

# MICRON TECHNOLOGY INC

## FORM 10-K (Annual Report)

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

**FORM 10-K**

(Mark One)

- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
For the fiscal year ended September 2, 2010  
**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)

**75-1618004**  
(IRS Employer  
Identification No.)

**8000 S. Federal Way, Boise, Idaho**  
(Address of principal executive offices)

**83716-9632**  
(Zip Code)

Registrant's telephone number, including area code

**(208) 368-4000**

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

Title of each class  
**Common Stock, par value \$.10 per share**

Name of each exchange on which registered  
**NASDAQ Global Select Market**

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

**None**  
(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes  No

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

Large Accelerated Filer

Accelerated Filer

Non-Accelerated Filer

Smaller Reporting Company

(Do not check if a smaller reporting company)

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

The aggregate market value of the voting stock held by non-affiliates of the registrant, based upon the closing price of such stock on March 4, 2010, as reported by the NASDAQ Global Select Market, was approximately \$6.1 billion. Shares of common stock held by each executive officer and director and by each person who owns 5% or more of the outstanding common stock have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

The number of outstanding shares of the registrant's common stock as of October 19, 2010, was 996,245,706.

**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the Proxy Statement for registrant's 2010 Annual Meeting of Shareholders to be held on December 16, 2010, are incorporated by reference into Part III of this Annual Report on Form 10-K.



## PART I

### Item 1. *Business*

*The following discussion contains trend information and other forward-looking statements that involve a number of risks and uncertainties. Forward-looking statements include, but are not limited to, statements such as those made in “Products” regarding increased sales of DDR3 DRAM products and growth in demand for NAND Flash products and solid-state drives; and in “Manufacturing” regarding the transition to smaller line-width process technologies. Our actual results could differ materially from our historical results and those discussed in the forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to, those identified in “Item 1A. Risk Factors.” All period references are to our fiscal periods unless otherwise indicated.*

### Corporate Information

Micron Technology, Inc., and its consolidated subsidiaries, a Delaware corporation, was incorporated in 1978. As used herein, “we,” “our,” “us” and similar terms include Micron Technology, Inc. and its subsidiaries, unless the context indicates otherwise. Our executive offices are located at 8000 South Federal Way, Boise, Idaho 83716-9632 and our telephone number is (208) 368-4000. Information about us is available on the internet at [www.micron.com](http://www.micron.com). Copies of our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, as well as any amendments to these reports, are available through the our website as soon as reasonably practicable after they are electronically filed with or furnished to the Securities and Exchange Commission (the “SEC”). Materials filed by us with the SEC are also available at the SEC’s Public Reference Room at 100 F Street, NE, Washington, D.C. 20549. Information on the operation of the Public Reference Room is available by calling (800) SEC-0330. Also available on our website are our: Corporate Governance Guidelines, Governance Committee Charter, Compensation Committee Charter, Audit Committee Charter and Code of Business Conduct and Ethics. Any amendments or waivers of our Code of Business Conduct and Ethics will also be posted on our website at [www.micron.com](http://www.micron.com) within four business days of the amendment or waiver. Copies of these documents are available to shareholders upon request. Information contained or referenced on our website is not incorporated by reference and does not form a part of this Annual Report on Form 10-K.

### Overview

We are a global manufacturer and marketer of semiconductor devices, principally DRAM, NAND Flash and NOR Flash memory, as well as other innovative memory technologies, packaging solutions and semiconductor systems for use in leading-edge computing, consumer, networking, embedded and mobile products. In addition, we manufacture semiconductor components for CMOS image sensors and other semiconductor products. We market our products through our internal sales force, independent sales representatives and distributors primarily to original equipment manufacturers and retailers located around the world. Our success is largely dependent on the market acceptance of our diversified portfolio of semiconductor products, efficient utilization of our manufacturing infrastructure, successful ongoing development of advanced process technologies and the return on research and development investments.

We obtain product for sale through two primary channels: 1) production from wholly-owned manufacturing facilities and 2) production from our joint venture manufacturing facilities. In recent years, we have obtained additional manufacturing scale and diversity of products through strategic acquisitions and various partnering arrangements, including joint ventures which have helped us to attain lower cash costs than we could otherwise achieve through internal investments alone. In addition, we have leveraged our significant investments in research and development by sharing costs of developing memory product and process technologies with our joint venture partners.

In 2010, we had two reportable segments, Memory and Numonyx. Our other business activities are reflected in All Other nonreportable segments. Due to the similarity of activities and processes for the Memory and Numonyx segments, within the Business section of this report, only areas where there are significant differences are presented by segment. The continued integration of Numonyx into our operations will likely result in the re-definition of our reportable segments in 2011.

**Memory:** The Memory segment’s primary products are DRAM and NAND Flash, which are key memory components used in a broad array of electronic applications, including personal computers, workstations, network servers, mobile phones and other consumer applications including Flash memory cards, USB storage devices, digital still cameras, MP3/4 players and in automotive applications. We are focused on improving our Memory segment’s competitiveness by developing new products, advancing our technology and reducing costs.

**Numonyx:** On May 7, 2010, we completed our acquisition of Numonyx Holdings B.V. (“Numonyx”), which manufactures and sells NOR Flash, NAND Flash, DRAM and Phase Change memory technologies and products. We acquired Numonyx in a stock-for-stock transaction to further strengthen our portfolio of memory products, increase manufacturing and revenue scale, access Numonyx’s customer base and provide opportunities to increase multi-chip offerings in the embedded and mobile markets. (See “Item 8. Financial Statements – Notes to Consolidated Financial Statements – Numonyx Holdings B.V.” note.)

**All Other:** Operating results of All Other primarily reflect activity of our wafer manufacturing operations for CMOS image sensors and also include activity of our microdisplay, solar and other operations. We manufacture CMOS image sensor products for Aptina Imaging Corporation (“Aptina”), which is 35% owned by us, under a wafer supply agreement. (See “Item 8. Financial Statements and Supplementary Data – Notes to Consolidated Financial Statements – Supplemental Balance Sheet Information – Equity Method Investments – Aptina” note.)

## Products

**Memory:** Sales of Memory products were 88%, 89% and 89% of our total net sales in 2010, 2009 and 2008, respectively.

**Dynamic Random Access Memory (“DRAM”):** DRAM products are high-density, low-cost-per-bit, random access memory devices that provide high-speed data storage and retrieval. DRAM products were 60%, 50% and 54% of our total net sales in 2010, 2009 and 2008, respectively. We offer DRAM products with a variety of performance, pricing and other characteristics including high-volume DDR3 and DDR2 products as well as specialty DRAM memory products including DDR, SDRAM, Mobile Low Power DRAM, PSRAM and RLD RAM.

**DDR3 and DDR2:** DDR3 and DDR2 are standardized, high-density, high-volume DRAM products that are sold primarily for use as main system memory in computers and servers. DDR3 and DDR2 products offer high speed and high bandwidth at a relatively low cost compared to other DRAM products. DDR3 products were 22% of our total net sales in 2010 as compared to 7% of our total net sales in 2009 and we expect that sales of DDR3 products as a percentage of total net sales will continue to increase in 2011. DDR2 products were 24%, 22% and 28% of our total net sales in 2010, 2009 and 2008, respectively.

We offer DDR3 products in 1 gigabit (“Gb”) and 2 Gb densities and DDR2 products in 256 megabit (“Mb”), 512 Mb, 1 Gb and 2 Gb densities. We expect that these densities will be necessary to meet future customer demands for a broad array of products and offer these products in multiple configurations, speeds and package types. In connection with our investment in Inotera in 2009, we also offered DDR2 and DDR3 DRAM products manufactured by Inotera using a trench DRAM technology. As Inotera transitioned to our stack DRAM technology it discontinued wafers starts on trench DRAM in July of 2010. All wafer starts since that time have been on our stack DRAM technology.

**Other DRAM products:** We also offer specialty DRAM memory products including DDR, SDRAM, DDR and DDR2 Mobile Low Power DRAM (“LPDRAM”), Pseudo-static RAM (“PSRAM”) and Reduced Latency DRAM (“RLDRAM”), in densities ranging from 64 Mb to 2 Gb, which are used primarily in networking devices, servers, consumer electronics, communications equipment and computer peripherals as well as computer memory upgrades. Aggregate sales of these products were 14%, 21% and 25% of our total net sales in 2010, 2009 and 2008, respectively.

**NAND Flash memory (“NAND”):** NAND products are electrically re-writeable, non-volatile semiconductor memory devices that retain content when power is turned off. NAND sales for the Memory segment were 28%, 39% and 35% of our total net sales in 2010, 2009 and 2008, respectively. NAND is ideal for mass-storage devices due to its fast erase and write times, high density, and low cost per bit relative to other solid-state memory. Removable storage devices, such as USB and Flash memory cards, are used with applications such as personal computers, digital still cameras, MP3/4 players and mobile phones. Embedded NAND-based storage devices are utilized in mobile phones, MP3/4 players, computers, solid-state drives (“SSD’s”), tablets and other personal and consumer applications. The market for NAND products has grown rapidly and we expect it to continue to grow due to demand for these and other removable and embedded storage devices.

DRAM, NAND and NOR share common manufacturing processes, enabling us to leverage our product and process technologies and manufacturing infrastructure across these product lines. Our NAND designs feature a small cell structure that enables higher densities for demanding applications. We offer Single-Level Cell ("SLC") products and Multi-Level Cell ("MLC") NAND products, which have two or more times the bit density of SLC products. In 2010, we offered SLC NAND products in 1 Gb, 2 Gb, 4 Gb and 8 Gb densities. In addition, we offered 8 Gb, 16 Gb, 32 Gb and 64 Gb 2-bit-per-cell MLC NAND products and 32 Gb and 64 Gb 3-bit-per-cell MLC NAND products. We offer high-speed NAND products that deliver much faster access by leveraging ONFI 2.0/2.1/2.2 specifications and a four-plane architecture with higher clock speeds.

We offer next-generation RealSSD™ solid-state drives for enterprise server and notebook applications which feature higher performance, reduced power consumption and enhanced reliability as compared to typical hard disk drives. Using our SLC and MLC NAND process technology, these solid-state drives ("SSDs") are offered in 2.5-inch and 1.8-inch form factors, with densities up to 256 gigabytes and as embedded USB devices with densities up to 16 gigabytes. We expect that demand for SSD's will increase significantly over the next few years. We also offer NAND Flash in multichip packages ("MCP's") that incorporate NAND Flash with other memory products to create a single package that simplifies design while improving performance and functionality.

Our Lexar subsidiary sells high-performance digital media products and other flash-based storage products through retail and original equipment manufacturing ("OEM") channels. Our digital media products include a variety of Flash memory cards with a range of speeds, capacities and value-added features. Our digital media products also include our JumpDrive™ products, which are high-speed, portable USB flash drives for consumer applications that serve a variety of uses, including floppy disk replacement and digital media accessories such as card readers and image rescue software. We offer Flash memory cards in a variety of speeds and capacities and in all major media formats currently used by digital cameras and other electronic host devices, including: CompactFlash, Memory Stick and Secure Digital Cards. CompactFlash and Memory Stick products sold by us incorporate our patented controller technology. Other products, including Secure Digital Card Flash memory cards and some JumpDrive products, incorporate third party controllers. We sell products under our Lexar™ brand and manufacture products that are sold under other brand names, including pursuant to an agreement with Eastman Kodak Company to sell digital media products under the Kodak brand name. We also resell Flash memory products that are purchased from suppliers.

**Numonyx:** Sales of Numonyx products were 7% of our total net sales in 2010, reflecting sales after the May 7, 2010 acquisition of Numonyx.

**NOR Flash Memory ("NOR"):** NOR products are electrically re-writable, non-volatile semiconductor memory devices that retain content when power is turned off, offer fast read times due to random access capability and have execute-in-place ("XiP") capability, which enables processors to read NOR without first accessing RAM. These capabilities make NOR ideal for storing program code in wireless and embedded applications. NOR is the principal product of the Numonyx segment and NOR sales from the May 7, 2010 acquisition of Numonyx were 5% of our total net sales for 2010. We offer NOR products in scalable densities from 32 Mb to 2 Gb and in a wide range of voltages to meet embedded application design requirements.

We offer NOR in several product families to address different customer requirements for embedded and wireless applications. For embedded applications, Axcell™ NOR products feature memories that are divided into blocks that can be erased independently to allow valid data to be preserved while old data is erased and offer higher flexibility in code storage via both asymmetrical and symmetrical block architecture. These Axcell™ products feature flexible partition Read-While-Write/Erase (RWW/E) operation, which allows data to be read from one bank, or group of banks, while another bank is written or erased.

For wireless applications, we offer NOR flash in several product families to address a variety of applications. "M Family" StrataFlash® cellular memory NOR products, manufactured on our advanced 65nm process technology, deliver the highest available density and performance in the market for XiP solutions. "L Family" StrataFlash® cellular memory NOR products offer long-term solutions for legacy platform architectures. "W Family" NOR products offer reliable solutions for designers looking for easy integration, low density and low power.

We also offer Forté™ serial flash memory NOR products to address applications that require small, low-power and cost-effective memory solutions. Forté™ serial flash memory NOR products are offered in four product families to address different performance requirements.

**NAND and DRAM:** The Numonyx segment sells NAND and DRAM products primarily in MCP's that combine NAND and/or DRAM with NOR and other memory components. See additional description of NAND, DRAM and MCP's under Memory segment products above.

**Phase Change Memory ("PCM"):** PCM is a new memory technology that combines the best attributes of NOR, NAND and RAM, simplifying memory and producing more capabilities within a single chip. PCM is bit-alterable, non-volatile memory featuring fast read/write/erase speeds that is highly scalable to lower line-width technologies. We currently offer Omneo™ PCM products and are developing next generation PCM products.

**All Other:** We manufacture CMOS image sensor products for Aptina under a wafer supply agreement. Our sales of these products are dependent on Aptina's ability to successfully design and market its CMOS image sensor products to end customers. We are also developing microdisplay and solar products.

## Partnering Arrangements

The following is a summary of our partnering arrangements as of September 2, 2010:

	Partner(s)	Approximate Micron Ownership Interest	Formed/ Acquired	Product Market	
<b>Consolidated Entities:</b>					
	IMFT	Intel Corporation	51%	2006	NAND Flash (1)
	IMFS	Intel Corporation	57%	2007	NAND Flash (1)
	TECH	Canon Inc. and Hewlett-Packard Corporation	87%	1998	DRAM (2)
	MP Mask	Photronics, Inc.	50%	2006	Photomasks (3)
<b>Equity Method Investments:</b>					
	Inotera	Nanya Technology Corporation	30%	2009	DRAM (4)
	MeiYa	Nanya Technology Corporation	50%	2008	DRAM (4)
	Transform	Origin Energy Limited	50%	2010	Solar Panels (5)
	Aptina	Riverwood Capital LLC and TPG Partners VI, L.P.	35%	2009	CMOS Image Sensors (6)

- (1) **IM Flash:** We have partnered with Intel Corporation ("Intel") for the design, development and manufacture of NAND Flash products. In connection therewith, we have formed two joint ventures with Intel to manufacture NAND Flash memory products for the exclusive benefit of the partners: IM Flash Technologies, LLC ("IMFT") and IM Flash Singapore LLP ("IMFS") (collectively, "IM Flash"). The parties share the output of IM Flash generally in proportion to their investment in IM Flash. We sell NAND Flash products to Intel through IM Flash at long-term negotiated prices approximating cost. We generally share product design and other research and development costs equally with Intel. In the second quarter of 2010, IM Flash commenced start-up activities, including placing purchase orders and preparing for tool installations, at its new 300mm wafer fabrication facility in Singapore. IM Flash is included in our Memory segment. Our interest in IMFS increased to 71% on October 5, 2010, at which time we obtained a majority of the seats of the board of managers of IMFS. (See "Item 8. Financial Statements and Supplementary Data – Notes to Consolidated Financial Statements – Consolidated Variable Interest Entities – NAND Flash joint ventures with Intel" note.)

- (2) **TECH:** We have a DRAM memory manufacturing joint venture in Singapore, TECH Semiconductor Singapore Pte. Ltd. (“TECH”) among us, Canon Inc. (“Canon”) and Hewlett-Packard Company (“HP”). As of September 2, 2010, we owned an approximate 87% interest in TECH. Subject to specific terms and conditions of the joint venture agreements, we have agreed to purchase all of the products manufactured by TECH. TECH’s semiconductor manufacturing facilities use our product and process technology. The shareholders’ agreement for the TECH joint venture expires in April 2011. In September 2009, TECH received a notice from HP that it does not intend to extend the TECH joint venture beyond April 2011. We are in discussions with HP and Canon to reach a resolution of this matter. The parties’ inability to reach a resolution prior to April 2011 could result in the sale of TECH’s assets and could require repayment of TECH’s credit facility (\$348 million outstanding as of September 2, 2010). As of September 2, 2010, the carrying value of TECH’s net assets was \$1.1 billion. TECH accounted for 45% of our total DRAM wafer production in 2010, including 48% in the fourth quarter of 2010. (See “Item 8. Financial Statements and Supplementary Data – Notes to Consolidated Financial Statements – TECH Semiconductor Singapore Pte. Ltd.” note.)
- (3) **MP Mask:** We produce photomasks for leading-edge and advanced next generation semiconductors through MP Mask Technology Center, LLC (“MP Mask”), a joint venture with Photronics, Inc. (“Photronics”). We and Photronics also have supply arrangements wherein we purchase a substantial majority of the reticles produced by MP Mask. MP Mask is included in our Memory segment. (See “Item 8. Financial Statements and Supplementary Data – Notes to Consolidated Financial Statements – Consolidated Variable Interest Entities – MP Mask Technology Center, LLC.” note.)
- (4) **Inotera and MeiYa:** We have partnered with Nanya Technology Corporation (“Nanya”) for the design, development and manufacture of stack DRAM products, including the joint development of DRAM process technology. In connection therewith, we have partnered with Nanya in two Taiwan DRAM memory companies, Inotera Memories, Inc. (“Inotera”) and MeiYa Technology Corporation (“MeiYa”). We have a supply agreement with Inotera and Nanya which gives us the right and obligation to purchase 50% of Inotera’s semiconductor memory components subject to specific terms and conditions. Under the formula for this supply agreement, all parties’ manufacturing costs related to wafers supplied by Inotera, as well as our and Nanya’s selling prices for the resale of products from wafers supplied by Inotera, are considered in determining costs for wafers from Inotera. We also partner with Nanya to jointly develop process technology and designs to manufacture stack DRAM products. In connection with the partnering agreement, we have also deployed and licensed certain intellectual property related to the manufacture of stack DRAM products to Nanya and licensed certain intellectual property from Nanya. Under a cost sharing arrangement effective beginning in April 2010, we generally share DRAM development costs equally with Nanya. In addition, in 2010, we began receiving royalties from Nanya for sales of stack DRAM products manufactured by or for Nanya with technology developed prior to April 2010. Inotera and MeiYa are included in our Memory segment. (See “Item 8. Financial Statements and Supplementary Data – Notes to Consolidated Financial Statements – Equity Method Investments – Inotera and MeiYa DRAM Joint Ventures with Nanya” note.)
- (5) **Transform:** On December 18, 2009, we acquired a 50% interest in Transform Solar Pty Limited (“Transform”), a subsidiary of Origin Energy Limited (“Origin”) in exchange for nonmonetary assets with a fair value of \$65 million, consisting of manufacturing facilities, equipment, intellectual property and a fully-paid lease to a portion of our Boise, Idaho manufacturing facilities. Transform develops and manufactures photovoltaic solar panels. Transform is included in our All Other nonreportable segments. (See “Item 8. Financial Statements and Supplementary Data – Notes to Consolidated Financial Statements – Equity Method Investments – Transform” note.)
- (6) **Aptina:** We manufacture CMOS image sensor products for Aptina under a wafer supply agreement. Our ownership in Aptina constitutes 35% of Aptina’s total common and preferred stock and 64% of Aptina’s common stock. Aptina is included in our All Other nonreportable segments. Our investment in Aptina is accounted for as an equity method investment, in which we recognize our share of Aptina’s results of operations based on our 64% share of Aptina’s common stock. (See “Item 8. Financial Statements and Supplementary Data – Notes to Consolidated Financial Statements – Equity Method Investments – Aptina” note.)



