss) before taxes	\$ (176)	\$ 2,521
Income tax (provision) benefit	(8)	(219)
Effective tax rate	(4.5)%	8.7 %

The change in our effective tax rate for the first quarter of 2023 as compared to the first quarter of 2022 was primarily due to a loss before taxes in the first quarter of 2023, which eliminated substantially all of our U.S. tax on foreign operations. The geographic mix of our income, together with U.S. and foreign tax rules, results in more variability in our tax rate at lower profitability levels.

We operate in a number of jurisdictions outside the United States, including Singapore, where we have tax incentive arrangements. These incentives expire, in whole or in part, at various dates through 2034 and are conditional, in part, upon meeting certain business operations and employment thresholds. The benefit from tax incentive arrangements was not material for the first quarter of 2023. These arrangements reduced our tax provision by \$290 million (\$0.26 per diluted share) for the first quarter of 2022.

Earnings Per Share

Three months ended	December 1, 2022	December 2, 2021
Net income (loss) - Basic and Diluted	\$ (195)	\$ 2,306
Weighted-average common shares outstanding - Basic	1,090	1,119
Dilutive effect of equity plans	-	11
Weighted-average common shares outstanding - Diluted	<u>1,090</u>	<u>1,130</u>
Earnings (loss) per share		
Basic	\$ (0.18)	\$ 2.06
Diluted	(0.18)	2.04

Antidilutive potential common shares excluded from the computation of diluted earnings per share, that could dilute basic earnings per share in the future, were 35 million and 3 million for the first quarters of 2023 and 2022, respectively.

EXHIBIT 7(c)

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 2, 2023

OR

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

For the transition period from to

Commission file number 1-10658



Micron Technology, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

8000 S. Federal Way, Boise, Idaho

(Address of principal executive offices)

(Registrant's telephone number, including area code)

75-1618004

(I.R.S. Employer Identification No.)

83716-9632

(Zip Code)

(208) 368-4000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, par value \$0.10 per share	MU	Nasdaq Global Select Market

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

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

Large Accelerated Filer	Accelerated Filer	Non-Accelerated Filer	Smaller Reporting Company	Emerging Growth Company
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

The number of outstanding shares of the registrant's common stock as of March 23, 2023 was 1,094,394,354.

Definitions of Commonly Used Terms

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

Term	Definition	Term	Definition
2023 Notes	2.497% Senior Notes due April 2023, repaid November 2021	DDR	Double data rate DRAM
2024 Notes	4.640% Senior Notes due February 2024, repaid November 2021	EBITDA	Earnings before interest, taxes, depreciation, and amortization
2024 Term Loan A	Senior Term Loan A due October 2024	ESG	Environmental, social, and governance
2025 Term Loan A	Senior Term Loan A due November 2025	EUV	Extreme ultraviolet lithography
2026 Term Loan A	Senior Term Loan A due November 2026	GDDR	Graphics double data rate
2027 Term Loan A	Senior Term Loan A due November 2027	HBM	High-bandwidth memory, a stacked DRAM technology optimized for memory-bandwidth intensive applications
2026 Notes	4.975% Senior Notes due February 2026	Inotera	Inotera Memories, Inc.
2027 Notes	4.185% Senior Notes due February 2027	LIBOR	London Interbank Offered Rate
2029 A Notes	5.327% Senior Notes due February 2029	LPDRAM	Low-power DRAM
2029 B Notes	6.750% Senior Notes due November 2029	MCP	Multichip packaged solutions with managed NAND and LPDRAM
2030 Notes	4.663% Senior Notes due February 2030	Micron	Micron Technology, Inc. (Parent Company)
2032 Green Bonds	2.703% Senior Notes due April 2032	Qimonda	Qimonda AG
2033 Notes	5.875% Senior Notes due February 2033	Revolving Credit Facility	\$2.5 billion Revolving Credit Facility due May 2026
2041 Notes	3.366% Senior Notes due November 2041	SOFR	Secured Overnight Financing Rate
2051 Notes	3.477% Senior Notes due November 2051	SSD	Solid state drive

We are an industry leader in innovative memory and storage solutions transforming how the world uses information to enrich life *for all*. With a relentless focus on our customers, technology leadership, and manufacturing and operational excellence, Micron delivers a rich portfolio of high-performance DRAM, NAND, and NOR memory and storage products through our Micron® and Crucial® brands. Every day, the innovations that our people create fuel the data economy, enabling advances in artificial intelligence and 5G applications that unleash opportunities - from the data center to the intelligent edge and across the client and mobile user experience.

Micron, Crucial, any associated logos, and all other Micron trademarks are the property of Micron. Other product names or trademarks that are not owned by Micron are for identification purposes only and may be the trademarks of their respective owners.

Available Information

Investors and others should note that we announce material financial information about our business and products through a variety of means, including our investor relations website (investors.micron.com), filings with the U.S. Securities and Exchange Commission ("SEC"), press releases, public conference calls, blog posts (micron.com/about/blog), and webcasts. We use these channels to achieve broad, non-exclusionary distribution of information to the public and for complying with our disclosure obligations under Regulation FD. Therefore, we encourage investors, the media, and others interested in our company to review the information we post on such channels.

Forward-Looking Statements

This Form 10-Q contains trend information and other forward-looking statements that involve a number of risks and uncertainties. Such forward-looking statements may be identified by words such as "anticipate," "expect," "intend," "pledge," "committed," "plan," "opportunities," "future," "believe," "target," "on track," "estimate," "continue," "likely," "may," "will," "would," "should," "could," and variations of such words and similar expressions. However, the absence of these words or similar expressions does not mean that a statement is not forward-looking. Specific forward-looking statements include, but are not limited to, statements such as those made regarding restructure plans and expected related savings and charges; market conditions and profitability in our industry; potential write-downs of inventories in future quarters; reductions in our wafer starts and the corresponding impact on our costs in 2023; the timing for construction and ramping of production for new memory manufacturing fabs in the United States; the receipt of government grants and investment tax credits; the sufficiency of our cash and investments; capital spending in 2023; funding of sustainability-focused projects; and allocation and dispersal of the net proceeds of our 2032 Green Bonds. Our actual results could differ materially from our historical results and those discussed in the forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to, those identified in "Part II. Other Information - Item 1A. Risk Factors."

PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

Micron Technology, Inc.
Consolidated Statements of Operations

(In millions, except per share amounts)
(Unaudited)

	Quarter ended		Six months ended	
	March 2, 2023	March 3, 2022	March 2, 2023	March 3, 2022
Revenue	\$ 3,693	\$ 7,786	\$ 7,778	\$ 15,473
Cost of goods sold	4,899	4,110	8,091	8,232
Gross margin	(1,206)	3,676	(313)	7,241
Research and development	788	792	1,637	1,504
Selling, general, and administrative	231	263	482	522
Restructure and asset impairments	86	5	99	43
Other operating (income) expense, net	(8)	70	(19)	(5)
Operating income (loss)	(2,303)	2,546	(2,512)	5,177
Interest income	119	12	207	22
Interest expense	(89)	(55)	(140)	(100)
Other non-operating income (expense), net	2	6	(2)	(69)
	(2,271)	2,509	(2,447)	5,030
Income tax (provision) benefit	(54)	(255)	(62)	(474)
Equity in net income (loss) of equity method investees	13	9	2	13
Net income (loss)	\$ (2,312)	\$ 2,263	\$ (2,507)	\$ 4,569
Earnings (loss) per share				
Basic	\$ (2.12)	\$ 2.02	\$ (2.30)	\$ 4.08
Diluted	(2.12)	2.00	(2.30)	4.04
Number of shares used in per share calculations				
Basic	1,091	1,119	1,091	1,119
Diluted	1,091	1,130	1,091	1,130

See accompanying notes to consolidated financial statements.

Micron Technology, Inc.

Consolidated Statements of Comprehensive Income (Loss)

(In millions)
(Unaudited)

	Quarter ended		Six months ended	
	March 2, 2023	March 3, 2022	March 2, 2023	March 3, 2022
Net income (loss)	\$ (2,312)	\$ 2,263	\$ (2,507)	\$ 4,569
Other comprehensive income (loss), net of tax				
Gains (losses) on derivative instruments	92	(34)	200	(120)
Gains (losses) on investments	7	(13)	(12)	(20)
Foreign currency translation adjustments	1	1	(2)	1
Pension liability adjustments	-	(1)	1	(1)
Other comprehensive income (loss)	100	(47)	187	(140)
Total comprehensive income (loss)	\$ (2,212)	\$ 2,216	\$ (2,320)	\$ 4,429

See accompanying notes to consolidated financial statements.

Cash and Investments

All of our short-term investments and long-term marketable investments were classified as available-for-sale as of the dates noted below. Cash and equivalents and the fair values of our available-for-sale investments, which approximated amortized costs, were as follows:

As of	March 2, 2023				September 1, 2022			
	Cash and Equivalents	Short-term Investments	Long-term Marketable Investments ⁽¹⁾	Total Fair Value	Cash and Equivalents	Short-term Investments	Long-term Marketable Investments ⁽¹⁾	Total Fair Value
Cash	\$ 6,222	\$ -	\$ -	\$ 6,222	\$ 6,055	\$ -	\$ -	\$ 6,055
Level 1 ⁽²⁾								
Money market funds	1,893	-	-	1,893	1,196	-	-	1,196
Level 2 ⁽³⁾								
Certificates of deposit	1,654	61	-	1,715	976	50	-	1,026
Corporate bonds	10	761	700	1,471	-	759	995	1,754
Asset-backed securities	-	13	475	488	-	20	608	628
Government securities	10	101	37	148	2	155	44	201
Commercial paper	9	84	-	93	33	85	-	118
	9,798	\$ 1,020	\$ 1,212	\$ 12,030	8,262	\$ 1,069	\$ 1,647	\$ 10,978
Restricted cash ⁽⁴⁾	89				77			
Cash, cash equivalents, and restricted cash	\$ 9,887				\$ 8,339			

⁽¹⁾ The maturities of long-term marketable securities primarily range from one to four years.

⁽²⁾ The fair value of Level 1 securities is measured based on quoted prices in active markets for identical assets.

⁽³⁾ The fair value of Level 2 securities is measured using information obtained from pricing services, which obtain quoted market prices for similar instruments, non-binding market consensus prices that are corroborated by observable market data, or various other methodologies, to determine the appropriate value at the measurement date. We perform supplemental analysis to validate information obtained from these pricing services. No adjustments were made to the fair values indicated by such pricing information as of March 2, 2023 or September 1, 2022.

⁽⁴⁾ Restricted cash is included in other current assets and other noncurrent assets and primarily relates to certain government incentives received prior to being earned and for which restrictions lapse upon achieving certain performance conditions or which will be returned if performance conditions are not met.

Gross realized gains and losses from sales of available-for-sale securities were not significant for any period presented.

Non-marketable Equity Investments

In addition to the amounts included in the table above, we had \$ 218 million and \$222 million of non-marketable equity investments without a readily determinable fair value that were included in other noncurrent assets as of March 2, 2023 and September 1, 2022, respectively.

Receivables

As of	March 2, 2023	September 1, 2022
Trade receivables	\$ 1,891	\$ 4,765
Income and other taxes	215	251
Other	172	114
	<u>\$ 2,278</u>	<u>\$ 5,130</u>

Inventories

As of	March 2, 2023	September 1, 2022
Finished goods	\$ 1,631	\$ 1,028
Work in process	5,653	4,830
Raw materials and supplies	845	805
	<u>\$ 8,129</u>	<u>\$ 6,663</u>

In the second quarter of 2023, we recorded a charge of \$1.43 billion to cost of goods sold to write down the carrying value of work in process and finished goods inventories to their estimated net realizable values.

Property, Plant, and Equipment

As of	March 2, 2023	September 1, 2022
Land	\$ 279	\$ 280
Buildings	17,401	16,676
Equipment ⁽¹⁾	64,279	61,354
Construction in progress ⁽²⁾	2,093	1,897
Software	1,247	1,124
	85,299	81,331
Accumulated depreciation	(46,214)	(42,782)
	<u>\$ 39,085</u>	<u>\$ 38,549</u>

⁽¹⁾ Includes costs related to equipment not placed into service of \$3.43 billion as of March 2, 2023 and \$3.35 billion as of September 1, 2022.

⁽²⁾ Includes building-related construction, tool installation, and software costs for assets not placed into service.

Intangible Assets

As of	March 2, 2023			September 1, 2022		
	Gross Amount	Accumulated Amortization	Net Carrying Amount	Gross Amount	Accumulated Amortization	Net Carrying Amount
Product and process technology \$	740 \$	(330) \$	410 \$	742 \$	(321) \$	421 \$

In the first six months of 2023 and 2022, we capitalized \$51 million and \$105 million, respectively, for product and process technology with weighted-average useful lives of 10 years, and 7 years, respectively. Amortization expense was \$45 million and \$40 million for the first six months of 2023 and 2022, respectively. Expected amortization expense is \$42 million for the remainder of 2023, \$73 million for 2024, \$52 million for 2025, \$46 million for 2026, and \$40 million for 2027.

Leases

The components of lease cost are presented below:

	Quarter ended		Six months ended	
	March 2, 2023	March 3, 2022	March 2, 2023	March 3, 2022
Finance lease cost				
Amortization of right-of-use assets	\$ 25	\$ 27	\$ 49	\$ 52
Interest on lease liabilities	6	6	12	12
Operating lease cost ⁽¹⁾	31	30	67	59
	\$ 62	\$ 63	\$ 128	\$ 123

⁽¹⁾ Operating lease cost includes short-term and variable lease expenses, which were not material for the periods presented.

Supplemental cash flow information related to leases was as follows:

Six months ended	March 2, 2023	March 3, 2022
Cash flows used for operating activities		
Finance leases	\$ 11	\$ 11
Operating leases	60	56
Cash flows used for financing activities - Finance leases	53	52
Noncash acquisitions of right-of-use assets		
Finance leases	225	304
Operating leases	35	68

Stock-based Compensation Expense

Stock-based compensation expense recognized in our statements of operations is presented below. Stock-based compensation expense of \$92 million and \$48 million was capitalized and remained in inventory as of March 2, 2023 and September 1, 2022, respectively.

	Quarter ended		Six months ended	
	March 2, 2023	March 3, 2022	March 2, 2023	March 3, 2022
Stock-based compensation expense by caption				
Research and development	\$ 59	\$ 45	\$ 112	\$ 83
Cost of goods sold	40	45	76	88
Selling, general, and administrative	36	30	73	65
Restructure	(2)	-	(2)	(5)
	<u>\$ 133</u>	<u>\$ 120</u>	<u>\$ 259</u>	<u>\$ 231</u>
Stock-based compensation expense by type of award				
Restricted stock awards	\$ 116	\$ 104	\$ 225	\$ 200
ESPP	17	16	34	30
Stock options	-	-	-	1
	<u>\$ 133</u>	<u>\$ 120</u>	<u>\$ 259</u>	<u>\$ 231</u>

As of March 2, 2023, \$1.43 billion of total unrecognized compensation costs for unvested awards, before the effect of any future forfeitures, was expected to be recognized through the second quarter of 2027, resulting in a weighted-average period of 1.4 years.

Revenue

Revenue is primarily recognized at a point in time when control of the promised goods is transferred to our customers in an amount that reflects the consideration we expect to be entitled to in exchange for those goods. Substantially all contracts with our customers are short-term in duration at fixed, negotiated prices with payment generally due shortly after delivery. From time to time, we have contracts with initial terms that include performance obligations that extend beyond one year. As of March 2, 2023, our future performance obligations beyond one year were not significant.

As of March 2, 2023 and September 1, 2022, other current liabilities included \$605 million and \$1.26 billion, respectively, for estimates of consideration payable to customers including estimates for pricing adjustments and returns.

In the second quarter of 2023, we received \$120 million in cash as settlement of an insurance claim involving an operational disruption in 2017, of which \$114 million was for business interruption and recognized in revenue.

Revenue by Technology

	Quarter ended		Six months ended	
	March 2, 2023	March 3, 2022	March 2, 2023	March 3, 2022
DRAM	\$ 2,722	\$ 5,719	\$ 5,551	\$ 11,306
NAND	885	1,957	1,988	3,835
Other (primarily NOR)	86	110	239	332
	<u>\$ 3,693</u>	<u>\$ 7,786</u>	<u>\$ 7,778</u>	<u>\$ 15,473</u>

See "Segment and Other Information" for disclosure of disaggregated revenue by market segment.