## Manufacturing

Our manufacturing facilities are located in the United States, China, Israel, Italy, Japan, Malaysia, the Philippines, Puerto Rico and Singapore. Our Inotera joint venture also has a wafer fabrication facility in Taiwan. Our manufacturing facilities generally operate 24 hours per day, 7 days per week. Semiconductor manufacturing is extremely capital intensive, requiring large investments in sophisticated facilities and equipment. Most semiconductor equipment must be replaced every three to five years with increasingly advanced equipment.

Our process for manufacturing semiconductor products is complex, involving a number of precise steps, including wafer fabrication, assembly and test. Efficient production of semiconductor products requires utilization of advanced semiconductor manufacturing techniques and effective deployment of these techniques across multiple facilities. The primary determinants of manufacturing cost are die size, number of mask layers, number of fabrication steps and number of good die produced on each wafer. Other factors that contribute to manufacturing costs are wafer size, cost and sophistication of manufacturing equipment, equipment utilization, process complexity, cost of raw materials, labor productivity, package type and cleanliness of the manufacturing environment. We continuously enhance our production processes, reducing die sizes and transitioning to higher density products. In the second half of 2010, most of our DRAM products were manufactured using our 50nm line-width process technology and we expect to transition our DRAM production to 42nm line-width process technology in 2011. In 2010 we began transitioning production of our NAND Flash memory products to our 25nm line-width process technology and expect that most of our NAND Flash products will be manufactured with this process technology in 2011. In 2010, we manufactured substantially all of our high-volume DRAM and NAND Flash products on 300mm wafers. We manufactured NOR Flash, some specialty DRAM and CMOS image sensor products on 200mm wafers.

Wafer fabrication occurs in a highly controlled, clean environment to minimize dust and other yield- and quality-limiting contaminants. Despite stringent manufacturing controls, equipment errors, minute impurities in materials, defects in photomasks, circuit design marginalities or defects and dust particles can lead to wafers being scrapped and individual circuits being nonfunctional. Success of our manufacturing operations depends largely on minimizing defects to maximize yield of high-quality circuits. In this regard, we employ rigorous quality controls throughout the manufacturing, screening and testing processes. We are able to recover many nonstandard devices by testing and grading them to their highest level of functionality.

After fabrication, most silicon wafers are separated into individual die. We sell semiconductor products in both packaged and unpackaged (i.e. "bare die") forms. For packaged products, functional die are sorted, connected to external leads and encapsulated in plastic packages. We assemble products in a variety of packages, including TSOP (thin small outline package), TQFP (thin quad flat package) and FBGA (fine pitch ball grid array). Bare die products address customer requirements for smaller form factors and higher memory densities and provide superior flexibility for use in packaging technologies such as systems-in-a-package (SIPs) and multi-chip packages (MCPs), which reduce the board area required.

We test our products at various stages in the manufacturing process, perform high temperature burn-in on finished products and conduct numerous quality control inspections throughout the entire production flow. In addition, we use our proprietary AMBYX™ line of intelligent test and burn-in systems to perform simultaneous circuit tests of DRAM die during the burn-in process, capturing quality and reliability data and reducing testing time and cost.

We assemble a significant portion of our memory products into memory modules. Memory modules consist of an array of memory components attached to printed circuit boards ("PCBs") that insert directly into computer systems or other electronic devices. We also contract with independent foundries and assembly and testing organizations to manufacture Lexar flash media products such as memory cards and USB devices.

We utilize subcontractors to perform a significant portion of our assembly, test and module assembly services. Outsourcing these services enables us to reduce costs and minimize our capital investment.

In recent years, we have produced an increasingly broad portfolio of products, which enhances our ability to allocate resources to our most profitable products but also increases the complexity of our manufacturing process. Although our product lines generally use similar manufacturing processes, our overall cost efficiency can be affected by frequent conversions to new products, the allocation of manufacturing capacity to more complex, smaller-volume parts and the reallocation of manufacturing capacity across various product lines.

**NAND Flash joint ventures with Intel Corporation:** Our IM Flash joint ventures with Intel manufacture NAND Flash memory products for the exclusive benefit of the partners. We share the output of IM Flash with Intel generally in proportion to their investment in IM Flash. In the second quarter of 2010, IM Flash began moving forward with start-up activities in a new Singapore wafer fabrication facility, including placing purchase orders and tool installations that commenced in the first quarter of 2011.

**Inotera:** Under a supply agreement with Inotera, we have the right and obligation to obtain 50% of Inotera's output, estimated to be approximately 65,000 300mm DRAM wafer starts per month by the end of calendar 2010. In 2010, Inotera substantially completed a transition of its manufacturing from trench DRAM process technology to our stack DRAM process technology.

**TECH:** Our TECH joint venture in Singapore manufactures DRAM products using our product and process technology. Subject to specific terms and conditions, we have agreed to purchase all of the products manufactured by TECH. In 2010, TECH accounted for approximately 24% of our total wafer production and 45% of our total DRAM production.

**MP Mask:** We produce photomasks for leading-edge and advanced next generation semiconductors through MP Mask. We and Photronics also have supply arrangements wherein we purchase a substantial majority of the reticles produced by MP Mask.

**Aptina Supply Agreement:** We manufacture CMOS image sensor products for Aptina under a wafer supply agreement.

(See "Partnering Arrangements")

## Availability of Raw Materials

Our production processes require raw materials that meet exacting standards, including several that are customized for, or are unique to, us. We generally have multiple sources and sufficient availability of supply; however, only a limited number of suppliers are capable of delivering certain raw materials that meet our standards. In some cases, materials are provided by a single supplier. Various factors could reduce the availability of raw materials such as silicon wafers, photomasks, chemicals, gases, lead frames, molding compound and other materials. In addition, transportation problems could delay our receipt of raw materials. Although raw materials shortages or transportation problems have not significantly interrupted our operations in the past, shortages may occur from time to time in the future. Also, lead times for the supply of raw materials have been extended in the past. If our supply of raw materials is interrupted, or lead times are extended, our results of operations could be adversely affected.

## Marketing and Customers

Our products are sold into computing, consumer, networking, telecommunications, and imaging markets. Approximately 45% of our net sales for 2010 were to the computing market, which includes desktop PCs, servers, notebooks and workstations. Sales to Hewlett-Packard Company, primarily of DRAM, were 13% of our net sales in 2010. Sales to Intel, primarily of NAND Flash from our IM Flash joint ventures, were 9% of our net sales in 2010, 20% of our net sales in 2009 and 19% of our net sales in 2008.

Our Memory products are offered under the Micron, Lexar®, Crucial™ and SpecTek® brand names and private labels. Our Numonyx products are offered under the Numonyx® brand name. We market our Memory and Numonyx semiconductor products primarily through our own direct sales force and maintain sales offices in our primary markets around the world. We sell Lexar-branded NAND Flash memory products primarily through retail channels and our Crucial™-branded products primarily through a web-based customer direct sales channel. Our products are also offered through independent sales representatives and distributors. Independent sales representatives obtain orders subject to final acceptance by us and are compensated on a commission basis. We make shipments against these orders directly to the customer. Distributors carry our products in inventory and typically sell a variety of other semiconductor products, including competitors' products. We maintain inventory at locations in close proximity to certain key customers to facilitate rapid delivery of products.

We offer products designed to meet the diverse needs of computing, server, automotive, networking, commercial/industrial, consumer electronics, mobile, embedded, security and medical applications. Many of our customers require a thorough review or qualification of semiconductor products, which may take several months.

## **Backlog**

Because of volatile industry conditions, customers are reluctant to enter into long-term, fixed-price contracts. Accordingly, new order volumes for our semiconductor products fluctuate significantly. We typically accept orders with acknowledgment that the terms may be adjusted to reflect market conditions at the date of shipment. For these reasons, we do not believe that our order backlog as of any particular date is a reliable indicator of actual sales for any succeeding period.

## **Product Warranty**

Because the design and manufacturing process for semiconductor products is highly complex, it is possible that we may produce products that do not comply with customer specifications, contain defects or are otherwise incompatible with end uses. In accordance with industry practice, we generally provide a limited warranty that our products are in compliance with our specifications existing at the time of delivery. Under our general terms and conditions of sale, liability for certain failures of product during a stated warranty period is usually limited to repair or replacement of defective items or return of, or a credit with respect to, amounts paid for such items. Under certain circumstances, we provide more extensive limited warranty coverage than that provided under our general terms and conditions.

## **Competition**

We face intense competition in the semiconductor memory markets from a number of companies, including Elpida Memory, Inc.; Hynix Semiconductor Inc.; Samsung Electronics Co., Ltd; SanDisk Corporation; Spansion Inc. and Toshiba Corporation. Some of our competitors are large corporations or conglomerates that may have greater resources to withstand downturns in the semiconductor markets in which we compete, invest in technology and capitalize on growth opportunities. Our competitors seek to increase silicon capacity, improve yields, reduce die size and minimize mask levels in their product designs resulting in significantly increased worldwide supply and downward pressure on prices.

## **Research and Development**

Our process technology research and development (“R&D”) efforts are focused primarily on development of successively smaller line-width process technologies, which are designed to facilitate our transition to next generation memory products. Additional process technology R&D efforts focus on advanced computing and mobile memory architectures, the investigation of new opportunities that leverage our core semiconductor expertise and the development of new manufacturing materials. Product design and development efforts are concentrated on our high density DDR3DRAM and LP-DDR2 mobile LPDRAM products as well as high density and mobile NAND Flash memory (including multi-level cell technology), NOR Flash memory, specialty memory, PCM and memory systems.

Our R&D expenses were \$624 million, \$647 million and \$680 million in 2010, 2009 and 2008, respectively. We generally share R&D process and design costs for NAND Flash equally with Intel and for DRAM equally with Nanya. As a result of reimbursements under our NAND Flash and DRAM cost sharing arrangements with our joint venture partners, our overall R&D expenses were reduced by \$155 million, \$107 million and \$148 million in 2010, 2009 and 2008, respectively.

To compete in the semiconductor memory industry, we must continue to develop technologically advanced products and processes. We believe that expansion of our semiconductor product offerings is necessary to meet expected market demand for specific memory solutions. Our process development center and largest design center are located at our corporate headquarters in Boise, Idaho. We have several additional product design centers in other strategic locations around the world. In addition, we develop leading edge photolithography mask technology at our MP Mask joint venture facility in Boise.

R&D expenses vary primarily with the number of development wafers processed, the cost of advanced equipment dedicated to new product and process development, and personnel costs. Because of the lead times necessary to manufacture our products, we typically begin to process wafers before completion of performance and reliability testing. We deem development of a product complete once the product has been thoroughly reviewed and tested for performance and reliability. R&D expenses can vary significantly depending on the timing of product qualification.

## **Geographic Information**

Sales to customers outside the United States totaled \$7.1 billion for 2010 and included \$3.3 billion in sales to China, \$817 million in sales to Malaysia, \$777 million in sales to Europe, \$711 million in sales to Taiwan, and \$1.1 billion in sales to the rest of the Asia Pacific region (excluding China, Malaysia and Taiwan). Sales to customers outside the United States totaled \$3.9 billion for 2009 and \$4.4 billion for 2008. As of September 2, 2010, we had net property, plant and equipment of \$3.9 billion in the United States, \$2.2 billion in Singapore, \$173 million in Italy, \$111 million in Israel, \$90 million in China, \$81 million in Japan, and \$60 million in other countries. (See "Item 8. Financial Statements and Supplementary Data – Notes to Consolidated Financial Statements – Geographic Information" note and "Item 1A. Risk Factors.")

## **Patents and Licenses**

In recent years, we have been recognized as a leader in per capita and quality of patents issued. As of September 2, 2010, we owned approximately 16,800 U.S. patents and 2,900 foreign patents. In addition, we have numerous U.S. and foreign patent applications pending. Our patents have terms expiring through 2029.

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

In recent years, we have recovered some of our investment in technology through sales or license of intellectual property rights to joint venture partners and other third parties. We are pursuing additional opportunities to recover our investment in intellectual property through additional sales or licenses of intellectual property and potential partnering arrangements. On October 1, 2010, we entered into a 10-year patent cross-license agreement with Samsung Electronics Co., Ltd. ("Samsung"). Under the agreement, Samsung will pay us \$275 million, with \$200 million paid in October 2010, \$40 million due January 31, 2011 and \$35 million due March 31, 2011. The license is a life-of-patents license for existing patents and applications, and a 10-year term license for all other patents.

## **Employees**

As of September 2, 2010, we had approximately 25,900 employees, of which approximately 15,900 were outside the United States, including approximately 6,400 in Singapore, 3,400 in Italy, 1,500 in Japan, 1,300 in China and 1,200 in Israel. Our employees include approximately 2,300 in our IM Flash joint ventures, primarily located in the United States, and approximately 1,800 are employees of our TECH joint venture, located in Singapore. Our employment levels can vary depending on market conditions and the level of our production, research and product and process development. Many of our employees are highly skilled and our continued success depends in part upon our ability to attract and retain such employees. The loss of our key personnel could have a material adverse effect on our business, results of operations or financial condition.

## **Environmental Compliance**

Government regulations impose various environmental controls on raw materials and discharges, emissions and solid wastes from our manufacturing processes. In 2010, our wholly-owned wafer fabrication facilities continued to conform to the requirements of ISO 14001 certification. To continue certification, we met annual requirements in environmental policy, compliance, planning, management, structure and responsibility, training, communication, document control, operational control, emergency preparedness and response, record keeping and management review. While we have not experienced any materially adverse effects to our operations from environmental regulations, changes in the regulations could necessitate additional capital expenditures, modification of our operations or other compliance actions.

## **Directors and Executive Officers of the Registrant**

Our officers are appointed annually by the Board of Directors and our directors are elected annually by our shareholders. Any directors appointed by the Board of Directors to fill vacancies on the Board serve until the next election by the shareholders. All officers and directors serve until their successors are duly chosen or elected and qualified, except in the case of earlier death, resignation or removal.

As of September 2, 2010, the following executive officers and directors were subject to the reporting requirements of Section 16(a) of the Securities Exchange Act of 1934, as amended.

<b>Name</b>	<b>Age</b>	<b>Position</b>
Mark W. Adams	46	Vice President of Worldwide Sales
Steven R. Appleton	50	Chairman and Chief Executive Officer
D. Mark Durcan	49	President and Chief Operating Officer
Ronald C. Foster	59	Vice President of Finance and Chief Financial Officer
Glen W. Hawk	48	Vice President of Embedded Solutions
Roderic W. Lewis	55	Vice President of Legal Affairs, General Counsel and Corporate Secretary
Mario Licciardello	68	Vice President of Wireless Business Group
Patrick T. Otte	48	Vice President of Human Resources
Brian J. Shields	48	Vice President of Worldwide Operations
Brian M. Shirley	41	Vice President of DRAM Solutions
Teruaki Aoki	68	Director
James W. Bagley	71	Director
Robert L. Bailey	53	Director
Mercedes Johnson	56	Director
Lawrence N. Mondry	50	Director
Robert E. Switz	64	Director

*Mark W. Adams* joined us in June 2006. From January 2006, until he joined us, Mr. Adams was the Chief Operating Officer of Lexar Media, Inc. Mr. Adams served as the Vice President of Sales and Marketing for Creative Labs, Inc. from December 2002 to January 2006. From March 2000 to September 2002, Mr. Adams was the Chief Executive Officer of Coresma, Inc. Mr. Adams holds a BA in Economics from Boston College and an MBA from Harvard Business School.

*Steven R. Appleton* joined us in February 1983 and has served in various capacities since that time. Mr. Appleton first became an officer in August 1989 and has served in various officer positions since that time. From April 1991 until July 1992 and since May 1994, Mr. Appleton has served on our Board of Directors. From September 1994 to June 2007, Mr. Appleton served as our Chief Executive Officer, President and Chairman of the Board of Directors. From June 2007, Mr. Appleton served as our Chief Executive Officer and Chairman of the Board. Mr. Appleton is a member of the Board of Directors of National Semiconductor Corporation. Mr. Appleton holds a BA in Business Management from Boise State University.

*D. Mark Durcan* joined us in June 1984 and has served in various positions since that time. Mr. Durcan was appointed our Chief Operating Officer in February 2006 and President in June 2007. Mr. Durcan has been an officer since 1996. Mr. Durcan holds a BS and MChE in Chemical Engineering from Rice University.

*Ronald C. Foster* joined us in April 2008 and is the Chief Financial Officer and Vice President of Finance. In this position, Mr. Foster has oversight responsibilities of the financial aspects of Micron's worldwide operations. He was appointed to his current position in 2008 after serving as a member of the Board of Directors from June 2004 to April 2005. Before joining Micron, Mr. Foster was the chief financial officer of FormFactor, Inc. He previously served as the Chief Financial Officer for JDS Uniphase, Inc., and Novell, Inc., and has held senior financial management positions at Hewlett-Packard and Applied Materials. He is currently a member of the Board of Directors of Luxim, Inc. Mr. Foster holds a master's degree in business administration from the University of Chicago and a bachelor's degree in economics from Whitman College.

*Glen W. Hawk* joined us in May 2010 and serves as our Vice President of Embedded Solutions. Mr. Hawk served as the Vice President and General Manager of the Embedded Business Group for Numonyx from 2008 to May 2010. Prior to Numonyx, Mr. Hawk served as General Manager of the Flash Product Group for Intel Corporation. Mr. Hawk holds a BS degree in Chemical Engineering from the University of California, Berkeley.

*Roderic W. Lewis* joined us in August 1991 and has served in various capacities since that time. Mr. Lewis has served as our Vice President of Legal Affairs, General Counsel and Corporate Secretary since July 1996. Mr. Lewis holds a BA in Economics and Asian Studies from Brigham Young University and a JD from Columbia University School of Law.

*Mario Licciardello* joined us in May 2010 and serves as our Vice President of Wireless Business Group. Mr. Licciardello served as the Chief Operating Officer for Numonyx since its inception in 2008 through May 2010. Prior to Numonyx, Mr. Licciardello served as Corporate Vice President and General Manager of the Flash Memories Group at STMicroelectronics N.V. Mr. Licciardello holds a BS degree in Physics from the University of Catania, Italy.

*Patrick T. Otte* joined us in 1987 and has served in various positions of increasing responsibility, including production and operations manager in several of our fabrication facilities and site director for our facility in Manassas, Virginia. Mr. Otte has served as our Vice President of Human Resources since March 2007. Mr. Otte holds a Bachelor of Science degree from St. Paul Bible College in Minneapolis, Minnesota.

*Brian J. Shields* joined us in November 1986 and has served in various operational positions with us. Mr. Shields first became an officer in March 2003 and was Vice President of Wafer Fabrication starting December 2005 and has served as Vice President of Worldwide Operations from June, 2010.

*Brian M. Shirley* joined us in August 1992 and has served in various positions since that time. Mr. Shirley became Vice President of Memory in February 2006 and has served as Vice President of DRAM Solutions from June, 2010. Mr. Shirley holds a BS in Electrical Engineering from Stanford University.

*Teruaki Aoki* has served as President of Sony University since April 2005. Dr. Aoki has been associated with Sony since 1970 and has held various executive positions, including Senior Executive Vice President and Executive Officer of Sony Corporation as well as President and Chief Operating Officer of Sony Electronics, a U.S. subsidiary. Dr. Aoki holds a Ph.D. in Material Sciences from Northwestern University as well as a BS in Applied Physics from the University of Tokyo. He was elected as an IEEE Fellow in 2003 and serves as Advisory Board Member of Kellogg School of Management of Northwestern University. Dr. Aoki also serves on the board of Citizen Holdings Co., Ltd. Dr. Aoki is the Chairman of the Board's Compensation Committee. He has served on our Board of Directors since 2006.

*James W. Bagley* became the Executive Chairman of Lam Research Corporation ("Lam"), a supplier of semiconductor manufacturing equipment, in June 2005. From August 1997 through June 2005, Mr. Bagley served as the Chairman and Chief Executive Officer of Lam. Mr. Bagley is a member of the Board of Directors of Teradyne, Inc. He has served on our Board of Directors since June 1997. Mr. Bagley holds a MS and BS in Electrical Engineering from Mississippi State University.

*Robert L. Bailey* has been Chairman of the Board of Directors of PMC-Sierra ("PMC") since 2005 and also served as PMC's Chairman from February 2000 until February 2003. Mr. Bailey has been a director of PMC since October 1996. He also served as the President and Chief Executive Officer of PMC from July 1997 until May 2008. PMC is a leading provider of broadband communication and semiconductor storage solutions for the next-generation Internet. Mr. Bailey currently serves on the Board of Directors of Entropic Communications. Mr. Bailey holds a BS degree in Electrical Engineering from the University of Bridgeport and an MBA from the University of Dallas. He has served on our Board of Directors since 2007.

*Mercedes Johnson* was the Senior Vice President and Chief Financial Officer of Avago Technologies Limited, a supplier of analog interface components for communications, industrial and consumer applications, from December 2005 to August 2008. She also served as the Senior Vice President, Finance, of Lam from June 2004 to January 2005 and as Lam's Chief Financial Officer from May 1997 to May 2004. Ms. Johnson holds a degree in Accounting from the University of Buenos Aires and currently serves on the Board of Directors for Intersil Corporation. Ms. Johnson is the Chairman of the Board's Audit Committee and has served on our Board of Directors since 2005.

*Lawrence N. Mondry* was the President and Chief Executive Officer of CSK Auto Corporation ("CSK"), a specialty retailer of automotive aftermarket parts, from August 2007 to July 2008. Prior to his appointment at CSK, Mr. Mondry served as the Chief Executive Officer of CompUSA Inc. from November 2003 to May 2006. Mr. Mondry joined CompUSA in 1990. Mr. Mondry is the Chairman of the Board's Governance Committee and Presiding Director. He has served on our Board of Directors since 2005.

*Robert E. Switz* is currently Chairman, President and Chief Executive Officer of ADC Telecommunications, Inc., ("ADC"), a supplier of network infrastructure products and services. Mr. Switz has been President and Chief Executive officer of ADC since August 2003 and Chairman since August 2008. He has been with ADC since 1994 and prior to his current position, served ADC as Executive Vice President and Chief Financial Officer. Mr. Switz holds an MBA from the University of Bridgeport as well as a degree in Marketing/Economics from Quinnipiac University. Mr. Switz also serves on the Board of Directors for ADC and Broadcom Corporation. He has served on our Board of Directors since 2006.

There are no family relationships between any of our directors or executive officers.

**Item 1A. Risk Factors**

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

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

For 2010 average selling prices of NAND products decreased 18% and average selling prices of DRAM products increased 28%. The increase in average selling prices for DRAM products is the first increase since 2004. For 2009, average selling prices of DRAM and NAND Flash products decreased 52% and 56%, respectively, as compared to 2008. For 2008, average selling prices of DRAM and NAND Flash products decreased 51% and 67%, respectively, as compared to 2007. For 2007, average selling prices of DRAM and NAND Flash products decreased 23% and 56%, respectively, as compared to 2006. In some prior periods, average selling prices for our memory products have been below our manufacturing costs. If average selling prices for our memory products decrease faster than we can decrease per gigabit costs, our business, results of operations or financial condition could be materially adversely affected.

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

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

**The semiconductor memory industry is highly competitive.**

We face intense competition in the semiconductor memory market from a number of companies, including Elpida Memory, Inc.; Hynix Semiconductor Inc.; Samsung Electronics Co., Ltd.; SanDisk Corporation; Spansion Inc. and Toshiba Corporation. Some of our competitors are large corporations or conglomerates that may have greater resources to withstand downturns in the semiconductor markets in which we compete, invest in technology and capitalize on growth opportunities. Our competitors seek to increase silicon capacity, improve yields, reduce die size and minimize mask levels in their product designs. The transitions to smaller line-width process technologies and 300mm wafers in the industry have resulted in significant increases in the worldwide supply of semiconductor memory. Increases in worldwide supply of semiconductor memory also result from semiconductor memory fab capacity expansions, either by way of new facilities, increased capacity utilization or reallocation of other semiconductor production to semiconductor memory production. As a result of improving conditions in the semiconductor memory market in recent periods, our competitors may increase capital expenditures resulting in future increases in worldwide supply. Increases in worldwide supply of semiconductor memory, if not accompanied with commensurate increases in demand, would lead to further declines in average selling prices for our products and would materially adversely affect our business, results of operations or financial condition.

**The inability to reach an acceptable agreement with our TECH joint venture partners regarding the future of TECH after its shareholders' agreement expires in April 2011 could have a significant adverse effect on our DRAM production and results of operation.**

Since 1998, we have participated in TECH, a semiconductor memory manufacturing joint venture in Singapore among us, Canon Inc. ("Canon") and Hewlett-Packard Company ("HP"). As of September 2, 2010, the ownership of TECH was held approximately 87% by us, approximately 10% by Canon and approximately 3% by HP. The financial results of TECH are included in our consolidated financial statements. In the fourth quarter of 2010, TECH accounted for 48% of our total DRAM wafer production. The shareholders' agreement for TECH expires in April 2011. In the first quarter of 2010, TECH received a notice from HP that it does not intend to extend the TECH joint venture beyond April 2011. We have been in discussions with HP and Canon to reach a resolution of the matter. However, there remain wide gaps between our position and those of HP and Canon. The parties' inability to reach a resolution of this matter prior to April 2011 would, per the terms of the shareholders' agreement, result in the sale of TECH's assets. As of September 2, 2010, the carrying value of TECH's net assets was \$1.1 billion and in the event of dissolution our loss could be a significant portion of this amount. In addition, the parties' inability to reach a resolution prior to April 2011 could result in the sale of TECH's assets and could require repayment of TECH's credit facility (\$348 million outstanding as of September 2, 2010). The sale of TECH's assets per the terms of the shareholders' agreement may have a significant adverse impact on our DRAM production and results of operation.

**Integration of our acquired Numonyx business may disrupt operations and result in significant costs.**

The integration of our acquired Numonyx business is a complex, time-consuming and expensive process that, even with proper planning and implementation, could significantly disrupt the business of Numonyx and our other operations. Realizing the anticipated benefits of the acquisition will depend in part on the timely integration of technology, operations, and personnel. If we are unable to successfully integrate Numonyx with our operations in a timely manner our financial condition and results of operations could be adversely affected. The challenges involved in this integration include the following:

- combining product and service offerings;
- coordinating research and development activities to enhance the development and introduction of new products and services;
- preserving customer, supplier and other important relationships of both Micron and Numonyx and resolving potential conflicts that may arise;
- managing supply chains and product channels effectively during the period of combining operations;
- minimizing the diversion of management attention from ongoing business concerns;
- additional expenses associated with the acquisition and integration of Numonyx;
- retaining key employees;
- managing new business structures; and
- coordinating and combining overseas operations, relationships and facilities, which may be subject to additional constraints imposed by geographic distance and local laws and regulations.



**The downturn in the worldwide economy may harm our business.**

The downturn in the worldwide economy had an adverse effect on our business. A continuation or deterioration of depressed economic conditions could have an even greater adverse effect on our business. Adverse economic conditions affect demand for devices that incorporate our products, such as personal computers and other computing and networking products, mobile devices, Flash memory cards and USB devices. Reduced demand for our products could result in continued market oversupply and significant decreases in our average selling prices. A continuation of current negative conditions in worldwide credit markets would limit our ability to obtain external financing to fund our operations and capital expenditures. In addition, we may experience losses on our holdings of cash and investments due to failures of financial institutions and other parties. Difficult economic conditions may also result in a higher rate of losses on our accounts receivables due to credit defaults. As a result, our business, results of operations or financial condition could be materially adversely affected.

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

Our cash flows from operations depend primarily on the volume of semiconductor memory sold, average selling prices and per unit manufacturing costs. To develop new product and process technologies, support future growth, achieve operating efficiencies and maintain product quality, we must make significant capital investments in manufacturing technology, facilities and capital equipment, research and development, and product and process technology. We expect that capital spending will be approximately \$2.4 billion to \$2.9 billion for 2011. The actual amount in 2011 will vary depending on funding participation by joint venture partners and market conditions. As of September 2, 2010, we had cash and equivalents of \$2,913 million, of which \$601 million consisted of cash and investments of IM Flash and TECH that would generally not be available to finance our other operations. In the past we have utilized external sources of financing when needed. As a result of the downturn in general economic conditions, and the adverse conditions in the credit markets, it may be difficult to obtain financing on terms acceptable to us. There can be no assurance that we will be able to generate sufficient cash flows or find other sources of financing to fund our operations; make adequate capital investments to remain competitive in terms of technology development and cost efficiency; or access capital markets. Our inability to do the foregoing could have a material adverse effect on our business and results of operations.

**Our joint ventures and strategic partnerships involve numerous risks.**

We have entered into partnering arrangements to manufacture products and develop new manufacturing process technologies and products. These arrangements include our IM Flash NAND Flash joint ventures with Intel, our Inotera DRAM joint venture with Nanya, our TECH DRAM joint venture, our MP Mask joint venture with Photronics, our Transform joint venture with Origin Energy and our CMOS image sensor wafer supply agreement with Aptina. These joint ventures and strategic partnerships are subject to various risks that could adversely affect the value of our investments and our results of operations. These risks include the following:

- our interests could diverge from our partners in the future or we may not be able to agree with partners on ongoing manufacturing and operational activities, or on the amount, timing or nature of further investments in our joint venture;
- we may experience difficulties in transferring technology to joint ventures;
- we may experience difficulties and delays in ramping production at joint ventures;
- our control over the operations of our joint ventures is limited;
- recognition of our share of potential Inotera, Aptina and Transform losses in our results of operation;
- due to financial constraints, our partners may be unable to meet their commitments to us or our joint ventures and may pose credit risks for our transactions with them;
- due to differing business models or long-term business goals, our partners may decide not to join us in capital contributions to our joint ventures which may result in us increasing our capital contributions to such ventures resulting in additional cash expenditures by us; for example, our contributions to IM Flash Singapore in 2010 and the first two months of 2011 totaled \$128 million and \$392 million, respectively, while Intel's contributions totaled \$38 million and \$0, respectively;

- the terms of our arrangements may turn out to be unfavorable;
- cash flows may be inadequate to fund increased capital requirements;
- these operations may be less cost-efficient as a result of underutilized capacity;
- changes in tax, legal or regulatory requirements may necessitate changes in the agreements with our partners; and
- political or economic instability may occur in the countries where our joint ventures and/or partners are located.

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

**Our ownership interest in Inotera involves numerous risks.**

Our 29.9% ownership interest in Inotera involves numerous risks including the following:

- risks relating to actions that may be taken or initiated by Qimonda AG's ("Qimonda") bankruptcy administrator relating to Qimonda's transfer to us of its Inotera shares;
- we may experience continued difficulties in transferring technology to Inotera;
- we may experience continued difficulties and delays in ramping production at Inotera;
- Inotera's ability to meet its ongoing obligations;
- costs associated with manufacturing inefficiencies resulting from underutilized capacity;
- difficulties in converting Inotera production from Qimonda's trench technology to our stack technology;
- uncertainties around the timing and amount of wafer supply we will receive under the supply agreement; and
- obligations during the technology transition period to procure product based on a competitor's technology which may be difficult to sell and to provide support for such product, with respect to which we have limited technological understanding.

In connection with our ownership equity interest in Inotera, we have rights and obligations to purchase 50% of the wafer production of Inotera. In 2010, we purchased \$693 million of DRAM products from Inotera.

**An adverse outcome relating to allegations of anticompetitive conduct could materially adversely affect our business, results of operations or financial condition.**

On May 5, 2004, Rambus, Inc. ("Rambus") filed a complaint in the Superior Court of the State of California (San Francisco County) against us and other DRAM suppliers alleging that the defendants harmed Rambus by engaging in concerted and unlawful efforts affecting Rambus DRAM ("RDRAM") by eliminating competition and stifling innovation in the market for computer memory technology and computer memory chips. Rambus' complaint alleges various causes of action under California state law including, among other things, a conspiracy to restrict output and fix prices, a conspiracy to monopolize, intentional interference with prospective economic advantage, and unfair competition. Rambus alleges that it is entitled to actual damages of more than a billion dollars and seeks joint and several liability, treble damages, punitive damages, a permanent injunction enjoining the defendants from the conduct alleged in the complaint, interest, and attorneys' fees and costs. A trial date has not been scheduled. (See "Item 1. Legal Proceedings" for additional details on this case and other Rambus matters pending in the U.S. and Europe.)

On September 24, 2010, Oracle America Inc. ("Oracle"), successor to Sun Microsystems, a DRAM purchaser that opted-out of a direct purchaser class action suit that was settled, filed suit against us in U.S. District Court for the Northern District of California. The complaint alleges DRAM price-fixing and other violations of federal and state antitrust and unfair competition laws based on purported conduct for the period from August 1, 1998 through at least June 15, 2002. Oracle is seeking joint and several damages, trebled, as well as restitution, disgorgement, attorneys' fees, costs and injunctive relief.

We are unable to predict the outcome of these lawsuits. An adverse court determination in any of these lawsuits alleging violations of antitrust laws could result in significant liability and could have a material adverse effect on our business, results of operations or financial condition.

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

On January 13, 2006, Rambus filed a lawsuit against us in the U.S. District Court for the Northern District of California. Rambus alleges that certain of our DDR2, DDR3, RLD RAM, and RLD RAM II products infringe as many as fourteen Rambus patents and seeks monetary damages, treble damages, and injunctive relief. The accused products account for a significant portion of our net sales. On June 2, 2006, we filed an answer and counterclaim against Rambus alleging, among other things, antitrust and fraud claims. On January 9, 2009, in another lawsuit involving us and Rambus and involving allegations by Rambus of patent infringement against us in the U.S. District Court for the District of Delaware, Judge Robinson entered an opinion in favor of us holding that Rambus had engaged in spoliation and that the twelve Rambus patents in the suit were unenforceable against us. Rambus subsequently appealed the Delaware Court's decision to the U.S. Court of Appeals for the Federal Circuit. That appeal is pending. Subsequently, the Northern District of California Court stayed a trial of the patent phase of the Northern District of California case pending the outcome of the appeal of the Delaware Court's spoliation decision or further order of the California Court. (See "Item 1. Legal Proceedings" for additional details on this lawsuit and other Rambus matters pending in the U.S. and Europe.)

On March 6, 2009, Panavision Imaging LLC filed suit against us and Aptina Imaging Corporation, then a wholly-owned subsidiary of ours, in the U.S. District Court for the Central District of California. The complaint alleges that certain of our and Aptina's image sensor products infringe four Panavision Imaging U.S. patents and seeks injunctive relief, damages, attorneys' fees, and costs.

We are unable to predict the outcome of assertions of infringement made against us. A court determination that our products or manufacturing processes infringe the intellectual property rights of others could result in significant liability and/or require us to make material changes to our products and/or manufacturing processes. Any of the foregoing results could have a material adverse effect on our business, results of operations or financial condition.

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

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

Products that do not meet specifications or that contain, or are perceived by our customers to contain, defects or that are otherwise incompatible with end uses could impose significant costs on us or otherwise materially adversely affect our business, results of operations or financial condition.

Because the design and production process for semiconductor memory is highly complex, it is possible that we may produce products that do not comply with customer specifications, contain defects or are otherwise incompatible with end uses. If, despite design review, quality control and product qualification procedures, problems with nonconforming, defective or incompatible products occur after we have shipped such products, we could be adversely affected in several ways, including the following:

- we may be required to replace product or otherwise compensate customers for costs incurred or damages caused by defective or incompatible product, and
- we may encounter adverse publicity, which could cause a decrease in sales of our products.

**There are a number of risks and uncertainties related to Numonyx's former joint venture with Hynix.**

In connection with our purchase of Numonyx on May 7, 2010, we acquired a 20.7% noncontrolling equity interest in Hynix-Numonyx Semiconductor Ltd. (the "Hynix JV"), a joint venture with Hynix Semiconductor, Inc. ("Hynix") and Hynix Semiconductor (WUXI) Limited. The change in control of Numonyx gave Hynix the right to purchase all of our equity interests in the Hynix JV. Hynix exercised its right to purchase our interest in the Hynix JV and consummated the equity transfer on August 31, 2010 for \$423 million.