Restructure and Asset Impairments

	Quarter ended		Six months ended	
	March 2, 2023	March 3, 2022	March 2, 2023	March 3, 2022
Employee severance	\$ 80	\$ -	\$ 93	\$ -
Asset impairments and other asset-related costs	8	5	8	59
Other	(2)	-	(2)	(16)
Restructure and asset impairments	<u>\$ 86</u>	<u>\$ 5</u>	<u>\$ 99</u>	<u>\$ 43</u>

In 2023, we initiated a restructure plan in response to challenging industry conditions (the "2023 Restructure Plan"). Under the 2023 Restructure Plan, we expect our headcount reduction to approach 15% by the end of calendar 2023, through a combination of voluntary attrition and personnel reductions. In connection with the plan, we incurred restructure charges of \$86 million and \$99 million in the second quarter and first six months of 2023 respectively, primarily related to employee severance costs. As of March 2, 2023, total costs expected to be incurred under the 2023 Restructure Plan were approximately \$160 million. We expect the plan to be substantially completed by the end of the third quarter of 2023.

Changes in our restructure liability (included in accounts payable and accrued expenses) for the six months ended March 2, 2023 were as follows:

	Employee Severance
Restructure liability as of September 1, 2022	\$ -
Costs incurred and charged to expense	93
Costs paid or otherwise settled	(37)
Restructure liability as of March 2, 2023	<u>\$ 56</u>

Other Non-Operating Income (Expense), Net

	Quarter ended		Six months ended	
	March 2, 2023	March 3, 2022	March 2, 2023	March 3, 2022
Gain (loss) on investments	\$ (2)	\$ 3	\$ (11)	\$ 13
Gain (loss) on debt repurchases	-	-	-	(83)
Other	4	3	9	1
	<u>\$ 2</u>	<u>\$ 6</u>	<u>\$ (2)</u>	<u>\$ (69)</u>

Income Taxes

Our income tax (provision) benefit consisted of the following:

	Quarter ended		Six months ended	
	March 2, 2023	March 3, 2022	March 2, 2023	March 3, 2022
Income (loss) before taxes	\$ (2,271)	\$ 2,509	\$ (2,447)	\$ 5,030
Income tax (provision) benefit	(54)	(255)	(62)	(474)
Effective tax rate	(2.4)%	10.2 %	(2.5)%	9.4 %

The changes in our effective tax rate for the second quarter and first six months of 2023 as compared to the corresponding periods of 2022 were primarily due to pre-tax losses incurred in the first six months of 2023. Despite a consolidated pre-tax loss on a worldwide basis, we have taxes payable in certain geographies due to minimum taxable income reportable in those geographies.

We operate in a number of jurisdictions outside the United States, including Singapore, where we have tax incentive arrangements. These incentives expire, in whole or in part, at various dates through 2034 and are conditional, in part, upon meeting certain business operations and employment thresholds. As a result of a loss before taxes and geographic mix of income, the benefit from tax incentive arrangements was not material for the second quarter and first six months of 2023. These arrangements reduced our tax provision by \$304 million (\$0.27 per diluted share) and \$594 million (\$0.53 per diluted share) for the second quarter and first six months of 2022, respectively.

Operating Activities: Cash provided by operating activities reflects net income (loss) adjusted for certain non-cash items, including depreciation expense, amortization of intangible assets, and stock-based compensation, and the effects of changes in operating assets and liabilities. The decrease in cash provided by operating activities for the first six months of 2023 as compared to the first six months of 2022 was primarily due to a net loss in the current quarter adjusted for non-cash items and the effect of lower receivables, partially offset by an increase in inventories and a decline in accounts payable and accrued expenses.

Investing Activities: For the first six months of 2023, net cash used for investing activities consisted primarily of \$4.65 billion of expenditures for property, plant, and equipment, partially offset by \$480 million of net inflows from maturities, sales, and purchases of available-for-sale securities.

For the first six months of 2022, net cash used for investing activities consisted primarily of \$5.88 billion of expenditures for property, plant, and equipment; inflows of \$66 million of partner contributions for capital expenditures; \$893 million of net inflows from the sale of the Lehi, Utah fab; and \$119 million of net outflows from purchases, sales, and maturities of available-for-sale securities.

Financing Activities: For the first six months of 2023, net cash provided by financing activities consisted primarily of \$3.20 billion of proceeds from our 2025, 2026, and 2027 Term Loan A borrowings, \$1.27 billion from the issuance of the 2029 B Notes, and \$749 million from the issuance of the 2033 Notes. See "Item 1. Financial Statements - Notes to Consolidated Financial Statements - Debt." Cash used for financing activities included \$425 million for the acquisition of 8.6 million shares of our common stock under our share repurchase authorization, \$252 million of cash payments of dividends to shareholders, and \$76 million of payments on equipment purchase contracts.

For the first six months of 2022, net cash used for financing activities included \$1.98 billion of repayments of debt primarily to redeem the 2023 Notes and 2024 Notes, \$667 million for the acquisition of 8.4 million shares of our common stock under our share repurchase authorization, \$224 million of cash payments of dividends to shareholders, and \$105 million of payments on equipment purchase contracts. Cash used for financing activities was partially offset by aggregate proceeds of \$2.00 billion from the issuance of the unsecured 2032 Green Bonds, 2041 Notes, and 2051 Notes.

Critical Accounting Estimates

For a discussion of our critical accounting estimates, see “Part II - Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Estimates” of our Annual Report on Form 10-K for the year ended September 1, 2022. Except for the significant accounting estimate associated with inventories as discussed below, there have been no changes to our critical accounting estimates since our Annual Report on Form 10-K for the year ended September 1, 2022.

Inventories: Inventories are stated at the lower of cost or net realizable value, with cost being determined on a first-in, first-out (“FIFO”) basis. Cost includes depreciation, labor, material, and overhead costs, including product and process technology costs. Determining net realizable value of inventories involves significant judgments, including projecting future average selling prices, future sales volumes, and estimated costs to complete. To project average selling prices and sales volumes, we review recent sales volumes, existing customer orders, current contract prices, industry analyses of supply and demand, seasonal factors, general economic trends, and other information. Actual selling prices and volumes may vary significantly from projected prices and volumes due to the volatile nature of the semiconductor memory and storage markets. When these analyses reflect estimated net realizable values below our manufacturing costs, we record a charge to cost of goods sold in advance of when inventories are actually sold. As a result, the timing of when product costs are charged to costs of goods sold can vary significantly. Differences in forecasted average selling prices used in calculating lower of cost or net realizable value adjustments can result in significant changes in the estimated net realizable value of product inventories and accordingly the amount of write-down recorded. For example, a 5% variance in the estimated selling prices would have changed the estimated net realizable value of our inventory by approximately \$600 million as of March 2, 2023. Due to the volatile nature of the semiconductor memory and storage markets, actual selling prices and volumes often vary significantly from projected prices and volumes; as a result, the timing of when product costs are charged to operations can vary significantly.

U.S. GAAP provides for products to be grouped into categories in order to compare costs to net realizable values. The amount of any inventory write-down can vary significantly depending on the determination of inventory categories. We review the major characteristics of product type and markets in determining the unit of account for which we perform the lower of average cost or net realizable value analysis and categorize all inventories (including DRAM, NAND, and other memory) as a single group.

Recently Adopted Accounting Standards

No material items.

Recently Issued Accounting Standards

No material items.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to interest rate risk related to our indebtedness. As of March 2, 2023 and September 1, 2022, we had fixed-rate debt with an aggregate carrying value of \$6.04 billion and \$4.03 billion, respectively, and as a result, the fair value of our debt fluctuates with changes in market interest rates. In the first six months of 2023, we issued \$2.00 billion principal amount of new fixed-rate debt. We estimate that, as of March 2, 2023 and September 1, 2022, a hypothetical 1% decrease in market interest rates would increase the fair value of our fixed-rate debt by approximately \$385 million and \$275 million, respectively.

As of March 2, 2023 and September 1, 2022, we had floating-rate debt as well as fixed-rate debt that is swapped to floating-rate debt with an aggregate principal amount of \$5.29 billion and \$2.09 billion, respectively. In the first six months of 2023, we borrowed \$3.20 billion principal amount of new floating-rate debt. We estimate that, as of March 2, 2023 and September 1, 2022, a hypothetical 1% increase in the interest rates of this floating-rate debt would result in an increase in annual interest expense of approximately \$53 million and \$21 million, respectively.

For further discussion about market risk and sensitivity analysis related to changes in interest rates and currency exchange rates, see “Part II - Item 7A. Quantitative and Qualitative Disclosures About Market Risk” in our Annual Report on Form 10-K for the year ended September 1, 2022.

ITEM 4. CONTROLS AND PROCEDURES

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

During the second quarter of 2023, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

For a discussion of legal proceedings, see “Part I - Item 3. Legal Proceedings” of our Annual Report on Form 10-K for the year ended September 1, 2022, and the sections titled “Part I. Financial Information - Item 1. Financial Statements - Notes to Consolidated Financial Statements - Contingencies” and “Item 1A. Risk Factors” in this Quarterly Report on Form 10-Q, as well as in our Quarterly Report on Form 10-Q for the first quarter of 2023.

SEC regulations require disclosure of certain proceedings related to environmental matters unless we reasonably believe that the related monetary sanctions, if any, will be less than a specified threshold. We use a threshold of \$1 million for this purpose.

ITEM 1A. RISK FACTORS

In addition to the factors discussed elsewhere in this Form 10-Q, this section discusses important factors which could cause actual results or events to differ materially from those contained in any forward-looking statements made by us. The order of presentation is not necessarily indicative of the level of risk that each factor poses to us. Any of these factors could have a material adverse effect on our business, results of operations, financial condition, or stock price. Our operations could also be affected by other factors that are presently unknown to us or not considered significant.

Risk Factor Summary

Risks Related to Our Business, Operations, and Industry

- volatility in average selling prices of our products;
- our ability to maintain or improve gross margins;
- the highly competitive nature of our industry;
- a downturn in the worldwide economy;
- our ability to develop and produce new and competitive memory and storage technologies and products;
- dependency on specific customers, concentration of revenue with a select number of customers, and customers who are located internationally;
- our international operations, including geopolitical risks;
- limited availability and quality of materials, supplies, and capital equipment and dependency on third-party service providers for ourselves and our customers;
- the effects of the COVID-19 pandemic;
- products that fail to meet specifications, are defective, or are incompatible with end uses;
- disruptions to our manufacturing process from operational issues, natural disasters, or other events;
- breaches of our security systems or products, or those of our customers, suppliers, or business partners;
- attracting, retaining, and motivating highly skilled employees;
- realizing expected returns from capacity expansions;
- achieving or maintaining certain performance or other obligations associated with incentives from various governments;
- acquisitions and/or alliances;
- restructure charges;
- responsible sourcing requirements and related regulations; and
- ESG considerations.

Risks Related to Intellectual Property and Litigation

- protecting our intellectual property and retaining key employees who are knowledgeable of and develop our intellectual property;
- legal proceedings and claims; and
- claims that our products or manufacturing processes infringe or otherwise violate the intellectual property rights of others or failure to obtain or renew license agreements covering such intellectual property.

Risks Related to Laws and Regulations

- compliance with tariffs, trade restrictions, and/or trade regulations;
- tax expense and tax laws in key jurisdictions; and
- compliance with laws, regulations, or industry standards, including ESG considerations.

Risks Related to Capitalization and Financial Markets

- our ability to generate sufficient cash flows or obtain access to external financing;
- our debt obligations;
- changes in foreign currency exchange rates;
- counterparty default risk;
- volatility in the trading price of our common stock; and
- fluctuations in the amount and timing of our common stock repurchases and payment of cash dividends and resulting impacts.

Risks Related to Our Business, Operations, and Industry

Volatility in average selling prices for our semiconductor memory and storage products may adversely affect our business.

We have experienced significant volatility in our average selling prices and may continue to experience such volatility in the future. For example, average selling prices for both DRAM and NAND declined approximately 40% for the second quarter of 2023 as compared to the fourth quarter of 2022. Since 2017, annual percentage changes in DRAM average selling prices have ranged from approximately plus 35% to minus 35%. Since 2017, annual percentage changes in NAND average selling prices have ranged from nearly flat to approximately minus 50%. In some prior periods, average selling prices for our products have been below our manufacturing costs and we may experience such circumstances in the future. Average selling prices for our products that decline faster than our costs have recently had an adverse effect on our business and results of operations, and could have a material adverse effect on our business, results of operations, or financial condition.

We may be unable to maintain or improve gross margins.

Our gross margins are dependent, in part, upon continuing decreases in per gigabit manufacturing costs achieved through improvements in our manufacturing processes and product designs. Factors that may limit our ability to reduce our per gigabit manufacturing costs at sufficient levels to maintain or improve gross margins include, but are not limited to:

- strategic product diversification decisions affecting product mix;
- increasing complexity of manufacturing processes;
- difficulties in transitioning to smaller line-width process technologies or additional 3D memory layers or NAND cell levels;
- process complexity including number of mask layers and fabrication steps;
- manufacturing yield;
- technological barriers;
- changes in process technologies;
- new products that may require relatively larger die sizes;
- start-up or other costs associated with capacity expansions;
- higher costs of goods and services due to inflationary pressures or market conditions; and
- higher manufacturing costs per gigabit due to fab underutilization.

Many factors may result in a reduction of our output or a delay in ramping production, which could lead to underutilization of our production assets. These factors may include, among others, a weak demand environment, industry oversupply, inventory surpluses, difficulties in ramping emerging technologies, supply chain disruptions, and delays from equipment suppliers. See "Part I. Financial Information - Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations - Overview - Industry Conditions" for information regarding our current underutilization. A significant portion of our manufacturing costs are fixed and do not vary proportionally with changes in production output. As a result, lower utilization and corresponding increases in our per gigabit manufacturing costs have had, and may continue to have, an adverse effect on our gross margins, business, results of operations, or financial condition.

We have a broad portfolio of products to address our customers' needs, which span multiple market segments and are subject to rapid technological changes. Our manufacturing costs on a per gigabit basis vary across our portfolio as they are largely influenced by the technology node in which the solution was developed. We strive to balance our demand and supply for each technology node, but the dynamics of our markets and our customers can create periods of imbalance, which can lead us to carry elevated inventory levels. Consequently, we may incur charges in connection with obsolete or excess inventories or we may not fully recover our costs, which would reduce our gross margins. For example, in the second quarter of 2023, we recorded a charge of \$1.43 billion to write down the carrying value of our inventories to estimated net realizable value. In addition, due to the customized nature of certain of the products we manufacture, we may be unable to sell certain finished goods inventories to alternative customers or manufacture in-process inventory to different specifications, which may result in excess and obsolescence charges in future periods.

In addition, if we are unable to supply products that meet customer design and performance specifications, we may be required to sell such products at lower average selling prices, which may reduce our gross margins. Our gross margins may also be impacted by shifts in product mix, driven by our strategy to optimize our portfolio to best respond to changing market dynamics.

Our inability to maintain or improve gross margins could have a material adverse effect on our business, results of operations, or financial condition.

The semiconductor memory and storage markets are highly competitive.

We face intense competition in the semiconductor memory and storage markets from a number of companies, including Intel Corporation; Kioxia Holdings Corporation; Samsung Electronics Co., Ltd.; SK hynix Inc.; and Western Digital Corporation. Our competitors may use aggressive pricing to obtain market share. Some of our competitors are large corporations or conglomerates that may have greater resources to invest in technology, capitalize on growth opportunities, and withstand downturns in the semiconductor markets in which we compete. Consolidation of industry competitors could put us at a competitive disadvantage as our competitors may benefit from increased manufacturing scale and a stronger product portfolio.

In addition, some governments may provide, or have provided and may continue to provide, significant assistance, financial or otherwise, to some of our competitors or to new entrants and may intervene in support of national industries and/or competitors. In particular, we face the threat of increasing competition as a result of significant investment in the semiconductor industry by the Chinese government and various state-owned or affiliated entities, such as Yangtze Memory Technologies Co., Ltd. ("YMTC") and ChangXin Memory Technologies, Inc. ("CXMT"), that is intended to advance China's stated national policy objectives. In addition, the Chinese government may restrict us from participating in the China market or may prevent us from competing effectively with Chinese companies.

We and our competitors generally seek to increase wafer output, improve yields, and reduce die size, which could result in significant increases in worldwide supply and downward pressure on prices. Increases in worldwide supply of semiconductor memory and storage also result from fabrication capacity expansions, either by way of new facilities, increased capacity utilization, or reallocation of other semiconductor production to semiconductor memory and storage production. Our competitors may increase capital expenditures resulting in future increases in worldwide supply. We, and some of our competitors, have plans to ramp, or are constructing or ramping, production at new fabrication facilities. Increases in worldwide supply of semiconductor memory and storage, if not accompanied by commensurate increases in demand, could lead to declines in average selling prices for our products and could materially adversely affect our business, results of operations, or financial condition. If competitors are more successful at developing or implementing new product or process technology, their products could have cost or performance advantages.

The competitive nature of our industry could have a material adverse effect on our business, results of operations, or financial condition.

A downturn in the worldwide economy may harm our business.

Downturns in the worldwide economy, due to inflation, geopolitics, major central bank policy actions including interest rate increases, public health crises, or other factors, have harmed our business in the past and current and future downturns could also adversely affect our business. Adverse economic conditions affect demand for devices that incorporate our products, such as personal computers, smartphones, automobiles, and servers. Reduced demand for these or other products could result in significant decreases in our average selling prices and product sales. In addition, to the extent our customers or distributors have elevated inventory levels or are impacted by a deterioration in credit markets, we may experience a decrease in short-term and/or long-term demand resulting in industry oversupply and declines in pricing for our products.

A deterioration of conditions in worldwide credit markets could limit our ability to obtain external financing to fund our operations and capital expenditures. In addition, we may experience losses on our holdings of cash and investments due to failures of financial institutions and other parties. Difficult economic conditions may also result in a higher rate of losses on our accounts receivable due to credit defaults. As a result, downturns in the worldwide economy could have a material adverse effect on our business, results of operations, or financial condition.

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

Our key semiconductor memory and storage technologies face technological barriers to continue to meet long-term customer needs. These barriers include potential limitations on stacking additional 3D memory layers, increasing bits per cell (i.e., cell levels), meeting higher density requirements, improving power consumption and reliability, and delivering advanced features and higher performance. We may face technological barriers to continue to shrink our products at our current or historical rate, which has generally reduced per gigabit cost. We have invested and expect to continue to invest in R&D for new and existing products and process technologies, such as EUV lithography, to continue to deliver advanced product requirements. Such new technologies can add complexity and risk to our schedule and may affect our costs and production output. We may be unable to recover our investment in R&D or otherwise realize the economic benefits of reducing die size or increasing memory and storage densities. Our competitors are working to develop new memory and storage technologies that may offer performance and/or cost advantages to existing technologies and render existing technologies obsolete. Accordingly, our future success may depend on our ability to develop and produce viable and competitive new memory and storage technologies.

We are developing new products, including system-level memory and storage products and solutions, which complement our traditional products or leverage their underlying design or process technology. We have invested and expect to continue to invest in new semiconductor product and system-level solution development. We are increasingly differentiating our products and solutions to meet the specific demands of our customers, which increases our reliance on our customers' ability to accurately forecast the needs and preferences of their customers. As a result, our product demand forecasts may be impacted significantly by the strategic actions of our customers. In addition, our ability to successfully introduce new products often requires us to make product specification decisions multiple years in advance of when new products enter the market.

It is important that we deliver products in a timely manner with increasingly advanced performance characteristics at the time our customers are designing and evaluating samples for their products. If we do not meet their product design schedules, our customers may exclude us from further consideration as a supplier for those products. The process to develop new products requires us to demonstrate advanced functionality, performance, and reliability, often well in advance of a planned ramp of production, in order to secure design wins with our customers. Many factors may negatively impact our ability to meet anticipated timelines and/or expected or required quality standards with respect to the development of certain of our products. In addition, some of our components have long lead-times, requiring us to place orders up to a year in advance of anticipated demand. Such long lead-times increase the risk of excess inventory or loss of sales in the event our forecasts vary substantially from actual demand.

There can be no assurance of the following:

- we will be successful in developing competitive new semiconductor memory and storage technologies and products;
- we will be able to cost-effectively manufacture new products;
- we will be able to successfully market these technologies;
- margins generated from sales of these products will allow us to recover costs of development efforts;
- we will be able to establish or maintain key relationships with customers, or that we will not be prohibited from working with certain customers, for specific chip set or design requirements;
- we will accurately predict and design products that meet our customers' specifications; or
- we will be able to introduce new products into the market and qualify them with our customers on a timely basis.

Unsuccessful efforts to develop new memory and storage technologies and products could have a material adverse effect on our business, results of operations, or financial condition.

A significant portion of our revenue is concentrated with a select number of customers.

In each of the last three years, approximately one-half of our total revenue was from our top ten customers. A disruption in our relationship with any of these customers could adversely affect our business. We could experience fluctuations in our customer base or the mix of revenue by customer as markets and strategies evolve. Our customers' demand for our products may fluctuate due to factors beyond our control. In addition, any consolidation of our customers could reduce the number of customers to whom our products may be sold. Our inability to meet our customers' requirements or to qualify our products with them could adversely impact our revenue. A meaningful change in the inventory strategy of our customers could impact our industry bit demand growth outlook. The loss of, or restrictions on our ability to sell to, one or more of our major customers, or any significant reduction in orders from, or a shift in product mix by, customers could have a material adverse effect on our business, results of operations, or financial condition.

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

In addition to our U.S. operations, a substantial portion of our operations are conducted in Taiwan, Singapore, Japan, Malaysia, China, and India, and many of our customers, suppliers, and vendors also operate internationally. In 2022, nearly half of our revenue was from sales to customers who have headquarters located outside the United States, while over 80% of our revenue in 2022 was from products shipped to customer locations outside the United States.

Our international operations are subject to a number of risks, including:

- export and import duties, changes to import and export regulations, customs regulations and processes, and restrictions on the transfer of funds, including currency controls in China, which could negatively affect the amount and timing of payments from certain of our customers and, as a result, our cash flows;
- imposition of bans on sales of goods or services to one or more of our significant foreign customers;
- public health issues;
- compliance with U.S. and international laws involving international operations, including the Foreign Corrupt Practices Act of 1977, as amended, sanctions and anti-corruption laws, export and import laws, and similar rules and regulations;
- theft of intellectual property;
- political and economic instability, including the effects of disputes between China and Taiwan and Russia's invasion of Ukraine;
- government actions or civil unrest preventing the flow of products and materials, including delays in shipping and obtaining products and materials, cancellation of orders, or loss or damage of products;
- problems with the transportation or delivery of products and materials;
- issues arising from cultural or language differences and labor unrest;
- longer payment cycles and greater difficulty in collecting accounts receivable;
- compliance with trade, technical standards, and other laws in a variety of jurisdictions;
- contractual and regulatory limitations on the ability to maintain flexibility with staffing levels;
- disruptions to manufacturing or R&D activities as a result of actions imposed by foreign governments;
- changes in economic policies of foreign governments; and
- difficulties in staffing and managing international operations.

If we or our customers, suppliers, or vendors are impacted by any of these risks, it could have a material adverse effect on our business, results of operations, or financial condition. For example, political, economic, or other actions may adversely affect our operations in Taiwan. A majority of our DRAM production output in 2022 was from our fabrication facilities in Taiwan and any loss of output could have a material adverse effect on us. Any political, economic, or other actions may also adversely affect our customers and the technology industry supply chain, for which Taiwan is a central hub, and as a result, could have a material adverse impact on us.

In addition, the U.S. government has in the past restricted American firms from selling products and software to certain of our customers and may in the future impose similar restrictions on one or more of our significant customers. These restrictions may not prohibit our competitors from selling similar products to our customers, which may result in our loss of sales and market share. Even when such restrictions are lifted, financial or other penalties or continuing export restrictions imposed with respect to our customers could have a continuing negative impact on our future revenue and results of operations, and we may not be able to recover any customers or market share we lose, or make such recoveries at acceptable average selling prices, while complying with such restrictions.

Our business, results of operations, or financial condition could be adversely affected by the limited availability and quality of materials, supplies, and capital equipment, or dependency on third-party service providers.

Our supply chain and operations are dependent on the availability of materials that meet exacting standards and the use of third parties to provide us with components and services. We generally have multiple sources of supply for our materials and services. However, only a limited number of suppliers are capable of delivering certain materials, components, and services that meet our standards and, in some cases, materials, components, or services are provided by a single or sole source, and we may be unable to qualify new suppliers on a timely basis. The availability of materials or components such as chemicals, silicon wafers, gases, photoresist, controllers, substrates, lead frames, printed circuit boards, targets, and reticle glass blanks is impacted by various factors. These factors could include a shortage of raw materials or a disruption in the processing or purification of those raw materials into finished goods. Shortages or increases in lead times have occurred in the past, are currently occurring with respect to some materials and components, and may occur from time to time in the future. Constraints within our supply chain for certain materials and integrated circuit components could limit our bit shipments, which could have a material adverse effect on our business, results of operations, or financial condition.

Our manufacturing processes are also dependent on our relationships with third-party manufacturers of controllers, analog integrated circuits, and other components used in some of our products and with outsourced semiconductor foundries, assembly and test providers, contract manufacturers, logistics carriers, and other service providers, including providers of electricity and other utilities. Although we have certain long-term contracts with some of our suppliers, many of these contracts do not provide for long-term capacity or pricing commitments. To the extent we do not have firm commitments from our third-party suppliers over a specific time period or for any specific capacity, quantity, and/or pricing, our suppliers may allocate capacity to their other customers and capacity and/or materials may not be available when needed or at reasonable prices. Inflationary pressures and shortages have increased, and may continue to increase, costs for materials, supplies, and services. Regardless of contract structure, large swings in demand may exceed our contracted supply and/or our suppliers' capacity to meet those demand changes resulting in a shortage of parts, materials, or capacity needed to manufacture our products. In addition, if any of our suppliers was to cease operations or become insolvent, this could impact their ability to provide us with necessary supplies, and we may not be able to obtain the needed supply in a timely way or at all from other providers.

Certain materials are primarily available in a limited number of countries, including rare earth elements, minerals, and metals. Trade disputes, geopolitical tensions, economic circumstances, political conditions, or public health issues, such as COVID-19, may limit our ability to obtain such materials. Although these rare earth and other materials are generally available from multiple suppliers, China is the predominant producer of certain of these materials. If China were to restrict or stop exporting these materials, our suppliers' ability to obtain such supply may be constrained and we may be unable to obtain sufficient quantities, or obtain supply in a timely manner, or at a commercially reasonable cost. Constrained supply of rare earth elements, minerals, and metals may restrict our ability to manufacture certain of our products and make it difficult or impossible to compete with other semiconductor memory manufacturers who are able to obtain sufficient quantities of these materials from China.

We and/or our suppliers and service providers could be affected by regional conflicts, sanctions, tariffs, embargoes, or other trade restrictions, as well as laws and regulations enacted in response to concerns regarding climate change, conflict minerals, responsible sourcing practices, public health crises, contagious disease outbreaks, or other matters, which could limit the supply of our materials and/or increase the cost. Environmental regulations could limit our ability to procure or use certain chemicals or materials in our operations or products. In addition, disruptions in transportation lines could delay our receipt of materials. Our ability to procure components to repair equipment essential for our manufacturing processes could also be negatively impacted by various restrictions or disruptions in supply chains, among other items. The disruption of our supply of materials, components, or services, or the extension of our lead times could have a material adverse effect on our business, results of operations, or financial condition.

EXHIBIT 7(d)

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 1, 2023

OR

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

For the transition period from to

Commission file number 1-10658



Micron Technology, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

8000 S. Federal Way, Boise, Idaho

(Address of principal executive offices)

(Registrant's telephone number, including area code)

75-1618004

(I.R.S. Employer Identification No.)

83716-9632

(Zip Code)

(208) 368-4000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, par value \$0.10 per share	MU	Nasdaq Global Select Market

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

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

Large Accelerated Filer	Accelerated Filer	Non-Accelerated Filer	Smaller Reporting Company	Emerging Growth Company
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

The number of outstanding shares of the registrant's common stock as of June 22, 2023 was 1,095,301,608.

Available Information

Investors and others should note that we announce material financial information about our business and products through a variety of means, including our investor relations website (investors.micron.com), filings with the U.S. Securities and Exchange Commission ("SEC"), press releases, public conference calls, blog posts (micron.com/about/blog), and webcasts. We use these channels to achieve broad, non-exclusionary distribution of information to the public and for complying with our disclosure obligations under Regulation FD. Therefore, we encourage investors, the media, and others interested in our company to review the information we post on such channels.

Forward-Looking Statements

This Form 10-Q contains trend information and other forward-looking statements that involve a number of risks and uncertainties. Such forward-looking statements may be identified by words such as "anticipate," "expect," "intend," "pledge," "committed," "plan," "opportunities," "future," "believe," "target," "on track," "estimate," "continue," "likely," "may," "will," "would," "should," "could," and variations of such words and similar expressions. However, the absence of these words or similar expressions does not mean that a statement is not forward-looking. Specific forward-looking statements include, but are not limited to, statements such as those made regarding the expected one-time payment to the Qimonda estate; restructure plans and expected related savings and charges; market conditions and profitability in our industry; potential write-downs of inventories in future quarters; reductions in our wafer starts and the corresponding impact on our costs in 2023; the impact of the Cyberspace Administration of China decision; the timing for construction and ramping of production for new memory manufacturing fabs in the United States; the construction or expansion of our backend facilities; the receipt of government grants and investment tax credits; the sufficiency of our cash and investments; capital spending in 2023; funding of sustainability-focused projects; and allocation and dispersal of the net proceeds of our 2032 Green Bonds. Our actual results could differ materially from our historical results and those discussed in the forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to, those identified in "Part II. Other Information - Item 1A. Risk Factors."

PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

Micron Technology, Inc.
Consolidated Statements of Operations

(In millions, except per share amounts)
(Unaudited)

	Quarter ended		Nine months ended	
	June 1, 2023	June 2, 2022	June 1, 2023	June 2, 2022
Revenue	\$ 3,752	\$ 8,642	\$ 11,530	\$ 24,115
Cost of goods sold	4,420	4,607	12,511	12,839
Gross margin	(668)	4,035	(981)	11,276
Research and development	758	773	2,395	2,277
Selling, general, and administrative	219	264	701	786
Restructure and asset impairments	68	-	167	43
Other operating (income) expense, net	48	(6)	29	(11)
Operating income (loss)	(1,761)	3,004	(4,273)	8,181
Interest income	127	20	334	42
Interest expense	(119)	(44)	(259)	(144)
Other non-operating income (expense), net	-	8	(2)	(61)
	(1,753)	2,988	(4,200)	8,018
Income tax (provision) benefit	(139)	(358)	(201)	(832)
Equity in net income (loss) of equity method investees	(4)	(4)	(2)	9
Net income (loss)	<u>\$ (1,896)</u>	<u>\$ 2,626</u>	<u>\$ (4,403)</u>	<u>\$ 7,195</u>
Earnings (loss) per share				
Basic	\$ (1.73)	\$ 2.36	\$ (4.03)	\$ 6.44
Diluted	(1.73)	2.34	(4.03)	6.38
Number of shares used in per share calculations				
Basic	1,094	1,112	1,092	1,117
Diluted	1,094	1,121	1,092	1,127

See accompanying notes to consolidated financial statements.

Micron Technology, Inc.

Consolidated Statements of Comprehensive Income (Loss)

(In millions)
(Unaudited)

	Quarter ended		Nine months ended	
	June 1, 2023	June 2, 2022	June 1, 2023	June 2, 2022
Net income (loss)	\$ (1,896)	\$ 2,626	\$ (4,403)	\$ 7,195
Other comprehensive income (loss), net of tax				
Gains (losses) on derivative instruments	22	(210)	222	(330)
Gains (losses) on investments	12	(18)	-	(38)
Foreign currency translation adjustments	1	-	(1)	1
Pension liability adjustments	(2)	2	(1)	1
Other comprehensive income (loss)	33	(226)	220	(366)
Total comprehensive income (loss)	\$ (1,863)	\$ 2,400	\$ (4,183)	\$ 6,829

See accompanying notes to consolidated financial statements.

Cash and Investments

All of our short-term investments and long-term marketable investments were classified as available-for-sale as of the dates noted below. Cash and equivalents and the fair values of our available-for-sale investments, which approximated amortized costs, were as follows:

As of	June 1, 2023				September 1, 2022			
	Cash and Equivalents	Short-term Investments	Long-term Marketable Investments ⁽¹⁾	Total Fair Value	Cash and Equivalents	Short-term Investments	Long-term Marketable Investments ⁽¹⁾	Total Fair Value
Cash	\$ 6,834	\$ -	\$ -	\$ 6,834	\$ 6,055	\$ -	\$ -	\$ 6,055
Level 1 ⁽²⁾								
Money market funds	1,132	-	-	1,132	1,196	-	-	1,196
Level 2 ⁽³⁾								
Certificates of deposit	1,326	50	-	1,376	976	50	-	1,026
Corporate bonds	1	776	507	1,284	-	759	995	1,754
Asset-backed securities	-	17	435	452	-	20	608	628
Government securities	5	111	31	147	2	155	44	201
Commercial paper	-	100	-	100	33	85	-	118
	9,298	\$ 1,054	\$ 973	\$ 11,325	8,262	\$ 1,069	\$ 1,647	\$ 10,978
Restricted cash ⁽⁴⁾	72				77			
Cash, cash equivalents, and restricted cash	\$ 9,370				\$ 8,339			

⁽¹⁾ The maturities of long-term marketable securities primarily range from one to four years.