A significant portion of Numonyx's sales are dependent upon sales of products supplied to us by the Hynix JV pursuant to a supply agreement. On July 29, 2010, we entered into a new supply agreement with Hynix, which provides for the continued supply of products through September 30, 2011 at market rates. Pricing under the new agreement is not anticipated to be as favorable as pricing under the JV supply agreement that existed prior to the sale of our ownership interest in the Hynix JV.

Concurrent with the Numonyx acquisition, we entered into agreements with STMicroelectronics N.V. and DBS Bank Ltd. ("DBS") that require us to guarantee an outstanding \$250 million loan, due in periodic installments from 2014 through 2016, made by DBS to the Hynix JV. Under the agreements, on August 31, 2010, we deposited \$250 million of proceeds from the sale of our interest in the Hynix JV into a pledged account at DBS to collateralize our obligations under the guarantee of the loan. The amount on deposit in the DBS account is accounted for as restricted cash on our balance sheet. The amount on deposit and our guarantee decrease as payments are made by the Hynix JV against the loan. There can be no assurance that the Hynix JV will not default under such loan.

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

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

- difficulties in integrating the operations, technologies and products of acquired or newly formed entities;
- increasing capital expenditures to upgrade and maintain facilities;
- increasing debt to finance an acquisition or formation of a new business;
- diverting management's attention from normal daily operations;
- managing larger or more complex operations and facilities and employees in separate and diverse geographic areas; and
- hiring and retaining key employees.

Acquisitions of, or alliances with, high-technology companies are inherently risky, and future transactions may not be successful and may materially adversely affect our business, results of operations or financial condition.

**New product development may be unsuccessful.**

We are developing new products that complement our traditional memory products or leverage their underlying design or process technology. We have made significant investments in product and process technologies and anticipate expending significant resources for new semiconductor product development over the next several years. The process to develop DRAM, NAND Flash, NOR Flash and certain specialty memory products requires us to demonstrate advanced functionality and performance, many times well in advance of a planned ramp of production, in order to secure design wins with our customers. There can be no assurance that our product development efforts will be successful, that we will be able to cost-effectively manufacture new products, that we will be able to successfully market these products or that margins generated from sales of these products will allow us to recover costs of development efforts.

**Our debt level is higher than compared to historical periods.**

We currently have a higher level of debt compared to historical periods. As of September 2, 2010 we had \$2.4 billion of debt, net of discounts of \$247 million. We may need to incur additional debt in the future. Our debt level could adversely impact us. For example it could:

- make it more difficult for us to make payments on our debt;
- require us to dedicate a substantial portion of our cash flow from operations and other capital resources to debt service;
- limit our future ability to raise funds for capital expenditures, acquisitions, research and development and other general corporate requirements;
- increase our vulnerability to adverse economic and semiconductor memory industry conditions;
- expose us to fluctuations in interest rates with respect to that portion of our debt which is at a variable rate of interest; and
- require us to make additional investments in joint ventures to maintain compliance with financial covenants.

Several of our credit facilities, one of which was modified during 2009 and another of which was modified in 2010, have covenants that require us to maintain minimum levels of tangible net worth and cash and investments. As of September 2, 2010, we were in compliance with our debt covenants. If we are unable to continue to be in compliance with our debt covenants, or obtain waivers, an event of default could be triggered, which, if not cured, could cause the maturity of other borrowings to be accelerated and become due and currently payable.

**Covenants in our debt instruments may obligate us to repay debt, increase contributions to our TECH joint venture and limit our ability to obtain financing.**

Our ability to comply with the financial and other covenants contained in our debt may be affected by economic or business conditions or other events. As of September 2, 2010, our 87% owned TECH Semiconductor Singapore Pte. Ltd., (“TECH”) subsidiary, had \$348 million outstanding under a credit facility with covenants that, among other requirements, establish certain liquidity, debt service coverage and leverage ratios for TECH and restrict TECH’s ability to incur indebtedness, create liens and acquire or dispose of assets. If TECH does not comply with these debt covenants and restrictions, this debt may be deemed to be in default and the debt declared payable. There can be no assurance that TECH will be able to comply with its covenants. Additionally, if TECH is unable to repay its borrowings when due, the lenders under TECH’s credit facility could proceed against substantially all of TECH’s assets. In the first quarter of 2010, TECH amended certain of its debt covenants under the credit facility. We have guaranteed 100% of the outstanding amount borrowed under TECH’s credit facility. If TECH’s debt is accelerated, we may not have sufficient assets to repay amounts due. Existing covenant restrictions may limit our ability to obtain additional debt financing. To avoid covenant defaults we may be required to repay debt obligations or make additional contributions to TECH, all of which could adversely affect our liquidity and financial condition.

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

Our financial statements are prepared in accordance with U.S. GAAP and are reported in U.S. dollars. Across our multi-national operations, there are transactions and balances denominated in other currencies, primarily the Singapore dollar, euro and yen. We recorded net losses from changes in currency exchange rates of \$23 million for 2010, \$30 million for 2009 and of \$25 million for 2008. We estimate that, based on our assets and liabilities denominated in currencies other than the U.S. dollar as of September 2, 2010, a 1% change in the exchange rate versus the U.S. dollar would expose us to foreign currency gains or losses of approximately U.S. \$2 million for the Singapore dollar and U.S. \$1 million for the euro and the yen. In the event that the U.S. dollar weakens significantly compared to the Singapore dollar, euro and yen, our results of operations or financial condition may be adversely affected.

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

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

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

**We may incur additional material restructure charges in future periods.**

In response to a severe downturn in the semiconductor memory industry and global economic conditions, we implemented restructure initiatives that resulted in net charges of \$70 million in 2009 and \$33 million in 2008. The restructure initiatives included shutting down our 200mm wafer fabrication facility in Boise, suspending the production ramp of a new fabrication facility in Singapore and other personnel cost reductions. We may need to implement further restructure initiatives in future periods. As a result of these initiatives, we could incur restructure charges, lose production output, lose key personnel and experience disruptions in our operations and difficulties in delivering products timely.

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

Sales to customers outside the United States approximated 83% of our consolidated net sales for 2010. In addition, a substantial portion of our manufacturing operations are located outside the United States. In particular, a significant portion of our manufacturing operations are concentrated in Singapore. Our international sales and operations are subject to a variety of risks, including:

- currency exchange rate fluctuations;
- export and import duties, changes to import and export regulations, and restrictions on the transfer of funds;
- political and economic instability;
- problems with the transportation or delivery of our products;
- issues arising from cultural or language differences and labor unrest;
- longer payment cycles and greater difficulty in collecting accounts receivable;
- compliance with trade, technical standards and other laws in a variety of jurisdictions;
- changes in economic policies of foreign governments; and
- difficulties in staffing and managing international operations.

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

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

We have a valuation allowance against substantially all U.S. net deferred tax assets. As of September 2, 2010, our federal, state and foreign net operating loss carryforwards were \$2.4 billion, \$2.0 billion and \$290 million, respectively. If not utilized, substantially all of our federal and state net operating loss carryforwards will expire in 2022 to 2029 and the foreign net operating loss carryforwards will begin to expire in 2015. As of September 2, 2010, our federal and state tax credit carryforwards were \$188 million and \$204 million respectively. If not utilized, substantially all of our federal and state tax credit carryforwards will expire in 2013 to 2030. As a consequence of prior business acquisitions, utilization of the tax benefits for some of the tax carryforwards is subject to limitations imposed by Section 382 of the Internal Revenue Code and some portion or all of these carryforwards may not be available to offset any future taxable income. The determination of the limitations is complex and requires significant judgment and analysis of past transactions.

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

We manufacture products using highly complex processes that require technologically advanced equipment and continuous modification to improve yields and performance. Difficulties in the manufacturing process or the effects from a shift in product mix can reduce yields or disrupt production and may increase our per gigabit manufacturing costs. Additionally, our control over operations at our IM Flash, TECH, Inotera, MP Mask and Transform joint ventures is limited by our agreements with our partners. From time to time, we have experienced minor disruptions in our manufacturing process as a result of power outages, improperly functioning equipment and equipment failures. If production at a fabrication facility is disrupted for any reason, manufacturing yields may be adversely affected or we may be unable to meet our customers' requirements and they may purchase products from other suppliers. This could result in a significant increase in manufacturing costs or loss of revenues or damage to customer relationships, which could materially adversely affect our business, results of operations or financial condition.

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

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

**Item 1B. *Unresolved Staff Comments***

None.

## Item 2. Properties

Our corporate headquarters are located in Boise, Idaho. The following is a summary of the principal facilities we own as of September 2, 2010:

<b>Location</b>	<b>Principal Operations</b>
Boise, Idaho	R&D including wafer fabrication and reticle manufacturing
Lehi, Utah	Wafer fabrication
Manassas, Virginia	Wafer fabrication
Singapore	Three wafer fabrication facilities and a test, assembly and module assembly facility
Nishiwaki City, Japan	Wafer fabrication
Avezzano, Italy	Wafer fabrication
Nampa, Idaho	Test
Aguadilla, Puerto Rico	Module assembly and test
Xi'an, China	Test
Qiryat Gat, Israel	Wafer fabrication
Muar, Malaysia	Module assembly and test
Cavite, Philippines	Module assembly and test
Agrate, Italy	R&D including wafer fabrication

We also own and lease a number of other facilities in locations throughout the world that are used for design, research and development, and sales and marketing activities.

Our facility in Lehi and one of our facilities in Singapore is owned and operated by our IM Flash joint venture with Intel. (See "Item 8. Financial Statements and Supplementary Data – Notes to Consolidated Financial Statements – Consolidated Variable Interest Entities – NAND Flash Joint Ventures with Intel" note.)

One of our wafer fabrication facilities in Singapore is owned by our TECH joint venture and collateralizes, in part, a credit facility with \$348 million outstanding as of September 2, 2010. (See "Item 8. Financial Statements and Supplementary Data – Notes to Consolidated Financial Statements – TECH Semiconductor Singapore Pte. Ltd" note.)

In connection with our noncontrolling interest in Inotera, we have rights and obligations to purchase 50% of Inotera's wafer production. (See "Item 8. Financial Statements and Supplementary Data – Notes to Consolidated Financial Statements – Supplemental Balance Sheet Information – Equity Method Investments – Inotera and MeiYa DRAM joint ventures with Nanya " note.)

We believe that our existing facilities are suitable and adequate for our present purposes. We do not identify or allocate assets by operating segment. (See "Item 8. Financial Statements and Supplementary Data – Notes to Consolidated Financial Statements – Geographic Information" note.)



### **Item 3. Legal Proceedings**

#### **Antitrust Matters**

On May 5, 2004, Rambus, Inc. (“Rambus”) filed a complaint in the Superior Court of the State of California (San Francisco County) against us and other DRAM suppliers alleging that the defendants harmed Rambus by engaging in concerted and unlawful efforts affecting Rambus DRAM (“RDRAM”) by eliminating competition and stifling innovation in the market for computer memory technology and computer memory chips. Rambus’ complaint alleges various causes of action under California state law including, among other things, a conspiracy to restrict output and fix prices, a conspiracy to monopolize, intentional interference with prospective economic advantage, and unfair competition. Rambus alleges that it is entitled to actual damages of more than a billion dollars and seeks joint and several liability, treble damages, punitive damages, a permanent injunction enjoining the defendants from the conduct alleged in the complaint, interest, and attorneys’ fees and costs. A trial date has not been scheduled.

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

Additionally, three purported class action cases have been filed against us in the following Canadian courts: Superior Court, District of Montreal, Province of Quebec; Ontario Superior Court of Justice, Ontario; and Supreme Court of British Columbia, Vancouver Registry, British Columbia. The substantive allegations in these cases are similar to those asserted in the DRAM antitrust cases filed in the United States. Plaintiffs’ motion for class certification was denied in the British Columbia and Quebec cases in May and June 2008, respectively. Plaintiffs have filed an appeal of each of those decisions. On November 12, 2009, the British Columbia Court of Appeal reversed the denial of class certification and remanded the case for further proceedings. The appeal of the Quebec case is still pending.

On February 28, 2007, February 28, 2007 and March 8, 2007, cases were filed against us and other manufacturers of DRAM in the U.S. District Court for the Northern District of California by All American Semiconductor, Inc., Jaco Electronics, Inc. and DRAM Claims Liquidation Trust, respectively, that opted-out of a direct purchaser class action suit that was settled. The complaints allege, among other things, violations of federal and state antitrust and competition laws in the DRAM industry, and seek joint and several damages, trebled, as well as restitution, attorneys’ fees, costs, and injunctive relief.

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

On September 24, 2010, Oracle America Inc. (“Oracle”), successor to Sun Microsystems, a DRAM purchaser that opted-out of a direct purchaser class action suit that was settled, filed suit against us in U.S. District Court for the Northern District of California. The complaint alleges DRAM price-fixing and other violations of federal and state antitrust and unfair competition laws based on purported conduct for the period from August 1, 1998 through at least June 15, 2002. Oracle is seeking joint and several damages, trebled, as well as restitution, disgorgement, attorneys’ fees, costs and injunctive relief.

Three purported class action lawsuits alleging price-fixing of “Static Random Access Memory” or “SRAM” products have been filed in Canada, asserting violations of the Canadian Competition Act. These cases assert claims on behalf of a purported class of individuals and entities that purchased SRAM products directly or indirectly from various SRAM suppliers.

In addition, three purported class action lawsuits alleging price-fixing of Flash products have been filed in Canada, asserting violations of the Canadian Competition Act. These cases assert claims on behalf of a purported class of individuals and entities that purchased Flash memory directly and indirectly from various Flash memory suppliers.

We are unable to predict the outcome of these lawsuits. The final resolution of these alleged violations of antitrust laws could result in significant liability and could have a material adverse effect on our business, results of operations or financial condition.

## **Patent Matters**

On August 28, 2000, we filed a complaint against Rambus in the U.S. District Court for the District of Delaware seeking monetary damages and declaratory and injunctive relief. Among other things, our complaint (as amended) alleges violation of federal antitrust laws, breach of contract, fraud, deceptive trade practices, and negligent misrepresentation. The complaint also seeks a declaratory judgment (a) that we did not infringe on certain of Rambus' patents, are invalid, and/or are unenforceable, (b) that we have an implied license to those patents, and (c) that Rambus is estopped from enforcing those patents against us. On February 15, 2001, Rambus filed an answer and counterclaim in Delaware denying that we are entitled to relief, alleging infringement of the eight Rambus patents (later amended to add four additional patents) named in our declaratory judgment claim, and seeking monetary damages and injunctive relief. In the Delaware action, we subsequently added claims and defenses based on Rambus' alleged spoliation of evidence and litigation misconduct. The spoliation and litigation misconduct claims and defenses were heard in a bench trial before Judge Robinson in October 2007. On January 9, 2009, Judge Robinson entered an opinion in favor of us holding that Rambus had engaged in spoliation and that the twelve Rambus patents in the suit were unenforceable against us. Rambus subsequently appealed the decision to the U.S. Court of Appeals for the Federal Circuit. That appeal is pending.

A number of other suits involving Rambus are currently pending in Europe alleging that certain of our SDRAM and DDR SDRAM products infringe various of Rambus' country counterparts to its European patent 525 068, including: on September 1, 2000, Rambus filed suit against Micron Semiconductor (Deutschland) GmbH in the District Court of Mannheim, Germany; on September 22, 2000, Rambus filed a complaint against us and Repronic (a distributor of our products) in the Court of First Instance of Paris, France; on September 29, 2000, we filed suit against Rambus in the Civil Court of Milan, Italy, alleging invalidity and non-infringement. In addition, on December 29, 2000, we filed suit against Rambus in the Civil Court of Avezzano, Italy, alleging invalidity and non-infringement of the Italian counterpart to European patent 1 004 956. Additionally, on August 14, 2001, Rambus filed suit against Micron Semiconductor (Deutschland) GmbH in the District Court of Mannheim, Germany alleging that certain of our DDR SDRAM products infringe Rambus' country counterparts to its European patent 1 022 642. In the European suits against us, Rambus is seeking monetary damages and injunctive relief. Subsequent to the filing of the various European suits, the European Patent Office (the "EPO") declared Rambus' 525 068 and 1 004 956 European patents invalid and revoked the patents. The declaration of invalidity with respect to the '068 patent was upheld on appeal. The original claims of the '956 patent also were declared invalid on appeal, but the EPO ultimately granted a Rambus request to amend the claims by adding a number of limitations.

On January 13, 2006, Rambus filed a lawsuit against us in the U.S. District Court for the Northern District of California. Rambus alleges that certain of our DDR2, DDR3, RLDRAM, and RLDRAM II products infringe as many as fourteen Rambus patents and seeks monetary damages, treble damages, and injunctive relief. The accused products account for a significant portion of our net sales. On June 2, 2006, we filed an answer and counterclaim against Rambus alleging, among other things, antitrust and fraud claims. On January 9, 2009, in another lawsuit involving us and Rambus and involving allegations by Rambus of patent infringement against us in the U.S. District Court for the District of Delaware, Judge Robinson entered an opinion in favor of us holding that Rambus had engaged in spoliation and that the twelve Rambus patents in the suit were unenforceable against us. Rambus subsequently appealed the Delaware Court's decision to the U.S. Court of Appeals for the Federal Circuit. Subsequently, the Northern District of California Court stayed a trial of the patent phase of the Northern District of California case pending the outcome of the appeal of the Delaware Court's spoliation decision or further order of the California Court.

On March 6, 2009, Panavision Imaging, LLC filed suit against us and Aptina Imaging Corporation, then our wholly-owned subsidiary ("Aptina"), in the U.S. District Court for the Central District of California. The complaint alleges that certain of ours and Aptina's image sensor products infringe four Panavision Imaging U.S. patents and seeks injunctive relief, damages, attorneys' fees, and costs.

On December 11, 2009, Ring Technology Enterprises of Texas LLC (“Ring”) filed suit against us in the U.S. District Court for the Eastern District of Texas alleging that certain of our memory products infringe one Ring Technology U.S. patent. On June 26, 2010, we executed a settlement agreement with Ring resolving the dispute for an immaterial amount.

We are unable to predict the outcome of these suits. A court determination that our products or manufacturing processes infringe the product or process intellectual property rights of others could result in significant liability and/or require us to make material changes to our products and/or manufacturing processes. Any of the foregoing results could have a material adverse effect on our business, results of operations or financial condition.

#### **Securities Matters**

On February 24, 2006, a putative class action complaint was filed against us and certain of our officers in the U.S. District Court for the District of Idaho alleging claims under Section 10(b) and 20(a) of the Securities Exchange Act of 1934, as amended, and Rule 10b-5 promulgated thereunder. Four substantially similar complaints subsequently were filed in the same Court. The cases purport to be brought on behalf of a class of purchasers of our stock during the period February 24, 2001 to February 13, 2003. The five lawsuits have been consolidated and a consolidated amended class action complaint was filed on July 24, 2006. The complaint generally alleges violations of federal securities laws based on, among other things, claimed misstatements or omissions regarding alleged illegal price-fixing conduct or our operations and financial results. The complaint seeks unspecified damages, interest, attorneys’ fees, costs, and expenses. On December 19, 2007, the Court issued an order certifying the class but reducing the class period to purchasers of our stock during the period from February 24, 2001 to September 18, 2002. On August 24, 2010, we executed a settlement agreement resolving these purported class-action cases. Subject to certain conditions, including final court approval of the class settlement, we and our insurers agreed to pay \$42 million with our contribution to the settlement comprising approximately \$6 million.