⁽²⁾ The fair value of Level 1 securities is measured based on quoted prices in active markets for identical assets.

⁽³⁾ The fair value of Level 2 securities is measured using information obtained from pricing services, which obtain quoted market prices for similar instruments, non-binding market consensus prices that are corroborated by observable market data, or various other methodologies, to determine the appropriate value at the measurement date. We perform supplemental analysis to validate information obtained from these pricing services. No adjustments were made to the fair values indicated by such pricing information as of June 1, 2023 or September 1, 2022.

⁽⁴⁾ Restricted cash is included in other current assets and other noncurrent assets and primarily relates to certain government incentives received prior to being earned and for which restrictions lapse upon achieving certain performance conditions or which will be returned if performance conditions are not met.

Gross realized gains and losses from sales of available-for-sale securities were not significant for any period presented.

Non-marketable Equity Investments

In addition to the amounts included in the table above, we had \$ 217 million and \$222 million of non-marketable equity investments without a readily determinable fair value that were included in other noncurrent assets as of June 1, 2023 and September 1, 2022, respectively.

Receivables

As of	June 1, 2023	September 1, 2022
Trade receivables	\$ 2,042	\$ 4,765
Income and other taxes	244	251
Other	143	114
	<u>\$ 2,429</u>	<u>\$ 5,130</u>

Inventories

As of	June 1, 2023	September 1, 2022
Finished goods	\$ 1,775	\$ 1,028
Work in process	5,722	4,830
Raw materials and supplies	741	805
	<u>\$ 8,238</u>	<u>\$ 6,663</u>

The third quarter and first nine months of 2023, included charges of \$401 million and \$1.83 billion, respectively, to cost of goods sold to write down the carrying value of work in process and finished goods inventories to their estimated net realizable value.

Property, Plant, and Equipment

As of	June 1, 2023	September 1, 2022
Land	\$ 279	\$ 280
Buildings	17,622	16,676
Equipment ⁽¹⁾	65,175	61,354
Construction in progress ⁽²⁾	2,398	1,897
Software	1,251	1,124
	86,725	81,331
Accumulated depreciation	(47,998)	(42,782)
	<u>\$ 38,727</u>	<u>\$ 38,549</u>

⁽¹⁾ Includes costs related to equipment not placed into service of \$3.33 billion as of June 1, 2023 and \$3.35 billion as of September 1, 2022.

⁽²⁾ Includes building-related construction, tool installation, and software costs for assets not placed into service.

Intangible Assets

As of	June 1, 2023			September 1, 2022		
	Gross Amount	Accumulated Amortization	Net Carrying Amount	Gross Amount	Accumulated Amortization	Net Carrying Amount
Product and process technology \$	622 \$	(212) \$	410 \$	742 \$	(321) \$	421 \$

In the first nine months of 2023 and 2022, we capitalized \$72 million and \$130 million, respectively, for product and process technology with weighted-average useful lives of 9 years. Amortization expense was \$66 million and \$63 million for the first nine months of 2023 and 2022, respectively. Expected amortization expense is \$19 million for the remainder of 2023, \$72 million for 2024, \$50 million for 2025, \$46 million for 2026, and \$42 million for 2027.

Leases

The components of lease cost are presented below:

	Quarter ended		Nine months ended	
	June 1, 2023	June 2, 2022	June 1, 2023	June 2, 2022
Finance lease cost				
Amortization of right-of-use assets	\$ 28	\$ 23	\$ 77	\$ 75
Interest on lease liabilities	6	6	18	18
Operating lease cost ⁽¹⁾	34	32	101	91
	\$ 68	\$ 61	\$ 196	\$ 184

⁽¹⁾ Operating lease cost includes short-term and variable lease expenses, which were not material for the periods presented.

Supplemental cash flow information related to leases was as follows:

Nine months ended	June 1, 2023	June 2, 2022
Cash flows used for operating activities		
Finance leases	\$ 17	\$ 18
Operating leases	91	81
Cash flows used for financing activities - Finance leases	79	79
Noncash acquisitions of right-of-use assets		
Finance leases	354	304
Operating leases	35	190

Stock-based Compensation Expense

Stock-based compensation expense recognized in our statements of operations is presented below. Stock-based compensation expense of \$89 million and \$48 million was capitalized and remained in inventory as of June 1, 2023 and September 1, 2022, respectively.

	Quarter ended		Nine months ended	
	June 1, 2023	June 2, 2022	June 1, 2023	June 2, 2022
Stock-based compensation expense by caption				
Cost of goods sold	\$ 61	\$ 57	\$ 137	\$ 145
Research and development	57	45	169	128
Selling, general, and administrative	34	33	107	98
Restructure	(4)	-	(6)	(5)
	<u>\$ 148</u>	<u>\$ 135</u>	<u>\$ 407</u>	<u>\$ 366</u>
Stock-based compensation expense by type of award				
Restricted stock awards	\$ 129	\$ 116	\$ 354	\$ 316
ESPP	19	19	53	49
Stock options	-	-	-	1
	<u>\$ 148</u>	<u>\$ 135</u>	<u>\$ 407</u>	<u>\$ 366</u>

As of June 1, 2023, \$1.23 billion of total unrecognized compensation costs for unvested awards, before the effect of any future forfeitures, was expected to be recognized through the third quarter of 2027, resulting in a weighted-average period of 1.3 years.

Revenue

Revenue is primarily recognized at a point in time when control of the promised goods is transferred to our customers in an amount that reflects the consideration we expect to be entitled to in exchange for those goods. Substantially all contracts with our customers are short-term in duration at fixed, negotiated prices with payment generally due shortly after delivery. From time to time, we have contracts with initial terms that include performance obligations that extend beyond one year. As of June 1, 2023, our future performance obligations beyond one year were not significant.

As of June 1, 2023 and September 1, 2022, other current liabilities included \$604 million and \$1.26 billion, respectively, for estimates of consideration payable to customers including estimates for pricing adjustments and returns.

In the third quarter of 2023, we received \$108 million from settlement of an insurance claim involving a power disruption in 2022, of which \$72 million was for business interruption and recognized in revenue.

Revenue by Technology

	Quarter ended		Nine months ended	
	June 1, 2023	June 2, 2022	June 1, 2023	June 2, 2022
DRAM	\$ 2,672	\$ 6,271	\$ 8,223	\$ 17,577
NAND	1,013	2,288	3,001	6,123
Other (primarily NOR)	67	83	306	415
	<u>\$ 3,752</u>	<u>\$ 8,642</u>	<u>\$ 11,530</u>	<u>\$ 24,115</u>

See "Segment and Other Information" for disclosure of disaggregated revenue by market segment.

Restructure and Asset Impairments

	Quarter ended		Nine months ended	
	June 1, 2023	June 2, 2022	June 1, 2023	June 2, 2022
Employee severance	\$ 70	\$ -	\$ 163	\$ -
Asset impairments and other asset-related costs	1	-	9	59
Other	(3)	-	(5)	(16)
Restructure and asset impairments	<u>\$ 68</u>	<u>\$ -</u>	<u>\$ 167</u>	<u>\$ 43</u>

In 2023, we initiated a restructure plan in response to challenging industry conditions (the "2023 Restructure Plan"). Under the 2023 Restructure Plan, we expect our headcount reduction to approach 15% by the end of calendar 2023, through a combination of voluntary attrition and personnel reductions. In connection with the plan, we incurred restructure charges of \$68 million and \$167 million in the third quarter and first nine months of 2023 respectively, primarily related to employee severance costs. As of June 1, 2023, total costs expected to be incurred under the 2023 Restructure Plan were approximately \$170 million and the plan was substantially completed.

Changes in our restructure liability (included in accounts payable and accrued expenses) for the nine months ended June 1, 2023 were as follows:

	Employee Severance
Restructure liability as of September 1, 2022	\$ -
Costs incurred and charged to expense	163
Costs paid or otherwise settled	(117)
Restructure liability as of June 1, 2023	<u>\$ 46</u>

Other Operating (Income) Expense, Net

	Quarter ended		Nine months ended	
	June 1, 2023	June 2, 2022	June 1, 2023	June 2, 2022
Litigation contingency accrual	\$ 68	\$ -	\$ 68	\$ -
(Gain) loss on disposition of property, plant, and equipment	(24)	(5)	(46)	(16)
Other	4	(1)	7	5
	<u>\$ 48</u>	<u>\$ (6)</u>	<u>\$ 29</u>	<u>\$ (11)</u>

Other Non-Operating Income (Expense), Net

	Quarter ended		Nine months ended	
	June 1, 2023	June 2, 2022	June 1, 2023	June 2, 2022
Gain (loss) on debt repurchases	\$ -	\$ -	\$ -	\$ (83)
Other	-	8	(2)	22
	<u>\$ -</u>	<u>\$ 8</u>	<u>\$ (2)</u>	<u>\$ (61)</u>

Income Taxes

Our income tax (provision) benefit consisted of the following:

	Quarter ended		Nine months ended	
	June 1, 2023	June 2, 2022	June 1, 2023	June 2, 2022
Income (loss) before taxes	\$ (1,753)	\$ 2,988	\$ (4,200)	\$ 8,018
Income tax (provision) benefit	(139)	(358)	(201)	(832)
Effective tax rate	(7.9)%	12.0 %	(4.8)%	10.4 %

The changes in our effective tax rate for the third quarter and first nine months of 2023 as compared to the corresponding periods of 2022 were primarily due to pre-tax losses incurred in the first nine months of 2023. Despite a consolidated pre-tax loss on a worldwide basis, we have taxes payable in certain geographies due to minimum taxable income reportable in those geographies.

We operate in a number of jurisdictions outside the United States, including Singapore, where we have tax incentive arrangements. These incentives expire, in whole or in part, at various dates through 2034 and are conditional, in part, upon meeting certain business operations and employment thresholds. As a result of a loss before taxes and geographic mix of income, the benefit from tax incentive arrangements was not material for the third quarter and first nine months of 2023. These arrangements reduced our tax provision by \$361 million (benefiting our diluted earnings per share by \$0.32) and \$955 million (\$0.85 per diluted share) for the third quarter and first nine months of 2022, respectively.

EXHIBIT 7(e)

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

FORM 10-Q

(Mark One)

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended November 30, 2023
OR
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to
Commission file number 1-10658

Micron Technology, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

Address of principal executive offices, including zip code
Registrant's telephone number, including area code

75-1618004

(IRS Employer Identification No.)

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, par value \$0.10 per share	MU	Nasdaq Global Select Market

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

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

Large Accelerated Filer	Accelerated Filer	Non-Accelerated Filer	Smaller Reporting Company	Emerging Growth Company
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

The number of outstanding shares of the registrant's common stock as of December 14, 2023 was 1,103,908,880.

Forward-Looking Statements

This Form 10-Q contains trend information and other forward-looking statements that involve a number of risks and uncertainties. Such forward-looking statements may be identified by words such as "anticipate," "expect," "intend," "pledge," "committed," "plan," "opportunities," "future," "believe," "target," "on track," "estimate," "continue," "likely," "may," "will," "would," "should," "could," and variations of such words and similar expressions. However, the absence of these words or similar expressions does not mean that a statement is not forward-looking. Specific forward-looking statements include, but are not limited to, statements such as those made regarding potential change in our effective tax rate; the timing for construction and ramping of production for new memory manufacturing fabs in the United States; intent to make investments at our backend facility in Xi'an, China and build a new assembly and test facility in Gujarat, India; expected wafer starts and underutilization charges for the second quarter of 2024, the payment of future cash dividends; market conditions and profitability in our industry; the impact of the Cyberspace Administration of China decision; capital spending in 2024; and the sufficiency of our cash and investments. Our actual results could differ materially from our historical results and those discussed in the forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to, those identified in "Part II. Other Information - Item 1A. Risk Factors."



PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

Micron Technology, Inc.
Consolidated Statements of Operations

(In millions, except per share amounts)
(Unaudited)

Three months ended	November 30, 2023	December 1, 2022
Revenue	\$ 4,726	\$ 4,085
Cost of goods sold	4,761	3,192
Gross margin	(35)	893
Research and development	845	849
Selling, general, and administrative	263	251
Restructure and asset impairments	-	13
Other operating (income) expense, net	(15)	(11)
Operating income (loss)	(1,128)	(209)
Interest income	132	88
Interest expense	(132)	(51)
Other non-operating income (expense), net	(27)	(4)
	(1,155)	(176)
Income tax (provision) benefit	(73)	(8)
Equity in net income (loss) of equity method investees	(6)	(11)
Net income (loss)	\$ (1,234)	\$ (195)
Earnings (loss) per share		
Basic	\$ (1.12)	\$ (0.18)
Diluted	(1.12)	(0.18)
Number of shares used in per share calculations		
Basic	1,100	1,090
Diluted	1,100	1,090

See accompanying notes to consolidated financial statements.

Micron Technology, Inc.

Consolidated Statements of Comprehensive Income (Loss)

(In millions)
(Unaudited)

Three months ended	November 30, 2023	December 1, 2022
Net income (loss)	\$ (1,234)	\$ (195)
Other comprehensive income (loss), net of tax		
Gains (losses) on derivative instruments	44	108
Unrealized gains (losses) on investments	7	(19)
Pension liability adjustments	2	1
Foreign currency translation adjustments	(1)	(3)
Other comprehensive income (loss)	52	87
Total comprehensive income (loss)	\$ (1,182)	\$ (108)

See accompanying notes to consolidated financial statements.



Cash and Investments

All of our short-term investments and long-term marketable investments were classified as available-for-sale as of the dates noted below. Cash and equivalents and the fair values of our available-for-sale investments, which approximated amortized costs, were as follows:

	As of November 30, 2023				As of August 31, 2023			
	Cash and Equivalents	Short-term Investments	Long-term Marketable Investments ⁽¹⁾	Total Fair Value	Cash and Equivalents	Short-term Investments	Long-term Marketable Investments ⁽¹⁾	Total Fair Value
Cash	\$ 5,400	\$ -	\$ -	\$ 5,400	\$ 5,771	\$ -	\$ -	\$ 5,771
Level 1 ⁽²⁾								
Money market funds	1,570	-	-	1,570	1,629	-	-	1,629
Level 2 ⁽³⁾								
Certificates of deposit	1,090	26	-	1,116	1,172	25	-	1,197
Corporate bonds	-	681	359	1,040	-	737	437	1,174
Asset-backed securities	-	16	349	365	-	15	387	402
Government securities	15	152	12	179	5	131	20	156
Commercial paper	-	98	-	98	-	109	-	109
	8,075	\$ 973	\$ 720	\$ 9,768	8,577	\$ 1,017	\$ 844	\$ 10,438
Restricted cash ⁽⁴⁾	71				79			
Cash, cash equivalents, and restricted cash	\$ 8,146				\$ 8,656			

⁽¹⁾ The maturities of long-term marketable investments primarily range from one to five years, except for asset-backed securities which are not due at a single maturity date.

⁽²⁾ The fair value of Level 1 securities is measured based on quoted prices in active markets for identical assets.

⁽³⁾ The fair value of Level 2 securities is measured using information obtained from pricing services, which obtain quoted market prices for similar instruments, non-binding market consensus prices that are corroborated by observable market data, or various other methodologies, to determine the appropriate value at the measurement date. We perform supplemental analysis to validate information obtained from these pricing services. No adjustments were made to the fair values indicated by such pricing information as of November 30, 2023 or August 31, 2023.

⁽⁴⁾ Restricted cash is included in other current assets and other noncurrent assets and primarily relates to certain government incentives received prior to being earned and for which restrictions lapse upon achieving certain performance conditions or which will be returned if performance conditions are not met.

Gross realized gains and losses from sales of available-for-sale securities were not significant for any period presented.

Non-marketable Equity Investments

In addition to the amounts included in the table above, we had \$188 million and \$218 million of non-marketable equity investments without a readily determinable fair value that were included in other noncurrent assets as of November 30, 2023 and August 31, 2023, respectively. We recognized losses in other non-operating income (expense) on our non-marketable investments of \$31 million for the first quarter of 2024 and net losses of \$7 million for the first quarter of 2023. Our non-marketable equity investments are recorded at fair value on a non-recurring basis and classified as Level 3.

Receivables

As of	November 30, 2023	August 31, 2023
Trade receivables	\$ 2,478	\$ 2,048
Income and other taxes	217	194
Other	248	201
	<u>\$ 2,943</u>	<u>\$ 2,443</u>

Inventories

As of	November 30, 2023	August 31, 2023
Finished goods	\$ 1,282	\$ 1,616
Work in process	6,334	6,111
Raw materials and supplies	660	660
	<u>\$ 8,276</u>	<u>\$ 8,387</u>

Property, Plant, and Equipment

As of	November 30, 2023	August 31, 2023
Land	\$ 283	\$ 283
Buildings	18,652	17,967
Equipment ⁽¹⁾	66,392	65,555
Construction in progress ⁽²⁾	2,215	2,464
Software	1,377	1,316
	88,919	87,585
Accumulated depreciation	(51,242)	(49,657)
	<u>\$ 37,677</u>	<u>\$ 37,928</u>

⁽¹⁾ Includes costs related to equipment not placed into service of \$2.88 billion as of November 30, 2023 and \$2.91 billion as of August 31, 2023.

⁽²⁾ Includes building-related construction, tool installation, and software costs for assets not placed into service.

Intangible Assets

	As of November 30, 2023			As of August 31, 2023		
	Gross Amount	Accumulated Amortization	Net Carrying Amount	Gross Amount	Accumulated Amortization	Net Carrying Amount
Product and process technology \$	631	\$ (226)	\$ 405	\$ 613	\$ (209)	\$ 404
Other	11	-	11	-	-	-
	<u>\$ 642</u>	<u>\$ (226)</u>	<u>\$ 416</u>	<u>\$ 613</u>	<u>\$ (209)</u>	<u>\$ 404</u>

In the first quarters of 2024 and 2023, we capitalized \$22 million and \$30 million, respectively, for product and process technology with weighted-average useful lives of 9 years and 10 years, respectively. Amortization expense was \$20 million and \$23 million for the first three months of 2024 and 2023, respectively. Expected amortization expense is \$59 million for the remainder of 2024, \$54 million for 2025, \$50 million for 2026, \$46 million for 2027, and \$44 million for 2028.

Leases

The components of lease cost are presented below:

Three months ended	November 30, 2023	December 1, 2022
Finance lease cost		
Amortization of right-of-use asset	\$ 32	\$ 24
Interest on lease liability	6	6
Operating lease cost ⁽¹⁾	33	36
	<u>\$ 71</u>	<u>\$ 66</u>

⁽¹⁾ Operating lease cost includes short-term and variable lease expenses, which were not material for the periods presented.

Supplemental cash flow information related to leases was as follows:

Three months ended	November 30, 2023	December 1, 2022
Cash flows used for operating activities		
Finance leases	\$ 6	\$ 5
Operating leases	33	33
Cash flows used for financing activities - Finance leases	27	20
Noncash acquisitions of right-of-use assets		
Finance leases	217	43
Operating leases	-	35

Supplemental balance sheet information related to leases was as follows:

As of	November 30, 2023	August 31, 2023
Finance lease right-of-use assets (included in property, plant, and equipment)	\$ 1,497	\$ 1,311
Current operating lease liabilities (included in accounts payable and accrued expenses)	62	66
Weighted-average remaining lease term (in years)		
Finance leases	8	9
Operating leases	11	11
Weighted-average discount rate		
Finance leases	4.25 %	3.86 %
Operating leases	3.23 %	3.21 %

Derivative Instruments without Hedge Accounting Designation

Currency Derivatives: We generally utilize a rolling hedge strategy with currency forward contracts that mature within three months to hedge our exposures of monetary assets and liabilities from changes in currency exchange rates. At the end of each reporting period, monetary assets and liabilities denominated in currencies other than the U.S. dollar are remeasured into U.S. dollars and the associated outstanding forward contracts are marked to market. Currency forward contracts are valued at fair values based on the middle of bid and ask prices of dealers or exchange quotations (Level 2). Realized and unrealized gains and losses on derivative instruments without hedge accounting designation as well as the changes in the underlying monetary assets and liabilities from changes in currency exchange rates are included in other non-operating income (expense), net. The amounts recognized for derivative instruments without hedge accounting designation were not significant for the periods presented. We do not use derivative instruments for speculative purposes.

Equity Plans

As of November 30, 2023,

74 million shares of our common stock were available for future awards under our equity plans, including 14 million shares approved for issuance under our employee stock purchase plan ("ESPP").

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

Restricted Stock Awards activity is summarized as follows:

Three months ended	November 30, 2023	December 1, 2022
Restricted stock award shares granted	12	14
Weighted-average grant-date fair value per share	\$ 67.36	\$ 53.94

Stock-based Compensation Expense

Stock-based compensation expense recognized in our statements of operations is presented below. Stock-based compensation expense of \$94 million and \$88 million was capitalized and remained in inventory as of November 30, 2023 and August 31, 2023, respectively.

Three months ended	November 30, 2023	December 1, 2022
Stock-based compensation expense by caption		
Research and development	\$ 68	\$ 53
Cost of goods sold	67	36
Selling, general, and administrative	47	37
	<u>\$ 182</u>	<u>\$ 126</u>
Stock-based compensation expense by type of award		
Restricted stock awards	\$ 163	\$ 109
ESPP	19	17
	<u>\$ 182</u>	<u>\$ 126</u>

As of November 30, 2023, \$1.84 billion of total unrecognized compensation costs for unvested awards, before the effect of any future forfeitures, was expected to be recognized through the first quarter of 2028, resulting in a weighted-average period of 1.4 years.

Revenue and Customer Contract Liabilities

Revenue is primarily recognized at a point in time when control of the promised goods is transferred to our customers in an amount that reflects the consideration we expect to be entitled to in exchange for those goods. Substantially all contracts with our customers are short-term in duration at fixed, negotiated prices with payment generally due shortly after delivery. From time to time, we have contracts with initial terms that include performance obligations that extend beyond one year. As of November 30, 2023, our future performance obligations beyond one year were not significant.

Revenue by Technology

Three months ended	November 30, 2023	December 1, 2022
DRAM	\$ 3,427	\$ 2,829
NAND	1,230	1,103
Other (primarily NOR)	69	153
	\$ 4,726	\$ 4,085

See "Segment and Other Information" for disclosure of disaggregated revenue by market segment.

Customer Contract Liabilities

Contract liabilities from customer prepayments made to secure product supply in future periods were approximately \$600 million as of November 30, 2023 and were reported within other current liabilities.

As of November 30, 2023 and August 31, 2023, other current liabilities also included \$455 million and \$453 million, respectively, for estimates of consideration payable to customers including estimates for pricing adjustments and returns.

Income Taxes

Our income tax (provision) benefit consisted of the following:

Three months ended	November 30, 2023	December 1, 2022
Income (loss) before taxes	\$ (1,155)	\$ (176)
Income tax (provision) benefit	(73)	(8)
Effective tax rate	(6.3)%	(4.5)%

For the first quarter of 2024, we recorded tax expense based on actual first quarter results for jurisdictions where small changes in our projected pre-tax income may cause significant changes in the estimated annual effective tax rate.

The change in our effective tax rate for the first quarter of 2024 as compared to the first quarter of 2023 was primarily due to changes in levels of profitability, interim tax expense methodology, and our geographic mix of earnings. Despite a consolidated pre-tax loss on a worldwide basis, we have taxes payable in certain geographies due to minimum taxable income reportable in those geographies.

We operate in a number of jurisdictions outside the United States, including Singapore, where we have tax incentive arrangements. These incentives expire, in whole or in part, at various dates through 2034 and are conditional, in part, upon meeting certain business operations and employment thresholds. As a result of a loss before taxes and geographic mix of income, the benefit from tax incentive arrangements was not material for the first quarters of 2024 and 2023.

Earnings Per Share

Three months ended	November 30, 2023	December 1, 2022
Net income (loss) - Basic and Diluted	\$ (1,234)	\$ (195)
Weighted-average common shares outstanding - Basic and Diluted	1,100	1,090
Earnings (loss) per share		
Basic	\$ (1.12)	\$ (0.18)
Diluted	(1.12)	(0.18)

Antidilutive potential common shares excluded from the computation of diluted earnings per share, that could dilute basic earnings per share in the future, were 35 million for the first quarter of 2024 and 2023.

Segment and Other Information

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

Compute and Networking Business Unit (“CNBU”): Includes memory products and solutions sold into client, cloud server, enterprise, graphics, and networking markets.

Mobile Business Unit (“MBU”): Includes memory and storage products sold into smartphone and other mobile-device markets.

Embedded Business Unit (“EBU”): Includes memory and storage products and solutions sold into automotive, industrial, and consumer markets.

Storage Business Unit (“SBU”): Includes SSDs and component-level solutions sold into enterprise and cloud, client, and consumer storage markets.

Certain operating expenses directly associated with the activities of a specific segment are charged to that segment. Other indirect operating income and expenses are generally allocated to segments based on their respective percentage of cost of goods sold or forecasted wafer production. We do not identify or report internally our assets (other than goodwill) or capital expenditures by segment, nor do we allocate gains and losses from equity method investments, interest, other non-operating income or expense items, or taxes to segments.

EXHIBIT 7(f)

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

FORM 10-Q

(Mark One)

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended February 29, 2024
OR
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to
Commission file number 1-10658

Micron Technology, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)
Address of principal executive offices, including zip code
Registrant's telephone number, including area code

75-1618004

(IRS Employer Identification No.)

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, par value \$0.10 per share	MU	Nasdaq Global Select Market

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

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

Large Accelerated Filer	Accelerated Filer	Non-Accelerated Filer	Smaller Reporting Company	Emerging Growth Company
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

The number of outstanding shares of the registrant's common stock as of March 14, 2024 was 1,107,368,110.

Available Information

Investors and others should note that we announce material financial information about our business and products through a variety of means, including our investor relations website (investors.micron.com), filings with the U.S. Securities and Exchange Commission ("SEC"), press releases, public conference calls, blog posts (micron.com/about/blog), and webcasts. We use these channels to achieve broad, non-exclusionary distribution of information to the public and for complying with our disclosure obligations under Regulation FD. Therefore, we encourage investors, the media, and others interested in our company to review the information we post on such channels.

Forward-Looking Statements

This Form 10-Q contains trend information and other forward-looking statements that involve a number of risks and uncertainties. Such forward-looking statements may be identified by words such as "anticipate," "expect," "intend," "committed," "plan," "opportunities," "future," "believe," "target," "on track," "estimate," "continue," "likely," "may," "will," "would," "should," "could," and variations of such words and similar expressions. However, the absence of these words or similar expressions does not mean that a statement is not forward-looking. Specific forward-looking statements include, but are not limited to, statements such as those made regarding potential change in our effective tax rate; the timing for construction and ramping of production for new memory manufacturing fabs in the United States; intent to make investments at our backend facility in Xi'an, China; receipt and maintenance of government incentives; the payment of future cash dividends; market conditions and profitability in our industry; the impact of the Cyberspace Administration of China decision; capital spending in 2024; and the sufficiency of our cash and investments. Our actual results could differ materially from our historical results and those discussed in the forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to, those identified in "Part II. Other Information - Item 1A. Risk Factors."



PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

Micron Technology, Inc.
Consolidated Statements of Operations

(In millions, except per share amounts)
(Unaudited)

	Quarter ended		Six months ended	
	February 29, 2024	March 2, 2023	February 29, 2024	March 2, 2023
Revenue	\$ 5,824	\$ 3,693	\$ 10,550	\$ 7,778
Cost of goods sold	4,745	4,899	9,506	8,091
Gross margin	1,079	(1,206)	1,044	(313)
Research and development	832	788	1,677	1,637
Selling, general, and administrative	280	231	543	482
Restructure and asset impairments	-	86	-	99
Other operating (income) expense, net	(224)	(8)	(239)	(19)
Operating income (loss)	191	(2,303)	(937)	(2,512)
Interest income	130	119	262	207
Interest expense	(144)	(89)	(276)	(140)
Other non-operating income (expense), net	(7)	2	(34)	(2)
	170	(2,271)	(985)	(2,447)
Income tax (provision) benefit	622	(54)	549	(62)
Equity in net income (loss) of equity method investees	1	13	(5)	2
Net income (loss)	\$ 793	\$ (2,312)	\$ (441)	\$ (2,507)
Earnings (loss) per share				
Basic	\$ 0.72	\$ (2.12)	\$ (0.40)	\$ (2.30)
Diluted	0.71	(2.12)	(0.40)	(2.30)
Number of shares used in per share calculations				
Basic	1,104	1,091	1,102	1,091
Diluted	1,114	1,091	1,102	1,091

See accompanying notes to consolidated financial statements.

Micron Technology, Inc.

Consolidated Statements of Comprehensive Income (Loss)

(In millions)
(Unaudited)

	Quarter ended		Six months ended	
	February 29, 2024	March 2, 2023	February 29, 2024	March 2, 2023
Net income (loss)	\$ 793	\$ (2,312)	\$ (441)	\$ (2,507)
Other comprehensive income (loss), net of tax				
Gains (losses) on derivative instruments	(11)	92	33	200
Pension liability adjustments	(3)	-	(1)	1
Unrealized gains (losses) on investments	9	7	16	(12)
Foreign currency translation adjustments	1	1	-	(2)
Other comprehensive income (loss)	(4)	100	48	187
Total comprehensive income (loss)	\$ 789	\$ (2,212)	\$ (393)	\$ (2,320)

See accompanying notes to consolidated financial statements.



Cash and Investments

All of our short-term investments and long-term marketable investments were classified as available-for-sale as of the dates noted below. Cash and equivalents and the fair values of our available-for-sale investments, which approximated amortized costs, were as follows:

	As of February 29, 2024				As of August 31, 2023			
	Cash and Equivalents	Short-term Investments	Long-term Marketable Investments ⁽¹⁾	Total Fair Value	Cash and Equivalents	Short-term Investments	Long-term Marketable Investments ⁽¹⁾	Total Fair Value
Cash	\$ 5,588	\$ -	\$ -	\$ 5,588	\$ 5,771	\$ -	\$ -	\$ 5,771
Level 1 ⁽²⁾								
Money market funds	1,204	-	-	1,204	1,629	-	-	1,629
Level 2 ⁽³⁾								
Certificates of deposit	1,220	11	-	1,231	1,172	25	-	1,197
Corporate bonds	-	606	286	892	-	737	437	1,174
Asset-backed securities	-	17	330	347	-	15	387	402
Commercial paper	3	183	-	186	-	109	-	109
Government securities	1	173	11	185	5	131	20	156
	8,016	\$ 990	\$ 627	\$ 9,633	8,577	\$ 1,017	\$ 844	\$ 10,438
Restricted cash ⁽⁴⁾	85				79			
Cash, cash equivalents, and restricted cash	\$ 8,101				\$ 8,656			

⁽¹⁾ The maturities of long-term marketable investments primarily range from one to five years, except for asset-backed securities which are not due at a single maturity date.

⁽²⁾ The fair value of Level 1 securities is measured based on quoted prices in active markets for identical assets.

⁽³⁾ The fair value of Level 2 securities is measured using information obtained from pricing services, which obtain quoted market prices for similar instruments, non-binding market consensus prices that are corroborated by observable market data, or various other methodologies, to determine the appropriate value at the measurement date. We perform supplemental analysis to validate information obtained from these pricing services. No adjustments were made to the fair values indicated by such pricing information as of February 29, 2024 or August 31, 2023.

⁽⁴⁾ Restricted cash is included in other current assets and other noncurrent assets and primarily relates to certain government incentives received prior to being earned and for which restrictions lapse upon achieving certain performance conditions or which will be returned if performance conditions are not met.

Gross realized gains and losses from sales of available-for-sale securities were not significant for any period presented.

Non-marketable Equity Investments

In addition to the amounts included in the table above, we had \$189 million and \$218 million of non-marketable equity investments without a readily determinable fair value that were included in other noncurrent assets as of February 29, 2024 and August 31, 2023, respectively. We recognized a loss in other non-operating income (expense) on our non-marketable investments of \$31 million for the first quarter of 2024. The amounts recognized for the other periods presented were not significant. Our non-marketable equity investments are recorded at fair value on a non-recurring basis and classified as Level 3.

Receivables

As of	February 29, 2024	August 31, 2023
Trade receivables	\$ 3,648	\$ 2,048
Income and other taxes	188	194
Other	460	201
	<u>\$ 4,296</u>	<u>\$ 2,443</u>

Inventories

As of	February 29, 2024	August 31, 2023
Finished goods	\$ 1,132	\$ 1,616
Work in process	6,622	6,111
Raw materials and supplies	689	660
	<u>\$ 8,443</u>	<u>\$ 8,387</u>

Property, Plant, and Equipment

As of	February 29, 2024	August 31, 2023
Land	\$ 283	\$ 283
Buildings	18,963	17,967
Equipment ⁽¹⁾	67,273	65,555
Construction in progress ⁽²⁾	2,636	2,464
Software	1,393	1,316
	90,548	87,585
Accumulated depreciation	(52,961)	(49,657)
	<u>\$ 37,587</u>	<u>\$ 37,928</u>

⁽¹⁾ Includes costs related to equipment not placed into service of \$2.27 billion as of February 29, 2024 and \$2.91 billion as of August 31, 2023.

⁽²⁾ Includes building-related construction, tool installation, and software costs for assets not placed into service.