(See “Item 1A. Risk Factors.”)

#### **Item 4. [ *Removed and Reserved* ]**

## PART II

### Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

**Market for Common Stock:** Our common stock is listed on the NASDAQ Global Select Market and trades under the symbol "MU" and traded under the same symbol on the New York Stock Exchange through December 29, 2009. The following table represents the high and low closing sales prices for our common stock for each quarter of 2010 and 2009, as reported by Bloomberg L.P.:

	<u>Fourth Quarter</u>	<u>Third Quarter</u>	<u>Second Quarter</u>	<u>First Quarter</u>
<b>2010</b>				
High	\$ 10.02	\$ 11.30	\$ 11.22	\$ 8.91
Low	6.46	8.57	8.44	6.58
<b>2009</b>				
High	\$ 7.56	\$ 5.50	\$ 4.32	\$ 5.13
Low	4.70	2.58	1.85	1.69

**Holders of Record:** As of October 18, 2010, there were 2,998 shareholders of record of our common stock.

**Dividends:** We have not declared or paid cash dividends since 1996 and do not intend to pay cash dividends for the foreseeable future.

**Equity Compensation Plan Information:** The information required by this item is incorporated by reference from the information set forth in Item 12 of this Annual Report on Form 10-K.

**Issuer Sales of Unregistered Securities:** On May 7, 2010, we issued an aggregate of 137.7 million unregistered shares of common stock (with a fair value of \$1,091 million on the issuance date) to Intel Corporation, Intel Technology Asia Pte Ltd, STMicroelectronics N.V., Redwood Blocker S.a.r.l. and PK Flash, LLC as consideration for all the outstanding shares of Numonyx Holdings, B.V. The shares we issued were exempt from registration under Section 4(2) of the Securities Act of 1933.

On August 11, 2009, we issued 1.8 million unregistered shares of common stock (with a fair value of \$12 million on the issuance date) to DT FLCO, Inc. as partial consideration paid for a business acquired for cash and stock. These shares were exempt from registration under Section 4(2) of the Securities Act of 1933.

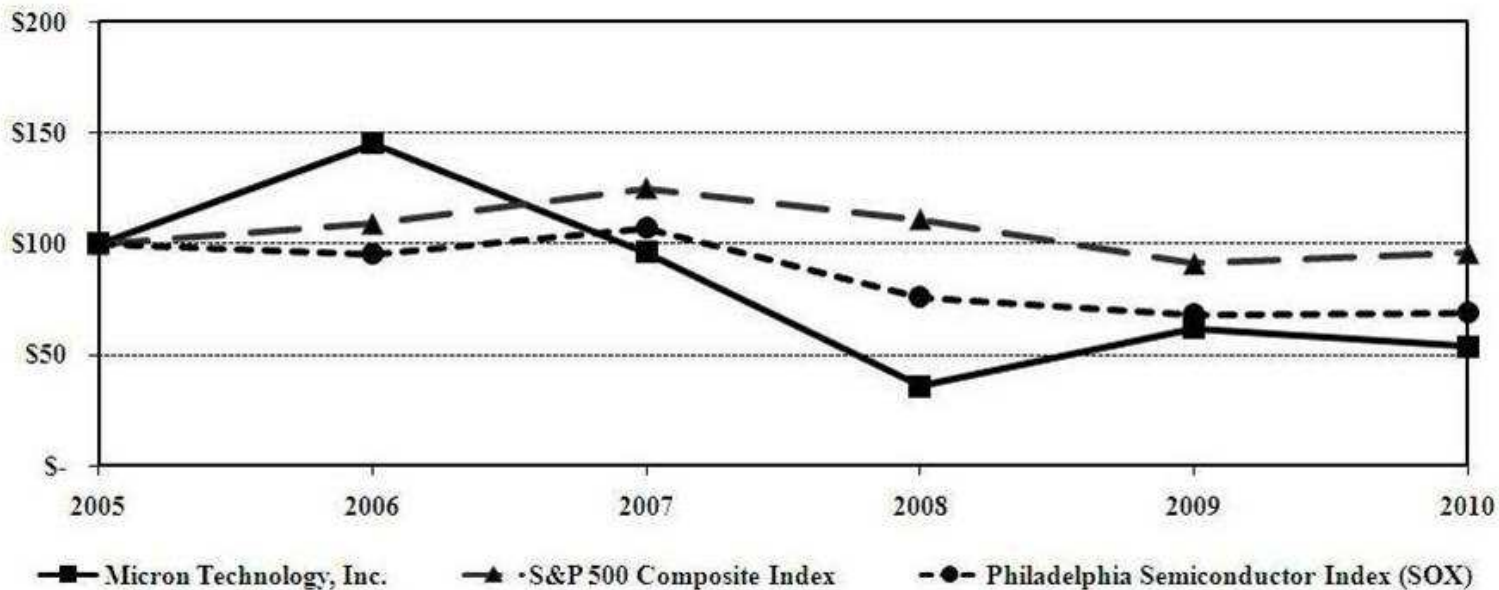
**Issuer Purchases of Equity Securities:** During the fourth quarter of 2010, we acquired, as payment of withholding taxes in connection with the vesting of restricted stock and restricted stock unit awards, 1,821,149 shares of our common stock at an average price of \$8.59 per share. We retired these shares in the fourth quarter of 2010.

Period	(a) Total Number of Shares Purchased	(b) Average Price Paid Per Share	(c) Total Number of Shares (or Units) Purchased As Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) That May Yet Be Purchased Under the Plans or Programs
June 4, 2010 – July 8, 2010	1,633,206	\$ 8.74	N/A	N/A
July 9, 2010 – August 5, 2010	166,174	7.34	N/A	N/A
August 6, 2010 – September 2, 2010	21,769	7.04	N/A	N/A
	<u>1,821,149</u>	8.59		

#### Performance Graph

The following graph illustrates a five-year comparison of cumulative total returns for our common stock, the S&P 500 Composite Index and the Philadelphia Semiconductor Index (SOX) from August 31, 2005, through August 31, 2010.

Note: Management cautions that the stock price performance information shown in the graph below is provided as of fiscal year-end and may not be indicative of current stock price levels or future stock price performance.



We operate on a 52 or 53 week fiscal year which ends on the Thursday closest to August 31. Accordingly, the last day of our fiscal year varies. For consistent presentation and comparison to the industry indices shown herein, we have calculated our stock performance graph assuming an August 31 year end. The performance graph assumes \$100 was invested on August 31, 2005 in common stock of Micron Technology, Inc., the S&P 500 Composite Index and the Philadelphia Semiconductor Index (SOX). Any dividends paid during the period presented were assumed to be reinvested. The performance was plotted using the following data:

	2005	2006	2007	2008	2009	2010
Micron Technology, Inc.	\$ 100	\$ 145	\$ 96	\$ 36	\$ 62	\$ 54
S&P 500 Composite Index	100	109	125	111	91	96
Philadelphia Semiconductor Index (SOX)	100	95	107	76	68	69

**Item 6. Selected Financial Data**

Amounts and balances in the table below have been adjusted for the retrospective application of new accounting standards for noncontrolling interests and certain convertible debt instruments. (See “Item 8. Financial Statements and Supplementary Data – Notes to Consolidated Financial Statements – Adjustment for Retrospective Application of New Accounting Standards” note.)

	2010	2009	2008	2007	2006
	(in millions)				
Net sales	\$ 8,482	\$ 4,803	\$ 5,841	\$ 5,688	\$ 5,272
Gross margin	2,714	(440)	(55)	1,078	1,200
Operating income (loss)	1,589	(1,676)	(1,595)	(280)	350
Net income (loss)	1,900	(1,993)	(1,665)	(209)	415
Net income (loss) attributable to Micron	1,850	(1,882)	(1,655)	(331)	408
Diluted earnings (loss) per share	1.85	(2.35)	(2.14)	(0.43)	0.57
Cash and short-term investments	2,913	1,485	1,362	2,616	3,079
Total current assets	6,333	3,344	3,779	5,234	5,101
Property, plant and equipment, net	6,601	7,089	8,819	8,279	5,888
Total assets	14,693	11,459	13,432	14,810	12,221
Total current liabilities	2,702	1,892	1,598	2,026	1,661
Long-term debt	1,648	2,379	2,106	1,597	405
Total Micron shareholders' equity	8,020	4,953	6,525	8,135	8,114
Noncontrolling interests in subsidiaries	1,796	1,986	2,865	2,607	1,568
Total equity	9,816	6,939	9,390	10,742	9,682

On May 7, 2010, we completed our acquisition of Numonyx Holdings B.V. (“Numonyx”), which manufactures and sells NOR Flash, NAND Flash, DRAM and Phase Change memory technologies and products. In connection therewith, we issued 137.7 million shares of our common stock in exchange for all of the outstanding Numonyx capital stock and issued 4.8 million restricted stock units to employees of Numonyx in exchange for all of their outstanding restricted stock units. The total fair value of the consideration paid for Numonyx was \$1,112 million and we recorded \$2,162 million of assets, \$613 million of liabilities and a gain of \$437 million as a result of the acquisition. (See “Item 8. Financial Statements and Supplementary Data – Notes to Consolidated Financial Statements – Numonyx Holdings B.V” note.)

On December 18, 2009, we acquired a 50% interest in Transform Solar Pty Limited (“Transform”), a subsidiary of Origin Energy Limited (“Origin”), which is a public company in Australia. In exchange for the equity interest in Transform, we contributed nonmonetary assets with a fair value of \$65 million, consisting of manufacturing facilities, equipment, intellectual property and a fully-paid lease with respect to a portion of our Boise, Idaho manufacturing facilities. The carrying value of the nonmonetary assets was approximately equal to the fair value of the equity interest in Transform and no gain or loss was recognized on the contribution. As of September 2, 2010, we and Origin both held 50% ownership interests in Transform. (See “Item 8. Financial Statements and Supplementary Data – Notes to Consolidated Financial Statements – Equity Method Investments – Transform” note.)

On July 10, 2009, we sold a 65% interest in Aptina Imaging Corporation (“Aptina”), previously a wholly-owned subsidiary, and account for our remaining interest under the equity method. We continue to manufacture products for Aptina under a wafer supply agreement. (See “Item 8. Financial Statements and Supplementary Data – Notes to Consolidated Financial Statements – Equity Method Investments – Aptina” note.)

In the first quarter of 2009, we acquired a noncontrolling interest in Inotera Memories, Inc. (“Inotera”), a publicly-traded DRAM manufacturer in Taiwan. In connection therewith, we entered into a supply agreement with Inotera to purchase 50% of Inotera’s wafer production capacity of DRAM products and substantially began purchasing product in the fourth quarter of 2009. As of September 2, 2010, our ownership interest was 29.9%. (See “Item 8. Financial Statements and Supplementary Data – Notes to Consolidated Financial Statements – Equity Method Investments – Inotera and MeiYa DRAM joint ventures with Nanya” note.)

We have two joint ventures with Intel Corporation: IM Flash Technologies, LLC (“IMFT”), formed in January, 2006, and IM Flash Singapore LLP (“IMFS”), formed in February, 2007 (collectively “IM Flash”), to manufacture NAND Flash memory products for the exclusive benefit of the partners. As of September 2, 2010, we owned an approximate 51% interest in IMFT and an approximate 57% interest in IMFS with the remaining interests held by Intel. Our ownership interest in IMFS increased to 71% on October 5, 2010. We consolidate IM Flash and report Intel’s ownership interests as noncontrolling interests in subsidiaries. (See “Item 8. Financial Statements and Supplementary Data – Notes to Consolidated Financial Statements – Consolidated Variable Interest Entities – NAND Flash joint venture with Intel” note.)

In the third quarter of 2006, we began consolidating our TECH Semiconductor joint venture (“TECH”). In the third quarter of 2007, we acquired all of the shares of TECH held by the Singapore Economic Development Board, which increased our ownership interest from approximately 43% to approximately 73%. We also purchased additional shares in the second, third and fourth quarters of 2009, which increased our ownership interest to approximately 85% as of September 3, 2009, and the second quarter of 2010, which increased our ownership interest to approximate 87% as of September 2, 2010. (See “Item 8. Financial Statements and Supplementary Data – Notes to Consolidated Financial Statements – TECH Semiconductor Singapore Pte. Ltd” note.)

In the fourth quarter of 2006, we acquired Lexar Media, Inc., a designer, developer, manufacturer and marketer of Flash memory products, in a stock-for-stock merger.

(See “Item 1A. Risk Factors” and “Item 8. Financial Statements and Supplementary Data – Notes to Consolidated Financial Statements.”)

## Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

As used herein, "we," "our," "us" and similar terms include Micron Technology, Inc. and its subsidiaries, unless the context indicates otherwise. The following discussion contains trend information and other forward-looking statements that involve a number of risks and uncertainties. Forward-looking statements include, but are not limited to, statements such as those made in "Results of Operations" regarding the future composition of the our reportable segments; in "Net Sales" regarding future royalty and other payments from Nanya; DRAM production received from Inotera in 2011 and future increases in NAND Flash production resulting from the production ramp of IM Flash's new fabrication facility; in "Gross Margin" regarding future charges for inventory write-downs and future margins on sales of Numonyx products; in "Selling, General and Administrative" regarding SG&A costs for the first quarter of 2011, future legal expenses and increased expenses resulting from the acquisition of Numonyx; in "Research and Development" regarding R&D costs for the first quarter of 2011 and increased expenses resulting from the acquisition of Numonyx; in "Liquidity and Capital Resources" regarding capital spending in 2011, future distributions from IM Flash to Intel and future contribution by us to IM Flash; and in "Recently Issued Accounting Standards" regarding the impact from the adoption of new accounting standards. Our actual results could differ materially from our historical results and those discussed in the forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to, those identified in "Item 1A. Risk Factors." This discussion should be read in conjunction with the Consolidated Financial Statements and accompanying notes for the year ended September 2, 2010. 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. All tabular dollar amounts are in millions. Our fiscal 2010, which ended on September 2, 2010, contained 52 weeks, our fiscal 2009 contained 53 weeks and our fiscal 2008 contained 52 weeks. All production data includes the production of our consolidated joint ventures and our other partnering arrangements.

## Overview

We are a global manufacturer and marketer of semiconductor devices, principally DRAM, NAND Flash and NOR Flash memory, as well as other innovative memory technologies, packaging solutions and semiconductor systems. In addition, we manufacture semiconductor components for CMOS image sensors and other semiconductor products. We market our products through our internal sales force, independent sales representatives and distributors primarily to original equipment manufacturers and retailers located around the world. Our success is largely dependent on the market acceptance of our diversified portfolio of semiconductor products, efficient utilization of our manufacturing infrastructure, successful ongoing development of advanced process technologies and the return on research and development investments. (See "PART I - Item 1. Business.")

**Numonyx Holdings B.V. ("Numonyx"):** On May 7, 2010, we completed our acquisition of Numonyx Holdings B.V. ("Numonyx"), which manufactures and sells NOR Flash, NAND Flash, DRAM and Phase Change memory technologies and products. We acquired Numonyx to further strengthen our portfolio of memory products, increase manufacturing and revenue scale, access Numonyx's customer base and provide opportunities to increase multi-chip offerings in the embedded and mobile markets. In connection therewith, we issued 137.7 million shares of our common stock in exchange for all of the outstanding Numonyx capital stock and issued 4.8 million restricted stock units to the employees of Numonyx in exchange for all of their outstanding restricted stock units. The total fair value of the consideration we paid for Numonyx was \$1,112 million and the net assets acquired were valued at \$1,549 million resulting in a gain of \$437 million. In addition, we recognized a \$51 million income tax benefit in connection with the acquisition. Our results of operations for 2010 include \$635 million of net sales and \$13 million of operating losses from the Numonyx operations after the May 7, 2010 acquisition date. We incurred transaction costs of \$20 million during 2010 in connection with the acquisition.

In connection with our purchase of Numonyx on May 7, 2010, we acquired a 20.7% noncontrolling equity interest in Hynix-Numonyx Semiconductor Ltd. (the "Hynix JV"), a joint venture with Hynix Semiconductor, Inc. ("Hynix") and Hynix Semiconductor (WUXI) Limited. The change in control of Numonyx gave Hynix the right to purchase all of our equity interest in the Hynix JV. Hynix exercised its right to purchase our interest in the Hynix JV and consummated the equity transfer on August 31, 2010 for \$423 million. Concurrent with the Numonyx acquisition, we entered into agreements with STMicroelectronics N.V. and DBS Bank Ltd. ("DBS") that required us to guarantee, under certain conditions, an outstanding loan, made by DBS to the Hynix JV and as a result, recorded a \$15 million liability as of the acquisition date. The outstanding balance of the Hynix JV loan was \$250 million as of the acquisition date and is due in periodic installments from 2014 through 2016. Under the agreements, on August 31, 2010 the conditions for the guarantee were satisfied and we deposited \$250 million of proceeds from the sale of our interest in the Hynix JV into a pledged account at DBS to collateralize our obligations under the guarantee of the loan. The amount on deposit in the DBS account is accounted for as restricted cash. The amount on deposit and our guarantee decrease as payments are made by the Hynix JV against the loan.



(See “Item 8. Financial Statements – Notes to Consolidated Financial Statements – Numonyx Holdings B.V.” note and “Item 1. Financial Statements – Notes to Consolidated Financial Statements – Equity Method Investments – Hynix JV” note.)

## Results of Operations

	2010		2009		2008	
	(in millions and as a percent of net sales)					
<b>Net sales:</b>						
Memory	\$ 7,437	88 %	\$ 4,290	89 %	\$ 5,188	89 %
Numonyx	635	7 %	--	--	--	--
All Other	423	5 %	513	11 %	653	11 %
Intersegment	(13)	0 %	--	--	--	--
	<u>\$ 8,482</u>	<u>100 %</u>	<u>\$ 4,803</u>	<u>100 %</u>	<u>\$ 5,841</u>	<u>100 %</u>
<b>Gross margin:</b>						
Memory	\$ 2,601	35 %	\$ (522)	(12) %	\$ (241)	(5) %
Numonyx	123	19 %	--	--	--	--
All Other	(11)	(3) %	82	16 %	186	28 %
Intersegment	1	(8) %	--	--	--	--
	<u>\$ 2,714</u>	<u>32 %</u>	<u>\$ (440)</u>	<u>(9) %</u>	<u>\$ (55)</u>	<u>(1) %</u>
Selling, general and administrative	\$ 528	6 %	\$ 354	7 %	\$ 455	8 %
Research and development	624	7 %	647	13 %	680	12 %
Restructure	(10)	0 %	70	1 %	33	1 %
Goodwill impairment	--	--	58	1 %	463	8 %
Other operating (income) expense, net	(17)	0 %	107	2 %	(91)	(2) %
Gain from acquisition of Numonyx	437	5 %	--	--	--	--
Equity in net income (losses) of equity method investees, net of tax	(39)	0 %	(140)	(3) %	--	--
Net income (loss) attributable to Micron	1,850	22 %	(1,882)	(39) %	(1,655)	(28) %

Our fiscal year is the 52 or 53-week period ending on the Thursday closest to August 31.