Intangible Assets

	As of February 29, 2024			As of August 31, 2023		
	Gross Amount	Accumulated Amortization	Net Carrying Amount	Gross Amount	Accumulated Amortization	Net Carrying Amount
Product and process technology \$	646	\$ (243)	\$ 403	\$ 613	\$ (209)	\$ 404
Other	11	-	11	-	-	-
	<u>\$ 657</u>	<u>\$ (243)</u>	<u>\$ 414</u>	<u>\$ 613</u>	<u>\$ (209)</u>	<u>\$ 404</u>

In the first six months of 2024 and 2023, we capitalized \$40 million and \$51 million, respectively, for product and process technology with weighted-average useful lives of 9 years and 10 years, respectively. Amortization expense was \$41 million and \$45 million for the first six months of 2024 and 2023, respectively. Expected amortization expense is \$44 million for the remainder of 2024, \$57 million for 2025, \$51 million for 2026, \$47 million for 2027, and \$45 million for 2028.

Leases

The components of lease cost are presented below:

	Quarter ended		Six months ended	
	February 29, 2024	March 2, 2023	February 29, 2024	March 2, 2023
Finance lease cost				
Amortization of right-of-use asset	\$ 37	\$ 25	\$ 69	\$ 49
Interest on lease liability	24	6	30	12
Operating lease cost ⁽¹⁾	35	31	68	67
	<u>\$ 96</u>	<u>\$ 62</u>	<u>\$ 167</u>	<u>\$ 128</u>

⁽¹⁾ Operating lease cost includes short-term and variable lease expenses, which were not material for the periods presented.

Supplemental cash flow information related to leases was as follows:

	February 29, 2024	March 2, 2023
Six months ended		
Cash flows used for operating activities		
Finance leases	\$ 25	\$ 11
Operating leases	66	60
Cash flows used for financing activities - Finance leases	60	53
Noncash acquisitions of right-of-use assets		
Finance leases	483	225
Operating leases	12	35

Supplemental balance sheet information related to leases was as follows:

As of	February 29, 2024	August 31, 2023
Finance lease right-of-use assets (included in property, plant, and equipment)	\$ 1,725	\$ 1,311
Current operating lease liabilities (included in accounts payable and accrued expenses)	65	66
Weighted-average remaining lease term (in years)		
Finance leases	11	9
Operating leases	11	11
Weighted-average discount rate		
Finance leases	4.48 %	3.86 %
Operating leases	3.27 %	3.21 %

For forward points excluded from our effectiveness testing, we recognized losses of \$34 million and \$70 million for the second quarter and first six months of 2024, respectively, in cost of goods sold. The amounts recognized for the second quarter and first six months of 2023 were not significant.

We reclassified losses of \$56 million and \$100 million for the second quarter and first six months of 2024, respectively, and losses of \$54 million and \$122 million for the second quarter and first six months of 2023, respectively, from accumulated other comprehensive income (loss) to earnings, primarily to cost of goods sold. As of February 29, 2024, we expect to reclassify \$126 million of pre-tax losses related to cash flow hedges from accumulated other comprehensive income (loss) into earnings in the next 12 months.

Fair Value Hedges: We utilize fixed-to-floating interest rate swaps designated as fair value hedges to minimize certain exposures to changes in the fair value of fixed-rate debt that result from fluctuations in benchmark interest rates. Interest rate swaps are measured at fair value based on market-based observable inputs including interest rates and credit-risk spreads (Level 2). The changes in the fair values of derivatives designated as fair value hedges and the offsetting changes in the underlying fair values of the hedged items are both recognized in earnings. When a derivative is no longer designated as a fair value hedge for any reason, including termination and maturity, the remaining unamortized difference between the carrying value of the hedged item at that time and the face value of the hedged item is amortized to earnings over the remaining life of the hedged item, or immediately if the hedged item has matured or been extinguished. The effects of fair value hedges on our consolidated statements of operations, recognized in interest expense, were not significant for the periods presented.

Derivative Instruments without Hedge Accounting Designation

Currency Derivatives: We generally utilize a rolling hedge strategy with currency forward contracts that mature within three months to hedge our exposures of monetary assets and liabilities from changes in currency exchange rates. At the end of each reporting period, monetary assets and liabilities denominated in currencies other than the U.S. dollar are remeasured into U.S. dollars and the associated outstanding forward contracts are marked to market. Currency forward contracts are valued at fair values based on the middle of bid and ask prices of dealers or exchange quotations (Level 2). Realized and unrealized gains and losses on derivative instruments without hedge accounting designation as well as the changes in the underlying monetary assets and liabilities from changes in currency exchange rates are included in other non-operating income (expense), net. The amounts recognized for derivative instruments without hedge accounting designation were not significant for the periods presented. We do not use derivative instruments for speculative purposes.

Equity Plans

As of February 29, 2024, 72 million shares of our common stock were available for future awards under our equity plans, including 12 million shares approved for issuance under our employee stock purchase plan ("ESPP").

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

Restricted Stock Awards activity is summarized as follows:

Six months ended	February 29, 2024	March 2, 2023
Restricted stock award shares granted	12	14
Weighted-average grant-date fair value per share	\$ 67.78	\$ 54.00

Employee Stock Purchase Plan ("ESPP")

For each six-month ESPP offering period that ended in the second quarter of 2024 and 2023, employees purchased 2 million and 3 million shares, respectively, at a share price of \$60.68 and \$52.45, respectively.

Stock-based Compensation Expense

Stock-based compensation expense recognized in our statements of operations is presented below. Stock-based compensation expense of \$98 million and \$88 million was capitalized and remained in inventory as of February 29, 2024 and August 31, 2023, respectively.

	Quarter ended		Six months ended	
	February 29, 2024	March 2, 2023	February 29, 2024	March 2, 2023
Stock-based compensation expense by caption				
Cost of goods sold	\$ 80	\$ 40	\$ 147	\$ 76
Research and development	77	59	145	112
Selling, general, and administrative	52	36	99	73
Restructure	-	(2)	-	(2)
	<u>\$ 209</u>	<u>\$ 133</u>	<u>\$ 391</u>	<u>\$ 259</u>
Stock-based compensation expense by type of award				
Restricted stock awards	\$ 191	\$ 116	\$ 354	\$ 225
ESPP	18	17	37	34
	<u>\$ 209</u>	<u>\$ 133</u>	<u>\$ 391</u>	<u>\$ 259</u>

As of February 29, 2024, \$1.69 billion of total unrecognized compensation costs for unvested awards, before the effect of any future forfeitures, was expected to be recognized through the second quarter of 2028, resulting in a weighted-average period of 1.3 years.

Revenue and Customer Contract Liabilities

Revenue is primarily recognized at a point in time when control of the promised goods is transferred to our customers in an amount that reflects the consideration we expect to be entitled to in exchange for those goods. Substantially all contracts with our customers are short-term in duration at fixed, negotiated prices with payment generally due shortly after delivery. From time to time, we have contracts with initial terms that include performance obligations that extend beyond one year. As of February 29, 2024, our future performance obligations beyond one year were not significant.

Revenue by Technology

	Quarter ended		Six months ended	
	February 29, 2024	March 2, 2023	February 29, 2024	March 2, 2023
DRAM	\$ 4,158	\$ 2,722	\$ 7,585	\$ 5,551
NAND	1,567	885	2,797	1,988
Other (primarily NOR)	99	86	168	239
	<u>\$ 5,824</u>	<u>\$ 3,693</u>	<u>\$ 10,550</u>	<u>\$ 7,778</u>

See "Segment and Other Information" for disclosure of disaggregated revenue by market segment.

Customer Contract Liabilities

Contract liabilities from customer prepayments made to secure product supply in future periods were approximately \$600 million as of February 29, 2024 and were reported within other current liabilities.

As of February 29, 2024 and August 31, 2023, other current liabilities also included \$562 million and \$453 million, respectively, for estimates of consideration payable to customers including estimates for pricing adjustments and returns.

Restructure and Asset Impairments

	Quarter ended		Six months ended	
	February 29, 2024	March 2, 2023	February 29, 2024	March 2, 2023
Employee severance	\$ -	\$ 80	\$ -	\$ 93
Asset impairments and other asset-related costs	-	8	-	8
Other	-	(2)	-	(2)
	<u>\$ -</u>	<u>\$ 86</u>	<u>\$ -</u>	<u>\$ 99</u>

In 2023, we initiated a restructure plan in response to challenging industry conditions (the "2023 Restructure Plan"). Under the 2023 Restructure Plan, we reduced our headcount by approximately 15% by the end of calendar 2023, through a combination of voluntary attrition and personnel reductions. The plan was substantially completed in 2023.

Other Operating (Income) Expense, Net

	Quarter ended		Six months ended	
	February 29, 2024	March 2, 2023	February 29, 2024	March 2, 2023
Patent cross-license agreement gain	\$ (200)	\$ -	\$ (200)	\$ -
(Gain) loss on disposition of property, plant, and equipment	(9)	(9)	(25)	(22)
Other	(15)	1	(14)	3
	<u>\$ (224)</u>	<u>\$ (8)</u>	<u>\$ (239)</u>	<u>\$ (19)</u>

Income Taxes

Our income tax (provision) benefit consisted of the following:

	Quarter ended		Six months ended	
	February 29, 2024	March 2, 2023	February 29, 2024	March 2, 2023
Income (loss) before taxes	\$ 170	\$ (2,271)	\$ (985)	\$ (2,447)
Income tax (provision) benefit	622	(54)	549	(62)
Effective tax rate	(365.9)%	(2.4)%	55.7 %	(2.5)%

EXHIBIT 7(g)

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

FORM 10-Q

(Mark One)

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended **May 30, 2024**
- OR**
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to
Commission file number **1-10658**

Micron Technology, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)
Address of principal executive offices, including zip code
Registrant's telephone number, including area code

75-1618004

(IRS Employer Identification No.)

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, par value \$0.10 per share	MU	Nasdaq Global Select Market

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

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

Large Accelerated Filer	Accelerated Filer	Non-Accelerated Filer	Smaller Reporting Company	Emerging Growth Company
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

The number of outstanding shares of the registrant's common stock as of June 20, 2024 was 1,108,841,326.

Available Information

Investors and others should note that we announce material financial information about our business and products through a variety of means, including our investor relations website (investors.micron.com), filings with the U.S. Securities and Exchange Commission ("SEC"), press releases, public conference calls, blog posts (micron.com/about/blog), and webcasts. We use these channels to achieve broad, non-exclusionary distribution of information to the public and for complying with our disclosure obligations under Regulation FD. Therefore, we encourage investors, the media, and others interested in our company to review the information we post on such channels.

Forward-Looking Statements

This Form 10-Q contains trend information and other forward-looking statements that involve a number of risks and uncertainties. Such forward-looking statements may be identified by words such as "anticipate," "expect," "intend," "committed," "plan," "opportunities," "future," "believe," "target," "on track," "estimate," "continue," "likely," "may," "will," "would," "should," "could," and variations of such words and similar expressions. However, the absence of these words or similar expressions does not mean that a statement is not forward-looking. Specific forward-looking statements include, but are not limited to, statements such as those made regarding potential change in our effective tax rate; the timing for construction and ramping of production for new memory manufacturing fabs in the United States; receipt and maintenance of government incentives; the payment of future cash dividends; market conditions and profitability in our industry; our DRAM and NAND market share; the impact of the Cyberspace Administration of China decision; capital spending in 2024; and the sufficiency of our cash and investments. Our actual results could differ materially from our historical results and those discussed in the forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to, those identified in "Part II. Other Information - Item 1A. Risk Factors."



PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

Micron Technology, Inc.
Consolidated Statements of Operations

(In millions, except per share amounts)
(Unaudited)

	Quarter ended		Nine months ended	
	May 30, 2024	June 1, 2023	May 30, 2024	June 1, 2023
Revenue	\$ 6,811	\$ 3,752	\$ 17,361	\$ 11,530
Cost of goods sold	4,979	4,420	14,485	12,511
Gross margin	1,832	(668)	2,876	(981)
Research and development	850	758	2,527	2,395
Selling, general, and administrative	291	219	834	701
Restructure and asset impairments	-	68	-	167
Other operating (income) expense, net	(28)	48	(267)	29
Operating income (loss)	719	(1,761)	(218)	(4,273)
Interest income	136	127	398	334
Interest expense	(150)	(119)	(426)	(259)
Other non-operating income (expense), net	10	-	(24)	(2)
	715	(1,753)	(270)	(4,200)
Income tax (provision) benefit	(377)	(139)	172	(201)
Equity in net income (loss) of equity method investees	(6)	(4)	(11)	(2)
Net income (loss)	\$ 332	\$ (1,896)	\$ (109)	\$ (4,403)
Earnings (loss) per share				
Basic	\$ 0.30	\$ (1.73)	\$ (0.10)	\$ (4.03)
Diluted	0.30	(1.73)	(0.10)	(4.03)
Number of shares used in per share calculations				
Basic	1,107	1,094	1,104	1,092
Diluted	1,123	1,094	1,104	1,092

See accompanying notes to consolidated financial statements.

Micron Technology, Inc.

Consolidated Statements of Comprehensive Income (Loss)

(In millions)
(Unaudited)

	Quarter ended		Nine months ended	
	May 30, 2024	June 1, 2023	May 30, 2024	June 1, 2023
Net income (loss)	\$ 332	\$ (1,896)	\$ (109)	\$ (4,403)
Other comprehensive income (loss), net of tax				
Gains (losses) on derivative instruments	(47)	22	(14)	222
Pension liability adjustments	(1)	(2)	(2)	(1)
Unrealized gains (losses) on investments	1	12	17	-
Foreign currency translation adjustments	-	1	-	(1)
Other comprehensive income (loss)	(47)	33	1	220
Total comprehensive income (loss)	\$ 285	\$ (1,863)	\$ (108)	\$ (4,183)

See accompanying notes to consolidated financial statements.



Cash and Investments

All of our short-term investments and long-term marketable investments were classified as available-for-sale as of the dates noted below. Cash and equivalents and the fair values of our available-for-sale investments, which approximated amortized costs, were as follows:

	As of May 30, 2024				As of August 31, 2023			
	Cash and Equivalents	Short-term Investments	Long-term Marketable Investments ⁽¹⁾	Total Fair Value	Cash and Equivalents	Short-term Investments	Long-term Marketable Investments ⁽¹⁾	Total Fair Value
Cash	\$ 6,355	\$ -	\$ -	\$ 6,355	\$ 5,771	\$ -	\$ -	\$ 5,771
Level 1 ⁽²⁾								
Money market funds	570	-	-	570	1,629	-	-	1,629
Level 2 ⁽³⁾								
Certificates of deposit	554	6	-	560	1,172	25	-	1,197
Corporate bonds	-	454	418	872	-	737	437	1,174
Asset-backed securities	-	42	337	379	-	15	387	402
Commercial paper	56	130	-	186	-	109	-	109
Government securities	59	153	20	232	5	131	20	156
	7,594	\$ 785	\$ 775	\$ 9,154	8,577	\$ 1,017	\$ 844	\$ 10,438
Restricted cash ⁽⁴⁾	70				79			
Cash, cash equivalents, and restricted cash	\$ 7,664				\$ 8,656			

⁽¹⁾ The maturities of long-term marketable investments primarily range from one to five years, except for asset-backed securities which are not due at a single maturity date.

⁽²⁾ The fair value of Level 1 securities is measured based on quoted prices in active markets for identical assets.

⁽³⁾ The fair value of Level 2 securities is measured using information obtained from pricing services, which obtain quoted market prices for similar instruments, non-binding market consensus prices that are corroborated by observable market data, or various other methodologies, to determine the appropriate value at the measurement date. We perform supplemental analysis to validate information obtained from these pricing services. No adjustments were made to the fair values indicated by such pricing information as of May 30, 2024 or August 31, 2023.

⁽⁴⁾ Restricted cash is included in other current assets and other noncurrent assets and primarily relates to certain government incentives received prior to being earned and for which restrictions lapse upon achieving certain performance conditions or which will be returned if performance conditions are not met.

Gross realized gains and losses from sales of available-for-sale securities were not significant for any period presented.

Non-marketable Equity Investments

In addition to the amounts included in the table above, we had \$192 million and \$218 million of non-marketable equity investments without a readily determinable fair value that were included in other noncurrent assets as of May 30, 2024 and August 31, 2023, respectively. We recognized a net loss in other non-operating income (expense) on our non-marketable investments of \$29 million for the first nine months of 2024. The amounts recognized for the other periods presented were not significant. Our non-marketable equity investments are recorded at fair value on a non-recurring basis and classified as Level 3.

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Receivables

As of	May 30, 2024	August 31, 2023
Trade receivables	\$ 4,416	\$ 2,048
Government incentives	340	105
Income and other taxes	208	194
Other	167	96
	<u>\$ 5,131</u>	<u>\$ 2,443</u>

Inventories

As of	May 30, 2024	August 31, 2023
Finished goods	\$ 1,280	\$ 1,616
Work in process	6,542	6,111
Raw materials and supplies	690	660
	<u>\$ 8,512</u>	<u>\$ 8,387</u>

Property, Plant, and Equipment

As of	May 30, 2024	August 31, 2023
Land	\$ 284	\$ 283
Buildings	19,134	17,967
Equipment ⁽¹⁾	68,426	65,555
Construction in progress ⁽²⁾	3,351	2,464
Software	1,346	1,316
	92,541	87,585
Accumulated depreciation	(54,615)	(49,657)
	<u>\$ 37,926</u>	<u>\$ 37,928</u>

⁽¹⁾ Includes costs related to equipment not placed into service of \$1.77 billion as of May 30, 2024 and \$2.91 billion as of August 31, 2023.

⁽²⁾ Includes building-related construction, tool installation, and software costs for assets not placed into service.

Intangible Assets

	As of May 30, 2024			As of August 31, 2023		
	Gross Amount	Accumulated Amortization	Net Carrying Amount	Gross Amount	Accumulated Amortization	Net Carrying Amount
Product and process technology \$	662	\$ (260)	\$ 402	\$ 613	\$ (209)	\$ 404
Other	11	-	11	-	-	-
	<u>\$ 673</u>	<u>\$ (260)</u>	<u>\$ 413</u>	<u>\$ 613</u>	<u>\$ (209)</u>	<u>\$ 404</u>

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In the first nine months of 2024 and 2023, we capitalized \$60 million and \$72 million, respectively, for product and process technology with weighted-average useful lives of 10 years and 9 years, respectively. Amortization expense was \$61 million and \$66 million for the first nine months of 2024 and 2023, respectively. Expected amortization expense is \$21 million for the remainder of 2024, \$63 million for 2025, \$53 million for 2026, \$49 million for 2027, and \$47 million for 2028.

Leases

The components of lease cost are presented below:

	Quarter ended		Nine months ended	
	May 30, 2024	June 1, 2023	May 30, 2024	June 1, 2023
Finance lease cost				
Amortization of right-of-use asset	\$ 52	\$ 28	\$ 121	\$ 77
Interest on lease liability	18	6	48	18
Operating lease cost ⁽¹⁾	35	34	103	101
	<u>\$ 105</u>	<u>\$ 68</u>	<u>\$ 272</u>	<u>\$ 196</u>

⁽¹⁾ Operating lease cost includes short-term and variable lease expenses, which were not material for the periods presented.

Supplemental cash flow information related to leases was as follows:

	May 30, 2024	June 1, 2023
Nine months ended		
Cash flows used for operating activities		
Finance leases	\$ 41	\$ 17
Operating leases	98	91
Cash flows used for financing activities - Finance leases	99	79
Noncash acquisitions of right-of-use assets		
Finance leases	758	354
Operating leases	48	35

Supplemental balance sheet information related to leases was as follows:

As of	May 30, 2024	August 31, 2023
Finance lease right-of-use assets (included in property, plant, and equipment)	\$ 1,944	\$ 1,311
Current operating lease liabilities (included in accounts payable and accrued expenses)	68	66
Weighted-average remaining lease term (in years)		
Finance leases	8	9
Operating leases	10	11
Weighted-average discount rate		
Finance leases	4.78 %	3.86 %
Operating leases	3.37 %	3.21 %



Stock-based Compensation Expense

Stock-based compensation expense recognized in our statements of operations is presented below. Stock-based compensation expense of \$100 million and \$88 million was capitalized and remained in inventory as of May 30, 2024 and August 31, 2023, respectively.

	Quarter ended		Nine months ended	
	May 30, 2024	June 1, 2023	May 30, 2024	June 1, 2023
Stock-based compensation expense by caption				
Cost of goods sold	\$ 80	\$ 61	\$ 227	\$ 137
Research and development	77	57	222	169
Selling, general, and administrative	60	34	159	107
Restructure	-	(4)	-	(6)
	<u>\$ 217</u>	<u>\$ 148</u>	<u>\$ 608</u>	<u>\$ 407</u>
Stock-based compensation expense by type of award				
Restricted stock awards	\$ 201	\$ 129	\$ 555	\$ 354
ESPP	16	19	53	53
	<u>\$ 217</u>	<u>\$ 148</u>	<u>\$ 608</u>	<u>\$ 407</u>

As of May 30, 2024, \$1.51 billion of total unrecognized compensation costs for unvested awards, before the effect of any future forfeitures, was expected to be recognized through the third quarter of 2028, resulting in a weighted-average period of 1.3 years.

Revenue and Customer Contract Liabilities

Revenue by Technology

	Quarter ended		Nine months ended	
	May 30, 2024	June 1, 2023	May 30, 2024	June 1, 2023
DRAM	\$ 4,692	\$ 2,672	\$ 12,277	\$ 8,223
NAND	2,065	1,013	4,862	3,001
Other (primarily NOR)	54	67	222	306
	<u>\$ 6,811</u>	<u>\$ 3,752</u>	<u>\$ 17,361</u>	<u>\$ 11,530</u>

See “Segment and Other Information” for disclosure of disaggregated revenue by market segment.

Revenue is primarily recognized at a point in time when control of the promised goods is transferred to our customers in an amount that reflects the consideration we expect to be entitled to in exchange for those goods. Substantially all contracts with our customers are short-term in duration at fixed, negotiated prices with payment generally due shortly after delivery. From time to time, we have contracts with initial terms that include performance obligations that extend beyond one year. As of May 30, 2024, our future performance obligations beyond one year were \$141 million, which included customer prepayments and other contract liabilities. Customer prepayments made to secure product supply in future periods and other contract liabilities were \$756 million as of May 30, 2024, of which \$615 million was reported in other current liabilities and the remainder in other noncurrent liabilities.

As of May 30, 2024 and August 31, 2023, other current liabilities also included \$617 million and \$453 million, respectively, for estimates of consideration payable to customers including estimates for pricing adjustments and returns.

Restructure and Asset Impairments

	Quarter ended		Nine months ended	
	May 30, 2024	June 1, 2023	May 30, 2024	June 1, 2023
Employee severance	\$ -	\$ 70	\$ -	\$ 163
Asset impairments and other asset-related costs	-	1	-	9
Other	-	(3)	-	(5)
	<u>\$ -</u>	<u>\$ 68</u>	<u>\$ -</u>	<u>\$ 167</u>

In 2023, we initiated a restructure plan in response to challenging industry conditions (the “2023 Restructure Plan”). Under the 2023 Restructure Plan, we reduced our headcount by approximately 15% by the end of calendar 2023, through a combination of voluntary attrition and personnel reductions. The plan was substantially completed in 2023.

Other Operating (Income) Expense, Net

	Quarter ended		Nine months ended	
	May 30, 2024	June 1, 2023	May 30, 2024	June 1, 2023
(Gain) loss on disposition of property, plant, and equipment	\$ (38)	\$ (24)	\$ (63)	\$ (46)
Patent cross-license agreement gain	-	-	(200)	-
Litigation settlement	-	68	-	68
Other	10	4	(4)	7
	<u>\$ (28)</u>	<u>\$ 48</u>	<u>\$ (267)</u>	<u>\$ 29</u>

Income Taxes

Our income tax (provision) benefit consisted of the following:

	Quarter ended		Nine months ended	
	May 30, 2024	June 1, 2023	May 30, 2024	June 1, 2023
Income (loss) before taxes	\$ 715	\$ (1,753)	\$ (270)	\$ (4,200)
Income tax (provision) benefit	(377)	(139)	172	(201)
Effective tax rate	52.7 %	(7.9)%	63.7 %	(4.8)%

In the first quarter of 2024, our tax expense was based on actual results for jurisdictions where small changes in our projected pre-tax income would have caused significant changes in the estimated annual effective tax rate. With our improved fiscal 2024 outlook, we were able to estimate a more reliable annual effective tax rate and have reverted to a global annual effective tax rate method for all jurisdictions beginning in the second quarter of 2024.

The changes in our effective tax rate for the third quarter and first nine months of 2024 as compared to the third quarter and first nine months of 2023 were primarily due to changes in profitability and discrete items primarily related to tax return filings.

We operate in a number of jurisdictions outside the United States, including Singapore, where we have tax incentive arrangements. These incentives expire, in whole or in part, at various dates through 2034 and are conditional, in part, upon meeting certain business operations and employment thresholds. As a result of the low level of profitability and the geographic mix of income, the benefit from tax incentive arrangements was not material for the periods presented.

As of May 30, 2024, other current assets included \$539 million related to income taxes.

EXHIBIT 7(h)

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

FORM 10-Q

(Mark One)

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended November 28, 2024
OR
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to
Commission file number 1-10658

Micron Technology, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)
Address of principal executive offices, including zip code
Registrant's telephone number, including area code

75-1618004
(IRS Employer Identification No.)
8000 S. Federal Way, Boise, Idaho 83716-9632
(208) 368-4000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, par value \$0.10 per share	MU	Nasdaq Global Select Market

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

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

Large Accelerated Filer	Accelerated Filer	Non-Accelerated Filer	Smaller Reporting Company	Emerging Growth Company
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

The number of outstanding shares of the registrant's common stock as of December 12, 2024 was 1,114,171,932.

Forward-Looking Statements

This Form 10-Q contains trend information and other forward-looking statements that involve a number of risks and uncertainties. Such forward-looking statements may be identified by words such as "anticipate," "expect," "intend," "pledge," "committed," "plan," "opportunities," "future," "believe," "target," "on track," "estimate," "continue," "likely," "may," "will," "would," "should," "could," and variations of such words and similar expressions. However, the absence of these words or similar expressions does not mean that a statement is not forward-looking. Specific forward-looking statements include, but are not limited to, statements such as those made regarding expected production ramp of certain products; plans to invest in research and development, including the plans to implement EUV lithography; anticipated technological developments; potential change in our effective tax rate; the timing for construction and ramping of production for our facilities, including new memory manufacturing fabs in the United States; receipt, timing, and utilization of government incentives; the payment of future cash dividends; market conditions and profitability in our industry; future demand for our products; DRAM bit shipments in future periods; actions to align our NAND supply with industry demand trends; the impact of the Cyberspace Administration of China decision; capital spending in 2025; the potential impact of business, economic, political, legal and regulatory developments upon our global operations; and the sufficiency of our cash and investments. Our actual results could differ materially from our historical results and those discussed in the forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to, those identified in "Part II. Other Information - Item 1A. Risk Factors."



PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

Micron Technology, Inc.
Consolidated Statements of Operations

(In millions, except per share amounts)
(Unaudited)

Three months ended	November 28, 2024	November 30, 2023
Revenue	\$ 8,709	\$ 4,726
Cost of goods sold	5,361	4,761
Gross margin	3,348	(35)
Research and development	888	845
Selling, general, and administrative	288	263
Other operating (income) expense, net	(2)	(15)
Operating income (loss)	2,174	(1,128)
Interest income	107	132
Interest expense	(118)	(132)
Other non-operating income (expense), net	(11)	(27)
	2,152	(1,155)
Income tax (provision) benefit	(283)	(73)
Equity in net income (loss) of equity method investees	1	(6)
Net income (loss)	\$ 1,870	\$ (1,234)
Earnings (loss) per share		
Basic	\$ 1.68	\$ (1.12)
Diluted	1.67	(1.12)
Number of shares used in per share calculations		
Basic	1,111	1,100
Diluted	1,122	1,100

See accompanying notes to consolidated financial statements.

Micron Technology, Inc.

Consolidated Statements of Comprehensive Income (Loss)

(In millions)
(Unaudited)

Three months ended	November 28, 2024	November 30, 2023
Net income (loss)	\$ 1,870	\$ (1,234)
Other comprehensive income (loss), net of tax		
Gains (losses) on derivative instruments	(85)	44
Unrealized gains (losses) on investments	(2)	7
Pension liability adjustments	-	2
Foreign currency translation adjustments	-	(1)
Other comprehensive income (loss)	(87)	52
Total comprehensive income (loss)	\$ 1,783	\$ (1,182)

See accompanying notes to consolidated financial statements.

micron₆

Variable Interest Entities

Certain third-party special purpose entities (the "Lease SPEs") facilitate equipment lease financing transactions between us and various financial institutions. Neither we nor the financial institutions have an equity interest in the Lease SPEs, which are variable interest entities. The arrangements are financing vehicles and we do not bear any significant risks from variable interests with the Lease SPEs. We do not direct the activities of the Lease SPEs that most significantly impact their economic performance and, as such, we do not consolidate them. As of November 28, 2024, we had approximately \$1.03 billion of finance lease liabilities and right-of-use assets under these arrangements.

Cash and Investments

All of our short-term investments and long-term marketable investments were classified as available-for-sale as of the dates noted below. Cash and equivalents and the fair values of our available-for-sale investments, which approximated amortized costs, were as follows:

	As of November 28, 2024				As of August 29, 2024			
	Cash and Equivalents	Short-term Investments	Long-term Marketable Investments ⁽¹⁾	Total Fair Value	Cash and Equivalents	Short-term Investments	Long-term Marketable Investments ⁽¹⁾	Total Fair Value
Cash	\$ 6,249	\$ -	\$ -	\$ 6,249	\$ 6,654	\$ -	\$ -	\$ 6,654
Level 1 ⁽²⁾								
Money market funds	15	-	-	15	20	-	-	20
Level 2 ⁽³⁾								
Certificates of deposit	354	-	-	354	316	6	-	322
Corporate bonds	40	666	671	1,377	-	771	571	1,342
Asset-backed securities	3	31	429	463	-	46	433	479
Government securities	26	63	56	145	35	82	42	159
Commercial paper	6	135	-	141	16	160	-	176
	6,693	\$ 895	\$ 1,156	\$ 8,744	7,041	\$ 1,065	\$ 1,046	\$ 9,152
Restricted cash ⁽⁴⁾	4				11			
Cash, cash equivalents, and restricted cash	\$ 6,697				\$ 7,052			

⁽¹⁾ The maturities of long-term marketable investments primarily range from one to five years, except for asset-backed securities which are not due at a single maturity date.

⁽²⁾ The fair value of Level 1 securities is measured based on quoted prices in active markets for identical assets.

⁽³⁾ The fair value of Level 2 securities is measured using information obtained from pricing services, which obtain quoted market prices for similar instruments, non-binding market consensus prices that are corroborated by observable market data, or various other methodologies, to determine the appropriate value at the measurement date. We perform supplemental analysis to validate information obtained from these pricing services. No adjustments were made to the fair values indicated by such pricing information as of November 28, 2024 or August 29, 2024.

⁽⁴⁾ Restricted cash is included in other current assets and primarily relates to certain government incentives received prior to being earned and for which restrictions lapse upon achieving certain performance conditions or which will be returned if performance conditions are not met.

Gross realized gains and losses from sales of available-for-sale securities were not significant for any period presented.

Non-marketable Equity Investments

In addition to the amounts included in the table above, we had \$194 million and \$190 million of non-marketable equity investments without a readily determinable fair value that were included in other noncurrent assets as of November 28, 2024 and August 29, 2024, respectively. For non-marketable investments, we recognized in other non-operating income (expense) a net loss of \$31 million for the first quarter of 2024. The amount recognized for the first quarter of 2025 was not significant. Our non-marketable equity investments are recorded at fair value on a non-recurring basis and classified as Level 3.

Receivables

As of	November 28, 2024	August 29, 2024
Trade receivables	\$ 6,250	\$ 5,419
Government incentives	809	834
Income and other taxes	292	268
Other	72	94
	<u>\$ 7,423</u>	<u>\$ 6,615</u>

Inventories

As of	November 28, 2024	August 29, 2024
Finished goods	\$ 1,211	\$ 1,308
Work in process	6,689	6,774
Raw materials and supplies	805	793
	<u>\$ 8,705</u>	<u>\$ 8,875</u>

Property, Plant, and Equipment

As of	November 28, 2024	August 29, 2024
Land	\$ 352	\$ 284
Buildings	20,393	20,141
Equipment ⁽¹⁾	72,973	70,813
Construction in progress ⁽²⁾	4,322	3,444
Software	1,486	1,365
	<u>99,526</u>	<u>96,047</u>
Accumulated depreciation	(58,050)	(56,298)
	<u>\$ 41,476</u>	<u>\$ 39,749</u>

⁽¹⁾ Includes costs related to equipment not placed into service of \$3.09 billion as of November 28, 2024 and \$3.10 billion as of August 29, 2024.

⁽²⁾ Primarily includes building-related construction and tool installation.

Leases

The components of lease cost are presented below:

Three months ended	November 28, 2024	November 30, 2023
Finance lease cost		
Amortization of right-of-use asset	\$ 62	\$ 32
Interest on lease liability	24	6
Operating lease cost ⁽¹⁾	38	33
	<u>\$ 124</u>	<u>\$ 71</u>

⁽¹⁾ Operating lease cost includes short-term and variable lease expenses, which were not material for the periods presented.