Amounts in the table above have been adjusted to reflect the retrospective application of new accounting standards for noncontrolling interests and certain convertible debt instruments. (See “Item 8. Financial Statements and Supplementary Data – Notes to Consolidated Financial Statements – Adjustment for Retrospective Application of New Accounting Standards” note.)

In 2010, we added a new reportable segment as a result of the acquisition of Numonyx and had two reportable segments, Memory and Numonyx. We included the former Numonyx business as a reportable segment since its acquisition on May 7, 2010. In 2009, we had two reportable segments, Memory and Imaging. In the first quarter of 2010, Imaging no longer met the quantitative thresholds of a reportable segment and management does not expect that Imaging will meet the quantitative thresholds in future years. As a result, Imaging is no longer considered a reportable segment and is included in our All Other nonreportable segments. Prior period amounts have been recast to reflect Imaging in All Other. Operating results of All Other primarily reflect activity of Imaging and also include activity of our microdisplay, solar and other operations. The continued integration of Numonyx into our operations will likely result in the re-definition of our reportable segments in 2011.

### Net Sales

Total net sales for 2010 increased 77% as compared to 2009 primarily due to a 73% increase in Memory sales and the addition of \$635 million of sales from Numonyx as a result of its acquisition in May 2010. The increase in Memory sales for 2010 as compared to 2009 primarily reflects significant increases in gigabits sold and improved average selling prices for certain products. Total net sales for 2009 decreased 18% as compared to 2008 primarily due to a 17% decrease in Memory sales and a 21% decrease in All Other sales.

**Memory:** Memory sales for 2010 increased 73% from 2009 primarily due to a 109% increase in sales of DRAM products and a 28% increase in sales of NAND Flash products.

Sales of DRAM products for 2010 increased from 2009 primarily due to a 69% increase in gigabits sold and a 28% increase in average selling prices. Gigabit production of DRAM products increased 75% for 2010 as compared to 2009, primarily due to additional supply received from our Inotera joint venture and production efficiencies achieved primarily through transitions to higher density, advanced geometry devices. DRAM products acquired from our Inotera Memories, Inc. (“Inotera”) joint venture accounted for 10% of our total net sales in 2010 as compared to less than 1% for 2009. We have rights and obligations to purchase 50% of Inotera’s wafer production capacity under a supply agreement with Inotera (the “Inotera Supply Agreement”). We expect that our DRAM supply from Inotera will increase significantly in 2011 due to Inotera’s transition of its manufacturing from trench DRAM process technology to our stack DRAM technology. The increase in average selling prices in 2010 for DRAM products from improved market conditions were partially offset by a shift in product mix resulting from increases sales of Inotera trench DRAM products that had significantly lower average selling prices per gigabit than our other DRAM products. Sales of DDR2 and DDR3 DRAM, our highest volume products, were 46% of our total net sales for 2010 as compared to 29% of total net sales for 2009 and 2008. The increase in DDR2 and DDR3 DRAM sales in 2010 as compared to 2009 was primarily attributable to higher increases in average selling prices relative to our other products and the increased supply from Inotera.

We sell NAND Flash products in three principal channels: (1) to Intel Corporation (“Intel”) through our IM Flash consolidated joint venture at long-term negotiated prices approximating cost, (2) to original equipment manufacturers (“OEMs”) and other resellers and (3) to retailers. Aggregate sales of NAND Flash products for 2010 increased 28% from 2009 primarily due to a 55% increase in units sold partially offset by a 18% decline in average selling prices. Sales of NAND Flash products represented 28% of our total net sales for 2010, 39% of our total net sales for 2009 and 35% of net sales for 2008.

Sales through IM Flash to Intel were \$764 million for 2010, \$886 million for 2009 and \$1,037 million for 2008. Gigabit sales to Intel were 71% higher in 2010 as compared to 2009 primarily due to a 68% increase in gigabit production of NAND Flash products over the same period. Production increases for NAND Flash were primarily due to improved manufacturing efficiencies achieved primarily through transitions to higher density, advanced geometry devices. We expect that the ramp of production at IM Flash’s new wafer fabrication facility in Singapore will begin to increase our NAND Flash production in the second half of 2011. For 2010, average selling prices for IM Flash sales to Intel decreased 49% as compared to 2009 due to reductions in costs per gigabit.

Aggregate sales of NAND Flash products to our OEM, reseller and retail customers were 65% higher for 2010 as compared to 2009 primarily due to a 42% increase in gigabit sales. Average selling prices to our OEM and reseller customers for 2010 increased 31% as compared to 2009, while average selling prices of our Lexar brand, which is directed primarily at the retail market, decreased 16%.

Memory sales for 2009 decreased 17% from 2008 primarily due to a 23% decrease in sales of DRAM products and a 10% decrease in sales of NAND Flash products. Sales of DRAM products for 2009 decreased from 2008 primarily due to a 52% decline in average selling prices mitigated by a 56% increase in gigabits sold. Gigabit production of DRAM products increased 52% for 2009 despite the shutdown of the Boise fabrication facility and production slowdowns at other 200mm wafer fabrication facilities. Sales of NAND Flash products for 2009 decreased 10% from 2008 due to a 15% decrease in sales to Intel primarily due to the shutdown of NAND Flash production at the our Boise wafer fabrication facility in 2009 and a 4% decrease in sales to OEM, resellers and retail customers primarily due a 52% decline in average selling prices, partially offset by a 100% increase in gigabit sales.

We have formed partnering arrangements which have sold or licensed technology to other parties. Our Memory segment recognized royalty and license revenue of \$97 million in 2010, \$135 million in 2009 and \$58 million in 2008. We have a partnering arrangement with Nanya pursuant to which we and Nanya jointly develop process technology and designs to manufacture stack DRAM products. In addition, we have deployed and licensed certain intellectual property related to the manufacture of stack DRAM products to Nanya and licensed certain intellectual property from Nanya. We recognized \$65 million, \$105 million and \$37 million, respectively, of license revenue in net sales from this arrangement during 2010, 2009 and 2008, respectively. Effective beginning in April, 2010, the license agreement was completed and we generally share DRAM development costs with Nanya equally. Our research and development costs for 2010 were reduced \$51 million by this cost sharing arrangement. In addition, in 2010, we received \$6 million of royalties from Nanya for sales of stack DRAM products manufactured by or for Nanya on process nodes of 50nm or higher and will continue to receive royalties from Nanya associated with technology developed prior to April 2010.

**Numonyx:** Numonyx segment sales for 2010 reflect sales subsequent to the May 7, 2010 acquisition date of Numonyx. For this period, Numonyx segment sales were composed of approximately 70% NOR Flash products and approximately 30% NAND Flash products. Under business acquisition accounting, we are unable to recognize revenue on sales of Numonyx products that at the acquisition date were in the distribution channel and accounted for on a sell-through basis. Such unrecognized revenue was \$79 million for 2010.

## Gross Margin

Our overall gross margin percentage improved to 32% for 2010 from negative 9% for 2009 primarily due to improvements in the gross margin for Memory as a result of improved pricing and cost reductions. Overall gross margins were also impacted by our acquisition of Numonyx in May of 2010 as the Numonyx segment recorded gross margins of 19% for 2010 after the acquisition. Our overall gross margin percentage declined from negative 1% for 2008 to negative 9% for 2009 due to declines in the gross margins for both Memory and All Other primarily as a result of severe pricing pressure mitigated by cost reductions.

**Memory:** Our gross margin percentage for Memory products for 2010 improved to 35% from negative 12% for 2009 primarily due to improvements in the gross margins on sales of both DRAM and NAND Flash products.

Our gross margins are impacted by charges to write down inventories to their estimated market values as a result of the significant decreases in average selling prices for both DRAM and NAND Flash products. As charges to write down inventories are recorded in advance of when inventories are sold, gross margins in subsequent reporting periods are higher than they otherwise would be. The impact of inventory write-downs on gross margins for all periods reflects inventory write-downs less the estimated net effect of prior period write-downs. The effects of inventory write-downs on Memory gross margins by period were as follows:

	2010	2009	2008
Inventory write-downs	\$ --	\$ (603)	\$ (282)
Estimated effect of previous inventory write-downs	40	767	98
Net effect of inventory write-downs	<u>\$ 40</u>	<u>\$ 164</u>	<u>\$ (184)</u>

In future periods, we will be required to record additional inventory write-downs if estimated average selling prices of products held in finished goods and work in process inventories at a quarter-end date are below the manufacturing cost of those products.

Improvements in gross margins on sales of DRAM products for 2010 as compared to 2009 were primarily due to the 28% increase in average selling prices and a 35% reduction in costs per gigabit primarily as a result of improved production efficiencies. DRAM products acquired from our Inotera joint venture accounted for 10% total net sales in 2010 and our cost of wafers purchased under the Inotera Supply Agreement is based on a margin sharing formula among Nanya, Inotera, and ourselves. Under such formula, all parties' manufacturing costs related to wafers supplied by Inotera, as well as our and Nanya's selling prices for the resale of products from wafers supplied by Inotera, are considered in determining costs for wafers acquired from Inotera. For 2010, we realized significantly lower gross margins on sales of Inotera DRAM products than for sales of our other DRAM products. Gross margins on sales of DRAM products for 2010 did not include any costs for Inotera's underutilized capacity, while in 2009 \$95 million of underutilized capacity costs were recorded.

Our gross margin on sales of NAND Flash products for 2010 improved from 2009 primarily due to reductions in costs per gigabit of 42%, as a result of lower manufacturing costs from increased production of higher-density, advanced-geometry devices. The reductions in costs per gigabit on sales of NAND Flash products for 2010 were partially offset by the declines in average selling prices per gigabit of 18%. Gross margins on sales of NAND Flash products reflect sales of approximately half of IM Flash's output to Intel at long-term negotiated prices approximating cost. Our cost of goods sold on sales of NAND Flash products for 2010 and 2009 included \$62 million and \$61 million, respectively, of idle capacity costs from IM Flash's wafer fabrication facility in Singapore.

Our gross margin percentage for Memory products declined from negative 5% for 2008 to negative 12% for 2009 primarily due to declines in the gross margin for DRAM products partially offset by improvements in the gross margin for NAND Flash products. Gross margins for 2009 were positively affected by significant cost reductions for DRAM and NAND Flash products and the effects of selling memory products that were subject to inventory write-downs in 2008. Declines in gross margins on sales of DRAM products for 2009 as compared to 2008 were primarily due to the 52% decline in average selling prices mitigated by 40% reduction in costs per gigabit. The reduction in DRAM costs per gigabit was primarily due to production efficiencies. DRAM production costs for 2009 were adversely impacted by \$95 million of underutilized capacity costs from Inotera. Our gross margin on sales of NAND Flash products for 2009 improved from 2008, despite a 56% decrease in overall average selling prices per gigabit, primarily due to a 61% reduction in costs per gigabit primarily due to lower manufacturing costs.

**Numonyx:** Numonyx segment gross margin for 2010 reflects operations subsequent to the May 7, 2010 acquisition date of Numonyx. In acquisition accounting, Numonyx's inventory was recorded at fair value reflecting its estimated selling price at the time of the acquisition, which was approximately \$185 million higher than the cost of inventory recorded by Numonyx at the acquisition date. Of this amount, approximately \$67 million was reflected as an increase to Numonyx cost of goods sold for 2010 and substantially all the remainder is expected to be reflected in cost of goods sold as the products are sold in 2011.

### Selling, General and Administrative

Selling, general and administrative ("SG&A") expenses for 2010 increased 49% from 2009 primarily due to higher payroll expenses resulting from increased incentive-based compensation costs; increased costs associated with legal matters, including \$64 million relating to accruals for estimated settlements in the indirect purchasers antitrust case and other matters (in Memory); \$20 million of Numonyx acquisition costs and Numonyx SG&A subsequent to the acquisition. The increase in SG&A expenses for 2010 was reduced by a reduction in expenses for imaging operations as a result of the sale of a 65% interest in Aptina Imaging Corporation ("Aptina") in the fourth quarter of 2009. We expect to incur increased SG&A expenses from Numonyx operations for 2011 as compared to 2010, which only reflected Numonyx's operations from the May 7, 2010 acquisition date. SG&A expenses for 2009 decreased 22% from 2008, primarily due to lower payroll expenses and other costs related to our restructure initiatives and lower legal expenses. Lower payroll expenses reflected reductions in headcount, variable pay, salary levels and employee benefits. Future SG&A expense is expected to vary, potentially significantly, depending on, among other things, the number of legal matters that are resolved relatively early in their life-cycle and the number of legal matters that progress to trial. We expect that SG&A expenses will approximate \$140 million to \$150 million for the first quarter of 2011. SG&A expense by segment were as follows:

	2010	2009	2008
Memory	\$ 444	\$ 315	\$ 385
Numonyx	57	--	--
All Other	27	39	70
	<u>\$ 528</u>	<u>\$ 354</u>	<u>\$ 455</u>

### Research and Development

Research and development ("R&D") expenses vary primarily with the number of development wafers processed, the cost of advanced equipment dedicated to new product and process development and personnel costs. Because of the lead times necessary to manufacture our products, we typically begin to process wafers before completion of performance and reliability testing. We deem development of a product complete once the product has been thoroughly reviewed and tested for performance and reliability. R&D expenses can vary significantly depending on the timing of product qualification as costs incurred in production prior to qualification are charged to R&D.

R&D expenses for 2010 decreased 4% from 2009 primarily due to a DRAM cost-sharing arrangement with Nanya that commenced in 2010 and a reduction in R&D costs for imaging products as a result of the sale of a 65% interest in Aptina in the fourth quarter of 2009, partially offset by higher payroll expenses resulting from the accrual of incentive-based compensation costs and additional R&D expenses in connection with the May 7, 2010 acquisition of Numonyx. R&D expenses were reduced by \$104 million in 2010, \$107 million in 2009 and \$148 million in 2008 for amounts reimbursable from Intel under a NAND Flash R&D cost-sharing arrangement. R&D expenses were reduced by \$51 million in 2010 for amounts reimbursable from Nanya under a DRAM R&D cost-sharing arrangement that commenced in the third quarter of 2010. We expect that reimbursements from Nanya under the DRAM R&D cost sharing arrangement will increase in 2011 when the arrangement is outstanding for the entire year. We expect to incur increased R&D expenses from Numonyx's operations in 2011 as compared to 2010, which only reflected Numonyx's operations from the May 7, 2010 acquisition date. We expect that R&D expenses, net of amounts reimbursable from our R&D partners, will approximate \$195 million to \$205 million for the first quarter of 2011. R&D expenses for 2009 decreased 5% from 2008 primarily due to lower payroll costs and decreases in costs of development wafers processed.

R&D expenses by segment were as follows:

	2010	2009	2008
Memory	\$ 526	\$ 529	\$ 536
Numonyx	79	--	--
All Other	19	118	144
	<u>\$ 624</u>	<u>\$ 647</u>	<u>\$ 680</u>

Our process technology R&D efforts are focused primarily on development of successively smaller line-width process technologies which are designed to facilitate our transition to next generation memory products. Additional process technology R&D efforts focus on the enablement of advanced computing and mobile memory architectures, the investigation of new opportunities that leverage our core semiconductor expertise and the development of new manufacturing materials. Product design and development efforts are concentrated on our high density DDR3 DRAM and LP-DDR2 mobile LPDRAM products as well as high density and mobile NAND Flash memory (including multi-level cell technology), NOR Flash memory, specialty memory, phase change memory and memory systems.

### Restructure

In response to a severe downturn in the semiconductor memory industry and global economic conditions, we initiated a restructure plan in 2009 primarily within our Memory segment. In the first quarter of 2009, IM Flash, our joint venture and Intel, terminated an agreement to obtain NAND Flash memory supply from our Boise facility. In connection therewith, Intel paid us \$208 million in 2009. In addition, we phased out all remaining 200mm DRAM wafer manufacturing operations in Boise, Idaho in the second half of 2009. As a result of these restructure plans, we reduced employment in 2009 by approximately 4,600 employees, or approximately 20%. We do not expect to incur any additional material restructure charges related to the plan initiated in 2009. The following table summarizes restructure charges (credits) resulting from the restructure activities:

	2010	2009	2008
(Gain) loss from disposition of equipment	\$ (13)	\$ 152	\$ --
Severance and other termination benefits	1	60	23
Gain from termination of NAND Flash supply agreement	--	(144)	--
Other	2	2	10
	<u>\$ (10)</u>	<u>\$ 70</u>	<u>\$ 33</u>

## Goodwill Impairment

In the second quarter of 2009, our imaging operations (the primary component of All Other segment) experienced a severe decline in sales, margins and profitability due to a significant decline in demand as a result of the downturn in global economic conditions. The drop in market demand resulted in significant declines in average selling prices and unit sales. Due to these market and economic conditions, our imaging operations experienced a significant decline in market value. Accordingly, in the second quarter of 2009, we performed an assessment of our imaging operations goodwill for impairment. Based on this assessment, we wrote off all of the \$58 million of goodwill associated with our imaging operations as of March 5, 2009.

In the first and second quarters of 2008, we experienced a sustained, significant decline in our stock price. As a result of the decline in stock prices, our market capitalization fell significantly below the recorded value of our consolidated net assets for most of the second quarter of 2008. The reduced market capitalization at that time reflected, in part, the Memory segment's lower average selling prices and expected continued weakness in pricing for our memory products. Accordingly, in the second quarter of 2008, we performed an assessment of Memory segment goodwill for impairment. Based on this assessment, we wrote off all the \$463 million of goodwill associated with our Memory segment as of February 28, 2008.

## Other Operating (Income) Expense, Net

Other operating (income) expense consisted of the following:

	2010	2009	2008
Government grants in connection with operations in China	\$ (24)	\$ (9)	\$ (2)
Receipts from U.S. government for anti-dumping tariffs	(12)	(6)	(38)
(Gain) loss on disposition of property, plant and equipment	(1)	54	(66)
Loss on sale of majority interest in Aptina	--	41	--
(Gain) loss from changes in currency exchange rates	23	30	25
Other	(3)	(3)	(10)
	<u>\$ (17)</u>	<u>\$ 107</u>	<u>\$ (91)</u>

## Interest Income/Expense

Interest expense for 2010, 2009 and 2008, includes aggregate amounts of non-cash amortization of debt discount and issuance costs of \$76 million, \$71 million and \$49 million, respectively. As a result of the retrospective adoption of a new accounting standard for certain convertible debt, we modified our accounting for our \$1.3 billion 1.875% convertible notes. We retrospectively allocated the \$1.3 billion aggregate proceeds at inception between a liability component (issued at a discount) and an equity component. The debt discount is being amortized from issuance through June 2014, the maturity date of the 1.875% convertible notes, with the amortization recorded as additional non-cash interest expense. Included in the noncash interest expense above is amortization on the 1.875% convertible notes of \$56 million in 2010, \$52 million in 2009 and \$47 million in 2008. (See "Item 1. Financial Statements – Notes to Consolidated Financial Statements – Adjustments for Retrospective Application of New Accounting Standards" note.)