Supplemental cash flow information related to leases was as follows:

Three months ended	November 28, 2024	November 30, 2023
Cash flows used for operating activities		
Finance leases	\$ 20	\$ 6
Operating leases	36	33
Cash flows used for financing activities - Finance leases	58	27
Noncash acquisitions of right-of-use assets		
Finance leases	505	217
Operating leases	-	-

Supplemental balance sheet information related to leases was as follows:

As of	November 28, 2024	August 29, 2024
Finance lease right-of-use assets (included in property, plant, and equipment)	\$ 2,481	\$ 2,038
Current operating lease liabilities (included in accounts payable and accrued expenses)	70	71
Weighted-average remaining lease term (in years)		
Finance leases	7	8
Operating leases	10	10
Weighted-average discount rate		
Finance leases	5.06 %	4.91 %
Operating leases	3.49 %	3.42 %

Stock-based Compensation Expense

Stock-based compensation expense recognized in our statements of operations is presented below. Stock-based compensation expense of \$101 million and \$99 million was capitalized and remained in inventory as of November 28, 2024 and August 29, 2024, respectively.

Three months ended	November 28, 2024	November 30, 2023
Stock-based compensation expense by caption		
Cost of goods sold	\$ 90	\$ 67
Research and development	77	68
Selling, general, and administrative	50	47
	<u>\$ 217</u>	<u>\$ 182</u>
Stock-based compensation expense by type of award		
Restricted stock awards	\$ 192	\$ 163
ESPP	25	19
	<u>\$ 217</u>	<u>\$ 182</u>

As of November 28, 2024, \$2.14 billion of total unrecognized compensation costs for unvested awards, before the effect of any future forfeitures, was expected to be recognized through the first quarter of 2029, resulting in a weighted-average period of 1.4 years.

Revenue and Customer Contract Liabilities

Revenue by Technology

Three months ended	November 28, 2024	November 30, 2023
DRAM	\$ 6,400	\$ 3,427
NAND	2,241	1,230
Other (primarily NOR)	68	69
	\$ 8,709	\$ 4,726

See "Item 1. Financial Statements - Notes to Consolidated Financial Statements - Segment and Other Information" for disclosure of disaggregated revenue by market segment.

Revenue is primarily recognized at a point in time when control of the promised goods is transferred to our customers in an amount that reflects the consideration we expect to be entitled to in exchange for those goods. Substantially all contracts with our customers are short-term in duration at fixed, negotiated prices with payment generally due shortly after delivery. From time to time, we have contracts with initial terms that include performance obligations that extend beyond one year. As of November 28, 2024, our future performance obligations beyond one year were \$141 million, which included customer prepayments and other contract liabilities.

As of November 28, 2024 and August 29, 2024, customer prepayments made to secure product supply in future periods and other contract liabilities were \$614 million and \$907 million, respectively, of which \$473 million and \$766 million were reported in other current liabilities, respectively. The remainder of the customer prepayments and other contract liabilities were in other noncurrent liabilities. Revenue recognized during the first three months of 2025 from the beginning balance as of August 29, 2024 included \$301 million from shipments against customer prepayments and other contract liabilities.

As of November 28, 2024 and August 29, 2024, other current liabilities included \$858 million and \$718 million, respectively, for estimates of consideration payable to customers including estimates for pricing adjustments and returns.

Income Taxes

Our income tax (provision) benefit consisted of the following:

Three months ended	November 28, 2024	November 30, 2023
Income (loss) before taxes	\$ 2,152	\$ (1,155)
Income tax (provision) benefit	(283)	(73)
Effective tax rate	13.2 %	(6.3)%

For the first quarter of 2024, our tax expense was based on actual results for jurisdictions where small changes in our projected pre-tax income would have caused significant changes in the estimated annual effective tax rate. Beginning in the second quarter of 2024, we were able to estimate a more reliable annual effective tax rate and reverted to a global annual effective tax rate method for all jurisdictions.

The change in our effective tax rate for the first quarter of 2025 as compared to the first quarter of 2024 was primarily due to changes in profitability and the calculation of our tax expense using actual results in the first quarter of 2024.

We operate in a number of jurisdictions outside the United States, including Singapore, where we have tax incentive arrangements. These incentives expire, in whole or in part, at various dates through 2034 and are conditional, in

part, upon meeting certain business operations and employment thresholds. The effect of tax incentive arrangements reduced our tax provision by \$212 million (benefiting our diluted earnings per share by \$0.19) for the first quarter of 2025. As a result of a loss before taxes and geographic mix of income, the benefit from tax incentive arrangements was not material for the first quarter 2024.

Earnings Per Share

Three months ended	November 28, 2024	November 30, 2023
Net income (loss) - Basic and Diluted	\$ 1,870	\$ (1,234)
Weighted-average common shares outstanding - Basic	1,111	1,100
Dilutive effect of equity compensation plans	11	-
Weighted-average common shares outstanding - Diluted	1,122	1,100
Earnings (loss) per share		
Basic	\$ 1.68	\$ (1.12)
Diluted	1.67	(1.12)

Antidilutive potential common shares excluded from the computation of diluted earnings per share, that could dilute basic earnings per share in the future, were 2 million for the first quarter of 2025 and 35 million for the first quarter of 2024.

Segment and Other Information

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

Compute and Networking Business Unit (“CNBU”): Includes memory products and solutions sold into the data center, PC, graphics, and networking markets.

Storage Business Unit (“SBU”): Includes SSDs and component-level storage solutions sold into the data center, PC, and consumer markets.

Mobile Business Unit (“MBU”): Includes memory and storage products sold into the smartphone and other mobile-device markets.

Embedded Business Unit (“EBU”): Includes memory and storage products and solutions sold into the intelligent edge through the automotive, industrial, and consumer embedded markets.

Certain operating expenses directly associated with the activities of a specific segment are charged to that segment. Other indirect operating income and expenses are generally allocated to segments based on their respective percentage of cost of goods sold or forecasted wafer production. We do not identify or report internally our assets (other than goodwill) or capital expenditures by segment, nor do we allocate gains and losses from equity method investments, interest, other non-operating income or expense items, or taxes to segments.

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

This discussion should be read in conjunction with the consolidated financial statements and accompanying notes for the year ended August 29, 2024. All period references are to our fiscal periods unless otherwise indicated. Our fiscal year is the 52 or 53-week period ending on the Thursday closest to August 31. Fiscal 2025 and 2024 each contain 52 weeks. All tabular dollar amounts are in millions, except per share amounts.

Overview

We are an industry leader in innovative memory and storage solutions transforming how the world uses information to enrich life *for all*. With a relentless focus on our customers, technology leadership, manufacturing, and operational excellence, Micron delivers a rich portfolio of high-performance DRAM, NAND, and NOR memory and storage products through our Micron® and Crucial® brands. Every day, the innovations that our people create fuel the data economy, enabling advances in artificial intelligence (AI) and compute-intensive applications that unleash opportunities - from the data center to the intelligent edge and across the client and mobile user experience.

We manufacture our products at wholly-owned facilities and also utilize subcontractors for certain manufacturing processes. Our global network of manufacturing centers of excellence not only allows us to benefit from scale while streamlining processes and operations, but it also brings together some of the world's brightest talent to work on the most advanced memory technology. Centers of excellence bring expertise together in one location, providing an efficient support structure for end-to-end manufacturing, with quicker cycle times, in partnership with teams such as research and development ("R&D"), product development, human resources, procurement, and supply chain. For our locations in Singapore and Taiwan, this is also a combination of bringing fabrication and back-end manufacturing together. We make significant investments to develop proprietary product and process technology, which generally increases bit density per wafer and reduces per-bit manufacturing costs of each generation of product. We continue to introduce new generations of products that offer improved performance characteristics, including higher data transfer rates, advanced packaging solutions, lower power consumption, improved read/write reliability, and increased memory density.

We face intense competition in the semiconductor memory and storage markets. To remain competitive we must continuously develop and implement new products and technologies and decrease manufacturing costs in spite of inflationary pressures. Our success is largely dependent on obtaining returns on our R&D investments, efficient utilization of our manufacturing infrastructure, development and integration of advanced product and process technologies, market acceptance of our diversified portfolio of semiconductor-based memory and storage solutions, and efficient capital spending.

Product Technologies

Our product portfolio of memory and storage solutions, advanced solutions, and storage platforms is based on our high-performance semiconductor memory and storage technologies, including DRAM, NAND, and NOR. We sell our products through our business units into various markets in numerous forms, including: components, modules, SSDs, managed NAND, multi-chip packages, and wafers. Many of our system-level solutions combine NAND, a controller, firmware, and in some cases DRAM.

DRAM: DRAM products are dynamic random access memory semiconductor devices with low latency that provide high-speed data retrieval with a variety of performance characteristics. DRAM products lose content when power is turned off ("volatile") and are most commonly used in the data center, client PC, graphics, industrial, and automotive markets.

NAND: NAND products are non-volatile, re-writeable semiconductor storage devices that provide high-capacity, low-cost storage with a variety of performance characteristics. NAND is used in SSDs for the data center, client PC, consumer, and automotive markets and in removable storage markets. Managed NAND is used in smartphones and other mobile devices, and in consumer, automotive, and embedded markets. Low-density NAND is ideal for applications like automotive, surveillance, machine-to-machine, automation, printer, and home networking.

NOR: NOR products are non-volatile, re-writable semiconductor memory devices that provide fast read speeds. NOR is most commonly used for reliable code storage (e.g., boot, application, operating system, and execute-in-place code in an embedded system) and for frequently changing small data storage and is ideal for automotive, industrial, and consumer applications.

Industry Conditions

Throughout 2024 and the first quarter of 2025, we experienced substantial improvements in pricing and margins for DRAM. Increasing demand growth, driven in part by deployment of AI and mostly normal customer inventories, combined with industry-wide supply discipline, resulted in a substantially improved industry supply and demand balance. Leading edge DRAM demand remains tight, driven by HBM supply ramp in the industry. In the PC, smartphone, and consumer markets, our bit shipments are expected to be weaker until inventories in these markets reach healthier levels expected in the spring. In line with prior plans, we shifted our supply to meet the strong demand in data center DRAM resulting in a portfolio mix weighted more towards high growth and less seasonal segments.

We also experienced substantial improvements in pricing and margins for NAND throughout 2024. In the first quarter of 2025, after several quarters of very robust revenue, NAND shipments and prices decreased as customers worked to reduce inventories to align with demand in their end markets. As NAND technology node transitions provide increases in bit output, the pace of technology transitions will need to slow to align supply to industry demand. We are taking prompt and decisive action to align our NAND supply with industry demand trends, including reducing NAND wafer starts and NAND capital expenditures.

Recent Developments

In December 2024, we entered into direct funding agreements with the U.S. Department of Commerce for up to \$6.1 billion in direct funding pursuant to the CHIPS Act for a planned fab in Idaho and two planned fabs in New York, as well as a non-binding preliminary memorandum of terms for up to \$275 million in direct funding for our fab in Virginia. See “Item 1. Financial Statements - Notes to Consolidated Financial Statements - CHIPS Act Funding Agreements.”

Results of Operations

Consolidated Results

	First Quarter 2025		Fourth Quarter 2024		First Quarter 2024	
Revenue	\$ 8,709	100%	\$ 7,750	100%	\$ 4,726	100%
Cost of goods sold	5,361	62%	5,013	65%	4,761	101%
Gross margin	3,348	38%	2,737	35%	(35)	(1)%
Research and development	888	10%	903	12%	845	18%
Selling, general, and administrative	288	3%	295	4%	263	6%
Other operating (income) expense, net	(2)	-%	17	-%	(15)	-%
Operating income (loss)	2,174	25%	1,522	20%	(1,128)	(24)%
Interest income (expense), net	(11)	-%	(5)	-%	-	-%
Other non-operating income (expense), net	(11)	-%	(7)	-%	(27)	(1)%
Income tax (provision) benefit	(283)	(3)%	(623)	(8)%	(73)	(2)%
Equity in net income (loss) of equity method investees	1	-%	-	-%	(6)	-%
Net income (loss)	<u>\$ 1,870</u>	21%	<u>\$ 887</u>	11%	<u>\$ (1,234)</u>	(26)%

Total Revenue: Total revenue for first quarter of 2025 and 2024 was impacted by the factors described in the section titled "Industry Conditions" above.

Total revenue for the first quarter of 2025 increased 12% as compared to the fourth quarter of 2024 primarily due to increases in sales of DRAM products, partially offset by decreases in sales of NAND products.

- Sales of DRAM products increased 20% primarily due to a low-double-digit percent range increase in bit shipments driven by demand in data center markets and a high-single-digit percent range increase in average selling prices.
- Sales of NAND products decreased 5% primarily due to a low-single-digit percent range decrease in bit shipments and a low-single-digit percent range decrease in average selling prices.

Total revenue for the first quarter of 2025 increased 84% as compared to the first quarter of 2024 primarily due to increases in sales of both DRAM and NAND products.

- Sales of DRAM products increased 87% primarily due to a high-70% range increase in average selling prices and increases in bit shipments in the mid-single-digit percent range.
- Sales of NAND products increased 82% primarily due to a high-60% range increase in average selling prices and an approximate 10% increase in bit shipments.

Consolidated Gross Margin: Our consolidated gross margin has been impacted by the factors described in the section titled "Industry Conditions" above. Our consolidated gross margin percentage improved to 38% for the first quarter of 2025 from 35% for the fourth quarter of 2024, primarily due to improvements in margins for both DRAM and NAND products, as well as an increase in the share of revenue from DRAM. DRAM margins improved due to increases in average selling prices and a mix shift to high value HBM and DDR5 products. NAND margins improved primarily due to manufacturing cost reductions. Our consolidated gross margin percentage improved to 38% for the first quarter of 2025 from negative 1% for the first quarter of 2024 primarily due to increases in average selling prices and manufacturing cost reductions for both DRAM and NAND. Our consolidated gross margin for the first quarter of 2024 reflected \$605 million of benefit due to lower costs from the sale of inventories written down to their net realizable value in 2023.

Revenue by Business Unit

	First Quarter 2025		Fourth Quarter 2024		First Quarter 2024	
CNBU	\$ 4,395	50%	\$ 3,018	39%	\$ 1,737	37%
SBU	1,731	20%	1,681	22%	653	14%
MBU	1,527	18%	1,875	24%	1,293	27%
EBU	1,052	12%	1,172	15%	1,037	22%
All Other	4	-%	4	-%	6	-%
	<u>\$ 8,709</u>		<u>\$ 7,750</u>		<u>\$ 4,726</u>	

Percentages of total revenue may not total 100% due to rounding.

Changes in revenue for each business unit for first quarter of 2025 as compared to the fourth quarter of 2024 were as follows:

- CNBU revenue increased 46% primarily due to increases in bit shipments and average selling prices driven by cloud server DRAM demand, including HBM.
- SBU revenue increased 3% primarily due to increases in bit shipments driven by demand in the data center SSD end market.
- MBU revenue decreased 19% primarily due to decreases in bit shipments as output was shifted to higher demand data center markets, and declines in average selling prices for both mobile DRAM and NAND.
- EBU revenue decreased 10% primarily due to decreases in bit shipments for both DRAM and NAND, as auto, industrial, and consumer customers managed inventories lower, and decreases in average selling prices for NAND.

Changes in revenue for each business unit for first quarter of 2025 as compared to the first quarter of 2024 were as follows:

- CNBU revenue increased 153% primarily due to increases in average selling prices and increases in bit shipments driven by improved demand, particularly in cloud server markets, including HBM.
- SBU revenue increased 165% primarily due to increases in average selling prices and bit shipments for NAND.
- MBU revenue increased 18% primarily due to increases in average selling prices for both DRAM and NAND, partially offset by decreases in bit shipments.
- EBU revenue increased 1% primarily due to increases in bit shipments, partially offset by declines in average selling prices.

Operating Income (Loss) by Business Unit

	First Quarter 2025		Fourth Quarter 2024		First Quarter 2024	
CNBU	\$ 1,711	39%	\$ 907	30%	\$ (397)	(23)%
SBU	347	20%	269	16%	(490)	(75)%
MBU	327	21%	509	27%	(687)	(53)%
EBU	11	1%	66	6%	10	1%
All Other	(2)	(50)%	(6)	(150)%	4	67%
	<u>\$ 2,394</u>		<u>\$ 1,745</u>		<u>\$ (1,560)</u>	

Percentages reflect operating income (loss) as a percentage of revenue for each business unit.

Changes in operating income or loss for each business unit for the first quarter of 2025 as compared to the fourth quarter of 2024 were as follows:

- CNBU operating income increased primarily due to higher bit shipments and increases in average selling prices.