## Other Non-Operating Income (Expense), net

On August 3, 2009, Inotera sold common shares in a public offering. As a result, our interest in Inotera decreased from 35.5% to 29.8% and we recognized a gain of \$56 million in the first quarter of 2010. (See "Item 8. Financial Statements – Notes to Consolidated Financial Statements – Supplemental Balance Sheet Information – Equity Method Investments – Inotera and MeiYa DRAM joint ventures with Nanya – Inotera" note.)

## Income Taxes

Income taxes for 2010 include a benefit of \$51 million from reduction of a portion of the deferred tax asset valuation allowance in connection with the sale of our equity interest in the Hynix JV that was acquired as part of the Numonyx acquisition. Except for this benefit, taxes for 2010 and 2009 primarily reflect taxes on our non-U.S. operations and U.S. alternative minimum tax. We have a valuation allowance against substantially all U.S. net deferred tax assets. Taxes attributable to U.S. operations for 2010, 2009 and 2008 were substantially offset by changes in the valuation allowance.

We have a valuation allowance against substantially all U.S. net deferred tax assets. As of September 2, 2010, the federal, state and foreign net operating loss carryforwards were \$2.4 billion, \$2.0 billion and \$290 million, respectively. If not utilized, substantially all of the federal and state net operating loss carryforwards will expire in 2022 to 2029 and the foreign net operating loss carryforwards will begin to expire in 2015. As of September 2, 2010, the federal and state tax credit carryforwards were \$188 million and \$204 million, respectively. If not utilized, substantially all of the federal and state tax credit carryforwards will expire in 2013 to 2030. As a consequence of prior business acquisitions, utilization of the tax benefits for some of the tax carryforwards is subject to limitations imposed by Section 382 of the Internal Revenue Code and some portion or all of these carryforwards may not be available to offset any future taxable income. The determination of the limitations is complex and requires significant judgment and analysis of past transactions.

In connection with the acquisition of Numonyx, we accrued a \$66 million liability related to uncertain tax positions on the tax years of Numonyx open to examination. We have recorded an indemnification asset for a significant portion of these accrued liabilities related to these tax positions.

### **Equity in Net Losses of Equity Method Investees**

We have partnered with Nanya in two Taiwan DRAM memory companies accounted for as equity method investments: Inotera and MeiYa Technology Corporation (“MeiYa”). Inotera and MeiYa each have fiscal years that end on December 31. We recognize our share of Inotera’s and MeiYa’s quarterly earnings or losses on a two-month lag. From our interest in these equity method investments, we recognized a loss of \$5 million for 2010 and a loss of \$140 million for 2009.

As a result of our sale of a 65% interest in our Aptina subsidiary on July 10, 2009, we account for our remaining interest in Aptina under the equity method. Our shares in Aptina constitute 35% of Aptina’s total common and preferred stock and 64% of Aptina’s common stock. Under the equity method, we recognize our share of Aptina’s results of operations based on our 64% share of Aptina’s common stock on a two-month lag. We recognized losses of \$24 million on our investment in Aptina for 2010.

On December 18, 2009, we acquired a 50% interest in Transform, a subsidiary of Origin Energy Limited (“Origin”), in exchange for our contribution to Transform of nonmonetary manufacturing assets with a fair value of \$65 million. We recognize our 50% share of Transform’s results of operations on a two-month lag. Our results of operations for 2010 included a loss of \$12 million for our share of Transform’s results of operations from the acquisition date through June 30, 2010.

(See “Item 8. Financial Statements – Notes to Consolidated Financial Statements – Supplemental Balance Sheet Information – Equity Method Investments” note.)

### **Noncontrolling Interests in Net (Income) Loss**

Noncontrolling interests for 2010, 2009 and 2008 primarily reflects the share of income or losses attributed to the noncontrolling interests in our TECH joint venture. We made the following purchases of TECH shares: \$99 million on February 27, 2009, \$99 million on June 2, 2009, and \$60 million on August 27, 2009. As a result, noncontrolling interests in TECH were reduced from approximately 27% as of August 28, 2008 to approximately 15% as of September 3, 2009. We purchased an additional \$80 million of TECH shares on January 27, 2010 and further reduced noncontrolling interest in TECH to approximately 13% as of September 2, 2010. (See “Item 8. Financial Statements – Notes to Consolidated Financial Statements – TECH Semiconductor Singapore Pte. Ltd” note.)

### **Stock-based Compensation**

Total compensation cost for our equity plans for 2010, 2009 and 2008 was \$93 million, \$44 million and \$48 million, respectively. Stock-based compensation expense was higher for 2010 than for 2009 primarily due to the accrual of performance-based stock compensation costs as a result of improved operating results. Stock compensation expenses fluctuate based on assessments of whether the achievement of performance conditions is probable for performance-based stock grants.

## Liquidity and Capital Resources

As of September 2, 2010, we had cash and equivalents totaling \$2,913 million compared to \$1,485 million as of September 3, 2009. The balance as of September 2, 2010 included \$355 million held at our TECH joint venture and \$246 million held at our IM Flash joint ventures. Our ability to access funds held by the joint ventures to finance our other operations is subject to agreement by the joint venture partners, debt covenants and contractual limitations. Amounts held by TECH and IM Flash are not anticipated to be available to finance our other operations.

Our cash and equivalents were composed of the following as of September 2, 2010:

Bank deposit accounts	\$	372
Money market accounts		2,170
Certificates of deposit		371
		<u>\$ 2,913</u>

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

Our liquidity is highly dependent on average selling prices for our products and the timing of capital expenditures, both of which can vary significantly from period to period. Depending on conditions in the semiconductor memory market, our cash flows from operations and current holdings of cash and investments may not be adequate to meet our needs for capital expenditures and operations. Historically, we have used external sources of financing to fund these needs. Due to conditions in the credit markets, it may be difficult to obtain financing on terms acceptable to us.

**Operating activities:** Net cash provided by operating activities was \$3,096 million for 2010, which reflected approximately \$3,530 million generated from the production and sales of our products partially offset by a \$516 million increase in accounts receivable due to a higher level of sales and in an increase in the proportion of sales to original equipment manufacturers who generally have longer payment terms than other customers.

On October 1, 2010, we entered into a 10-year patent cross-license agreement with Samsung Electronics Co. Ltd. ("Samsung"). Under the agreement, Samsung will pay us \$275 million, with \$200 million paid in October 2010, \$40 million due January 31, 2011 and \$35 million due March 31, 2011. The license is a life-of-patents license for existing patents and applications and a 10-year term license for all other patents.

**Investing activities:** Net cash used for investing activities was \$448 million for 2010, which included cash expenditures of \$616 million for property, plant and equipment and \$138 million for the acquisition of additional shares in Inotera partially offset by net proceeds from the sale of our interest in the Hynix JV of \$173 million (net of \$250 million placed in a cash collateral account for a loan guarantee). A significant portion of the capital expenditures related to IM Flash and TECH operations. We believe that to develop new product and process technologies, support future growth, achieve operating efficiencies and maintain product quality, we must continue to invest in manufacturing technologies, facilities and capital equipment and research and development. We expect that capital spending will be approximately \$2.4 billion to \$2.9 billion for 2011. The actual amount in 2011 will vary depending on funding participation by joint venture partners and market conditions. As of September 2, 2010, we had commitments of approximately \$1.2 billion for the acquisition of property, plant and equipment, most of which is expected to be paid within one year.

In connection with the Numonyx acquisition, we acquired a 20.7% noncontrolling interest in the Hynix JV. Subsequent to the acquisition, Hynix exercised its option to purchase our equity interest in the Hynix JV for \$423 million on August 31, 2010. Also in connection with the Numonyx acquisition, we entered into agreements with STMicroelectronics N.V. and DBS Bank Ltd. ("DBS") that require us to guarantee an outstanding \$250 million loan, due in periodic installments from 2014 through 2016, made by DBS to the Hynix JV. Under the agreements, on August 31, 2010, we deposited \$250 million of proceeds from the sale of our interest in the Hynix JV into a pledged account at DBS Bank Ltd. ("DBS") to collateralize the guarantee of the loan. The amount on deposit in the DBS account is accounted for as restricted cash. The amount on deposit and our guarantee decrease as payments are made by the Hynix JV against the loan.

**Financing activities:** Net cash used for financing activities was \$1,220 million for 2010, which includes payments of debt, net of proceeds received, of \$640 million. Debt payments included \$213 million to repay a note with the Singapore Economic Development Board, \$200 million to reduce the amount outstanding under the TECH credit facility and \$70 million to repay the Lexar convertible notes. Cash used for financing activities also includes \$330 million of payments on equipment purchase contracts and \$229 million of net distributions to joint venture partners.



TECH's credit facility contains covenants that, among other requirements, establish certain liquidity, debt service coverage and leverage ratios, and restrict its ability to incur indebtedness, create liens and acquire or dispose of assets. In the first quarter of 2010, the covenants were modified and as of September, 2010, TECH was in compliance with the covenants. We guarantee 100% of the \$348 million outstanding amount borrowed under the TECH credit facility as of September 2, 2010. Under the terms of the credit facility, TECH had \$60 million in restricted cash as of September 2, 2010.

(See "Item 8. Financial Statements and Supplementary Data – Notes to Consolidated Financial Statements – Supplemental Balance Sheet Information – Debt" note.)

**Joint ventures:** In 2010, IM Flash distributed \$267 million to Intel and we expect that it will make additional distributions to Intel in the future. Timing of these distributions and any future contributions, however, is subject to market conditions and approval of the partners. In the second quarter of 2010, IM Flash began moving forward with start-up activities including placing purchase orders and preparing the facility for tool installations at its new 300mm wafer fabrication facility in Singapore that commenced in 2011. In 2010, we contributed \$128 million and Intel contributed \$38 million to IM Flash. In the first quarter of 2011, we contributed \$392 million to IM Flash and Intel did not make any contribution. We expect to make significant contributions to IM Flash in future periods in connection with these start-up activities. The level of our future capital contributions to IM Flash will depend on the extent to which Intel participates with us in future IM Flash capital calls.

We made capital contributions to TECH of \$80 million in 2010 and \$258 million in 2009 increasing our equity interest in TECH to 87%. The shareholders' agreement for the TECH joint venture expires in April 2011. In September 2009, TECH received a notice from Hewlett-Packard Company ("HP") that it does not intend to extend the TECH joint venture beyond April 2011. We are in discussions with HP and Canon Inc. ("Canon") to reach a resolution of the matter, which may include our purchase of their interests. The parties' inability to reach a resolution prior to April 2011 could result in the sale of TECH's assets and could require repayment of TECH's credit facility (\$348 million outstanding as of September 2, 2010). (See Item 1A. Risk Factors.)

On December 15, 2009, Inotera's Board of Directors approved the issuance of 640 million common shares. On February 6, 2010, we purchased approximately 196 million shares for \$138 million, slightly increasing our equity interest in Inotera from 29.8% to 29.9%.

**Contractual obligations:** The following table summarizes our significant contractual obligations as of September 2, 2010, and the effect such obligations are expected to have on our liquidity and cash flows in future periods.

	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Notes payable <sup>(1)</sup>	\$ 2,223	\$ 443	\$ 220	\$ 1,560	\$ --
Capital lease obligations <sup>(1)</sup>	602	347	128	44	83
Operating leases	131	31	38	21	41
Purchase obligations	1,801	1,687	89	11	14
Other long-term liabilities	527	--	197	158	172
Total	<u>\$ 5,284</u>	<u>\$ 2,508</u>	<u>\$ 672</u>	<u>\$ 1,794</u>	<u>\$ 310</u>

<sup>(1)</sup> Includes interest

The obligations disclosed above do not include contractual obligations recorded on our balance sheet as current liabilities except for the current portion of long-term debt. The expected timing of payment amounts of the obligations discussed above is estimated based on current information. Timing and actual amounts paid may differ depending on the timing of receipt of goods or services, market prices, changes to agreed-upon amounts or timing of certain events for some obligations.

Purchase obligations include all commitments to purchase goods or services of either a fixed or minimum quantity that meet any of the following criteria: (1) they are noncancelable, (2) we would incur a penalty if the agreement was cancelled, or (3) we must make specified minimum payments even if it does not take delivery of the contracted products or services ("take-or-pay"). If the obligation to purchase goods or services is noncancelable, the entire value of the contract was included in the above table. If the obligation is cancelable, but we would incur a penalty if cancelled, the dollar amount of the penalty was included as a purchase obligation. Contracted minimum amounts specified in take-or-pay contracts are also included in the above table as they represent the portion of each contract that is a firm commitment.

Pursuant to the Inotera Supply Agreement, we have an obligation to purchase 50% of Inotera's output of semiconductor memory components subject to specific terms and conditions. As purchase quantities are based on qualified production output, the Inotera Supply Agreement does not contain a fixed or minimum purchase quantity and therefore we did not include our obligations under the Inotera Supply Agreement in the contractual obligations table above. Our obligation under the Inotera Supply Agreement also fluctuates due to pricing which is based on manufacturing costs and margins associated with the resale of DRAM products. Pursuant to our obligations under the Inotera Supply Agreement, we purchased \$693 million of DRAM products from Inotera in 2010.

## Off-Balance Sheet Arrangements

In connection with the acquisition of Numonyx, we entered into agreements with STMicroelectronics N.V. and DBS that require us to guarantee an outstanding \$250 million loan, due in periodic installments from 2014 through 2016, made by DBS to the Hynix JV. Under the agreements, on August 31, 2010, we deposited \$250 million of proceeds from the sale of our interest in the Hynix JV into a pledged account at DBS to collateralize our obligations under the guarantee of the loan. The amount on deposit in the DBS account is accounted for as restricted cash. The amount on deposit and our guarantee decrease as payments are made by the Hynix JV against the loan. As of September 2, 2010, other noncurrent liabilities included \$15 million for the fair value of our obligations under our agreements with STMicroelectronics and DBS. (See "Item 8. Financial Statements and Supplementary Data – Notes to Consolidated Financial Statements – Supplemental Balance Sheet Information – Equity Method Investments – Hynix JV" note.)

Concurrent with the offering of the 1.875% Convertible Notes in May 2007, we paid approximately \$151 million for three Capped Call transactions (the "Capped Calls"). The Capped Calls cover an aggregate of approximately 91.3 million shares of common stock. The Capped Calls are in three equal tranches with cap prices of \$17.25, \$20.13 and \$23.00 per share, respectively, each with an initial strike price of approximately \$14.23 per share, subject to certain adjustments. The Capped Calls expire on various dates between November 2011 and December 2012. The Capped Calls are intended to reduce potential dilution upon conversion of the Convertible Notes.

Concurrent with the offering of the 4.25% Senior Notes in April, 2009, we paid approximately \$25 million for three capped call instruments that have an initial strike price of approximately \$5.08 per share (the "2009 Capped Calls"). The 2009 Capped Calls have a cap price of \$6.64 per share and cover an aggregate of approximately 45.2 million shares of common stock. The Capped Calls expire in October and November of 2012. The 2009 Capped Calls are intended to reduce potential dilution upon conversion of the 4.25% Senior Notes.

(See "Item 8. Financial Statements and Supplementary Data – Notes to Consolidated Financial Statements – Supplemental Balance Sheet Information – Shareholders' Equity – Capped Call Transactions" note.)

## Recently Adopted Accounting Standards

In May 2008, the Financial Accounting Standards Board ("FASB") issued a new accounting standard for convertible debt instruments that may be settled in cash upon conversion, including partial cash settlement. This standard requires that issuers of these types of convertible debt instruments separately account for the liability and equity components of such instruments in a manner such that interest cost is recognized at the entity's nonconvertible debt borrowing rate in subsequent periods. We adopted this standard as of the beginning of 2010 and retrospectively accounted for our \$1.3 billion 1.875% convertible senior notes under the provisions of this guidance from the May 2007 issuance date of the notes. As a result, prior financial statement amounts were recast. (See "Adjustments for Retrospective Application of New Accounting Standards" note.)

In December 2007, the FASB issued a new accounting standard on noncontrolling interests in consolidated financial statements. This standard requires that (1) noncontrolling interests be reported as a separate component of equity, (2) net income attributable to the parent and to the noncontrolling interest be separately identified in the statement of operations, (3) changes in a parent's ownership interest while the parent retains its controlling interest be accounted for as equity transactions and (4) any retained noncontrolling equity investment upon the deconsolidation of a subsidiary be initially measured at fair value. We adopted this standard as of the beginning of 2010. As a result, prior financial statement amounts were recast. (See "Adjustments for Retrospective Application of New Accounting Standards" note.)

In December 2007, the FASB issued a new accounting standard on business combinations, which establishes the principles and requirements for how an acquirer (1) recognizes and measures in its financial statements identifiable assets acquired, liabilities assumed, and any noncontrolling interests in the acquiree, (2) recognizes and measures goodwill acquired in the business combination or a gain from a bargain purchase and (3) determines what information to disclose. We adopted this standard effective as of the beginning of 2010. The initial adoption did not have a significant impact on our financial statements. The acquisition of Numonyx was accounted for under the provisions of this new standard. (See “Numonyx Holdings B.V.” note.)

In September 2006, the FASB issued a new accounting standard on fair value measurements and disclosures, which defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. We adopted this standard effective as of the beginning of 2009 for financial assets and financial liabilities. We adopted this standard effective as of the beginning of 2010 for all other assets and liabilities. The adoptions did not have a significant impact on our financial statements.

## Recently Issued Accounting Standards

In June 2009, the FASB issued a new accounting standard on variable interest entities which (1) replaces the quantitative-based risks and rewards calculation for determining whether an enterprise is the primary beneficiary in a variable interest entity with an approach that is primarily qualitative, (2) requires ongoing assessments of whether an enterprise is the primary beneficiary of a variable interest entity and (3) requires additional disclosures about an enterprise’s involvement in variable interest entities. We are required to adopt this standard as of the beginning of 2011. We do not expect the initial adoption of this standard to have a significant impact on our financial statements as of the adoption date. The impact on periods subsequent to the initial adoption will depend on the nature and extent of our variable interest entities after the beginning of 2011.

## Critical Accounting Estimates

The preparation of financial statements and related disclosures in conformity with U.S. GAAP requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues, expenses and related disclosures. Estimates and judgments are based on historical experience, forecasted future events and various other assumptions that we believe to be reasonable under the circumstances. Estimates and judgments may vary under different assumptions or conditions. We evaluate our estimates and judgments on an ongoing basis. Our management believes the accounting policies below are critical in the portrayal of our financial condition and results of operations and requires management’s most difficult, subjective or complex judgments.

**Acquisitions:** Accounting for acquisitions and consolidations requires us to estimate the fair value of consideration paid and the individual assets and liabilities acquired as well as various forms of consideration given, which involves a number of judgments, assumptions and estimates that could materially affect the amount and timing of costs recognized. We typically obtain independent third party valuation studies to assist in determining fair values, including assistance in determining future cash flows, appropriate discount rates and comparable market values.

**Consolidations:** Determining whether to consolidate a variable interest entity may require judgment in assessing (1) whether an entity is a variable interest entity and (2) if we are the entity’s primary beneficiary. We are required to consolidate a variable interest entity if we have variable interests that will absorb a majority of the entity’s expected losses, receive a majority of the entity’s expected residual returns, or both. Determining the primary beneficiary requires consideration of the rights and obligations conveyed by our variable interests and the relationship of our variable interests with variable interests held by other parties. If we hold variable interests in the same variable interest entity with another entity that is considered a related party, we are required to assess whether we are the primary beneficiary based on a determination of who is most closely associated with the variable interest entity. This assessment requires judgment and shall be based on an analysis of all relevant facts and circumstances, including (1) the relationship and significance of the activities of the variable interest entity to the various parties within the related party group, (2) each party’s exposure to the expected losses of the variable interest entity and (3) the design of the variable interest entity. In 2011, upon adoption of a new accounting standard, the determination of the primary beneficiary of a variable interest entity will require an assessment of whether we have the power to direct the activities of a variable interest entity that most significantly impact the entity’s economic performance.

**Contingencies:** We are subject to the possibility of losses from various contingencies. Considerable judgment is necessary to estimate the probability and amount of any loss from such contingencies. An accrual is made when it is probable that a liability has been incurred or an asset has been impaired and the amount of loss can be reasonably estimated. We accrue a liability and charge operations for the estimated costs of adjudication or settlement of asserted and unasserted claims existing as of the balance sheet date.

**Income taxes:** We are required to estimate our provision for income taxes and amounts ultimately payable or recoverable in numerous tax jurisdictions around the world. Estimates involve interpretations of regulations and are inherently complex. Resolution of income tax treatments in individual jurisdictions may not be known for many years after completion of any fiscal year. We are also required to evaluate the realizability of our deferred tax assets on an ongoing basis in accordance with U.S. GAAP, which requires the assessment of our performance and other relevant factors. Realization of deferred tax assets is dependent on our ability to generate future taxable income.

**Inventories:** Inventories are stated at the lower of average cost or market value and we recorded charges of \$603 million in aggregate for 2009 and \$282 million in aggregate for 2008 to write down the carrying value of inventories of memory products to their estimated market values. Cost includes labor, material and overhead costs, including product and process technology costs. Determining market value of inventories involves numerous judgments, including projecting average selling prices and sales volumes for future periods and costs to complete products in work in process inventories. To project average selling prices and sales volumes, we review recent sales volumes, existing customer orders, current contract prices, industry analysis of supply and demand, seasonal factors, general economic trends and other information. When these analyses reflect estimated market values below our manufacturing costs, we record a charge to cost of goods sold in advance of when the inventory is actually sold. Differences in forecasted average selling prices used in calculating lower of cost or market 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 market value of our Memory segment inventory by approximately \$105 million at September 2, 2010. Due to the volatile nature of the semiconductor memory industry, actual selling prices and volumes often vary significantly from projected prices and volumes and, 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 market values. The amount of any inventory write-down can vary significantly depending on the determination of inventory categories. Our inventories have been categorized as Memory, Numonyx, Imaging and Microdisplay products. The major characteristics we consider in determining inventory categories are product type and markets.

**Product and process technology:** Costs incurred to acquire product and process technology or to patent technology developed by ourselves are capitalized and amortized on a straight-line basis over periods currently ranging up to 10 years. We capitalize a portion of costs incurred based on our analysis of historical and projected patents issued as a percent of patents filed. Capitalized product and process technology costs are amortized over the shorter of (1) the estimated useful life of the technology, (2) the patent term or (3) the term of the technology agreement.

**Property, plant and equipment:** We review the carrying value of property, plant and equipment for impairment when events and circumstances indicate that the carrying value of an asset or group of assets may not be recoverable from the estimated future cash flows expected to result from its use and/or disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to the amount by which the carrying value exceeds the estimated fair value of the assets. The estimation of future cash flows involves numerous assumptions which require judgment by us, include, but are not limited to, future use of the assets for our operations versus sale or disposal of the assets, future selling prices for our products and future production and sales volumes. In addition, judgment is required by us in determining the groups of assets for which impairment tests are separately performed.

**Research and development:** Costs related to the conceptual formulation and design of products and processes are expensed as research and development as incurred. Determining when product development is complete requires judgment by us. We deem development of a product complete once the product has been thoroughly reviewed and tested for performance and reliability. Subsequent to product qualification, product costs are valued in inventory.

**Stock-based compensation:** Compensation cost for stock-based compensation is estimated at the grant date based on the fair-value of the award and is recognized as expense ratably over the requisite service period of the award. For stock-based compensation awards with graded vesting that were granted after 2005, we recognize compensation expense using the straight-line amortization method. For performance-based stock awards, the expense recognized is dependent on the probability of the performance measure being achieved. We utilize forecasts of future performance to assess these probabilities and this assessment requires considerable judgment.

Determining the appropriate fair-value model and calculating the fair value of stock-based awards at the grant date requires considerable judgment, including estimating stock price volatility, expected option life and forfeiture rates. We develop its estimates based on historical data and market information which can change significantly over time. A small change in the estimates used can result in a relatively large change in the estimated valuation. We use the Black-Scholes option valuation model to value employee stock awards. We estimate stock price volatility based on an average of its historical volatility and the implied volatility derived from traded options on our stock.

**Item 7A. Quantitative and Qualitative Disclosures about Market Risk****Interest Rate Risk**

As of September 2, 2010, \$1,810 million of our \$2,360 million of debt was at fixed interest rates. As a result, the fair value of our debt fluctuates based on changes in market interest rates. The estimated fair value of our debt was \$2,565 million as of September 2, 2010 and \$2,868 million as of September 3, 2009. We estimate that, as of September 2, 2010, a 1% decrease in market interest rates would change the fair value of our fixed-rate debt instruments by approximately \$49 million. As of September 2, 2010, \$550 million of the debt had variable interest rates and a 1% increase in the rates would increase annual interest expense by approximately \$4 million.

**Foreign Currency Exchange Rate Risk**

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

The functional currency for substantially all of our operations is the U.S. dollar. We held cash and other assets in foreign currencies valued at an aggregate of U.S. \$504 million as of September 2, 2010 and U.S. \$229 million as of September 3, 2009. We also had foreign currency liabilities valued at an aggregate of U.S. \$901 million as of September 2, 2010, and U.S. \$742 million as of September 3, 2009. Significant components of assets and liabilities denominated in foreign currencies were as follows (in U.S. dollar equivalents):

	September 2, 2010			September 3, 2009		
	Singapore Dollars	Yen	Euro	Singapore Dollars	Yen	Euro
	(amounts in millions)					
Deferred tax assets	\$ --	\$ 115	\$ 6	\$ --	\$ 115	\$ 4
Other assets	88	55	196	25	17	40
Accounts payable and accrued expenses	(158)	(186)	(168)	(68)	(141)	(99)
Debt	(78)	(9)	(61)	(289)	(25)	(4)
Other liabilities	(14)	(75)	(100)	(8)	(55)	(41)
Net assets (liabilities)	<u>\$ (162)</u>	<u>\$ (100)</u>	<u>\$ (127)</u>	<u>\$ (340)</u>	<u>\$ (89)</u>	<u>\$ (100)</u>

We estimate that, based on the assets and liabilities denominated in currencies other than the U.S. dollar as of September 2, 2010, a 1% change in the exchange rate versus the U.S. dollar would expose us to foreign currency gains or losses of approximately U.S. \$2 million for the Singapore dollar and U.S. \$1 million for the euro and the yen. During the first quarter of 2010, we began using derivative instruments to hedge foreign currency exchange rate risk. (See Item 8. Financial Statements – “Derivative Financial Instruments” note.)

**Item 8. Financial Statements and Supplementary Data**

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**MICRON TECHNOLOGY, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(in millions except per share amounts)

<b>For the year ended</b>	<b>September 2, 2010</b>	<b>September 3, 2009</b>	<b>August 28, 2008</b>
Net sales	\$ 8,482	\$ 4,803	\$ 5,841
Cost of goods sold	5,768	5,243	5,896
Gross margin	2,714	(440)	(55)
Selling, general and administrative	528	354	455
Research and development	624	647	680
Restructure	(10)	70	33
Goodwill impairment	--	58	463
Other operating (income) expense, net	(17)	107	(91)
Operating income (loss)	1,589	(1,676)	(1,595)
Gain from acquisition of Numonyx	437	--	--
Interest income	18	22	79
Interest expense	(178)	(182)	(118)
Other non-operating income (expense), net	54	(16)	(13)
	1,920	(1,852)	(1,647)
Income tax (provision) benefit	19	(1)	(18)
Equity in net income (loss) of equity method investees, net of tax	(39)	(140)	--
Net income (loss)	1,900	(1,993)	(1,665)
Net (income) loss attributable to noncontrolling interests	(50)	111	10
Net income (loss) attributable to Micron	<u>\$ 1,850</u>	<u>\$ (1,882)</u>	<u>\$ (1,655)</u>
Earnings (loss) per share:			
Basic	\$ 2.09	\$ (2.35)	\$ (2.14)
Diluted	1.85	(2.35)	(2.14)
Number of shares used in per share calculations:			
Basic	887.5	800.7	772.5
Diluted	1,050.7	800.7	772.5

*See accompanying notes to consolidated financial statements.*



**MICRON TECHNOLOGY, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
(in millions except par value amounts)

<b>As of</b>	<b>September 2, 2010</b>	<b>September 3, 2009</b>
<b>Assets</b>		
Cash and equivalents	\$ 2,913	\$ 1,485
Receivables	1,531	798
Inventories	1,770	987
Other current assets	119	74
Total current assets	<u>6,333</u>	<u>3,344</u>
Intangible assets, net	323	344
Property, plant and equipment, net	6,601	7,089
Equity method investments	582	315
Restricted cash	335	56
Other noncurrent assets	519	311
Total assets	<u>\$ 14,693</u>	<u>\$ 11,459</u>
<b>Liabilities and equity</b>		
Accounts payable and accrued expenses	\$ 1,509	\$ 1,037
Deferred income	298	209
Equipment purchase contracts	183	222
Current portion of long-term debt	712	424
Total current liabilities	<u>2,702</u>	<u>1,892</u>
Long-term debt	1,648	2,379
Other noncurrent liabilities	527	249
Total liabilities	<u>4,877</u>	<u>4,520</u>
<b>Commitments and contingencies</b>		
<b>Micron shareholders' equity:</b>		
Common stock, \$0.10 par value, 3,000 shares authorized, 994.5 shares issued and outstanding (848.7 in 2009)	99	85
Additional capital	8,446	7,257
Accumulated deficit	(536)	(2,385)
Accumulated other comprehensive income (loss)	11	(4)
Total Micron shareholders' equity	<u>8,020</u>	<u>4,953</u>
Noncontrolling interests in subsidiaries	1,796	1,986
Total equity	<u>9,816</u>	<u>6,939</u>
Total liabilities and equity	<u>\$ 14,693</u>	<u>\$ 11,459</u>

*See accompanying notes to consolidated financial statements.*



Net gain (loss) on foreign currency translation adjustment, net of tax				11		11		11
Net unrealized gain (loss) on investments, net of tax				5		5		5
Net gain (loss) on derivatives, net of tax				1		1	(1)	--
Pension liability adjustment, net of tax				(2)		(2)		(2)
Total comprehensive income (loss)						1,865	49	1,914
Stock issued in acquisition of Numonyx	137.7	14	1,098			1,112		1,112
Stock-based compensation expense			93			93		93
Contributions from noncontrolling interests							38	38
Stock issued under stock plans	6.6		8			8		8
Distributions to noncontrolling interests							(267)	(267)
Repurchase and retirement of common stock	(2.4)		(20)	(1)		(21)		(21)
Exercise of stock rights held by Intel	3.9					--		--
Increase in noncontrolling interest from share purchase			10			10	(10)	--
<b>Balance at September 2, 2010</b>	<u>994.5</u>	<u>\$ 99</u>	<u>\$ 8,446</u>	<u>\$ (536)</u>	<u>\$ 11</u>	<u>\$ 8,020</u>	<u>\$ 1,796</u>	<u>\$ 9,816</u>

*See accompanying notes to consolidated financial statements.*

MICRON TECHNOLOGY, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS  
(in millions)

For the year ended	September 2, 2010	September 3, 2009	August 28, 2008
<b>Cash flows from operating activities</b>			
Net income (loss)	\$ 1,900	\$ (1,993)	\$ (1,665)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	2,005	2,186	2,096
Stock-based compensation	93	46	48
Equity in net income (loss) of equity method investees, net of tax	39	140	--
Provision to write-down inventories to estimated market values	27	603	282
Gain from acquisition of Numonyx	(437)	--	--
Gain from Inotera and Hynix JV stock issuances, net	(52)	--	--
Noncash restructure charges (credits)	(17)	156	7
(Gain) loss from disposition of property, plant and equipment	(1)	54	(66)
Goodwill impairment	--	58	463
Change in operating assets and liabilities:			
(Increase) decrease in receivables	(516)	126	(26)
Increase in inventories	(121)	(356)	(40)
Increase (decrease) in accounts payable and accrued expenses	54	44	(130)
Increase in deferred income	84	81	28
Other	38	61	21
Net cash provided by operating activities	<u>3,096</u>	<u>1,206</u>	<u>1,018</u>
<b>Cash flows from investing activities</b>			
Expenditures for property, plant and equipment	(616)	(488)	(2,529)
Increase in restricted cash	(240)	(56)	--
Acquisition of equity method investments	(165)	(408)	(84)
Purchases of available-for-sale securities	(3)	(6)	(283)
Proceeds from sale of the Hynix JV	423	--	--
Cash acquired from acquisition of Numonyx	95	--	--
Proceeds from sales of property, plant and equipment	94	26	187
Proceeds from maturities of available-for-sale securities	--	130	547
Distributions from equity method investments	--	41	--
Other	(36)	87	70
Net cash used for investing activities	<u>(448)</u>	<u>(674)</u>	<u>(2,092)</u>
<b>Cash flows from financing activities</b>			
Proceeds from debt	200	716	837
Cash received from noncontrolling interests	38	24	400
Proceeds from issuance of common stock, net of costs	8	276	4
Proceeds from equipment sale-leaseback transactions	--	4	111
Repayments of debt	(840)	(429)	(698)
Payments on equipment purchase contracts	(330)	(144)	(387)
Distributions to noncontrolling interests	(267)	(705)	(132)
Other	(29)	(32)	(10)
Net cash provided by (used for) financing activities	<u>(1,220)</u>	<u>(290)</u>	<u>125</u>
Net increase (decrease) in cash and equivalents	1,428	242	(949)
Cash and equivalents at beginning of year	1,485	1,243	2,192
Cash and equivalents at end of year	<u>\$ 2,913</u>	<u>\$ 1,485</u>	<u>\$ 1,243</u>
<b>Supplemental disclosures</b>			
Income taxes refunded (paid), net	\$ 2	\$ (43)	\$ (36)
Interest paid, net of amounts capitalized	(95)	(107)	(84)
Noncash investing and financing activities:			
Stock and restricted stock units issued in acquisition of Numonyx	1,112	--	--
Equipment acquisitions on contracts payable and capital leases	420	331	501
Noncash assets contributed for interest in Transform	65	--	--

See accompanying notes to consolidated financial statements.

## MICRON TECHNOLOGY, INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(All tabular amounts in millions except per share amounts)

#### Significant Accounting Policies

**Basis of presentation:** We are a global manufacturer and marketer of semiconductor devices, principally DRAM, NAND Flash and NOR Flash memory, as well as other innovative memory technologies, packaging solutions and semiconductor systems for use in leading-edge computing, consumer, networking, embedded and mobile products. In addition, we manufacture CMOS image sensors and other semiconductor products. The accompanying consolidated financial statements include the accounts of Micron Technology, Inc. and its consolidated subsidiaries and have been prepared in accordance with accounting principles generally accepted in the United States of America.

In the third quarter of 2010, we added a new reportable segment as a result of the acquisition of Numonyx Holdings B.V. (“Numonyx”) and, as of September 2, 2010, have two reportable segments, Memory and Numonyx. The former Numonyx business has been included as a reportable segment since its acquisition on May 7, 2010. The primary products of the Memory segment are DRAM and NAND Flash memory and the primary products of the Numonyx segment are NOR Flash, NAND Flash, DRAM and Phase Change non-volatile memory.

Our fiscal 2010, 2009 and 2008 contained 52, 53 and 52 fiscal weeks, respectively. All period references are to our fiscal periods unless otherwise indicated.

**Use of estimates:** The preparation of financial statements and related disclosures in conformity with accounting principles generally accepted in the United States of America requires our management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues, expenses and related disclosures. Estimates and judgments are based on historical experience, forecasted events and various other assumptions that we believe to be reasonable under the circumstances. Estimates and judgments may differ under different assumptions or conditions. We evaluate our estimates and judgments on an ongoing basis. Actual results could differ from estimates.

**Product warranty:** We generally provide a limited warranty that our products are in compliance with our specifications existing at the time of delivery. Under our general terms and conditions of sale, liability for certain failures of product during a stated warranty period is usually limited to repair or replacement of defective items or return of, or a credit with respect to, amounts paid for such items. Under certain circumstances, we provide more extensive limited warranty coverage than that provided under our general terms and conditions. Our warranty obligations are not material.

**Revenue recognition:** We recognize product or license revenue when persuasive evidence that a sales arrangement exists, delivery has occurred, the price is fixed or determinable and collectibility is reasonably assured. Since we are unable to estimate returns and changes in market price, and therefore the price is not fixed or determinable, sales made under agreements allowing pricing protection or rights of return (other than for product warranty) are deferred until customers have resold the product.

**Research and development:** Costs related to the conceptual formulation and design of products and processes are expensed as research and development as incurred. Determining when product development is complete requires judgment. Development of a product is deemed complete once the product has been thoroughly reviewed and tested for performance and reliability. Subsequent to product qualification, product costs are valued in inventory. Product design and other research and development costs for NAND Flash and DRAM are shared with our joint venture partners. Amounts receivable from these cost-sharing arrangements are reflected as a reduction of research and development expense. (See “Equity Method Investments” and “Consolidated Variable Interest Entities – NAND Flash joint ventures with Intel” notes.)

**Stock-based compensation:** Stock-based compensation is measured at the grant date, based on the fair value of the award, and is recognized as expense under the straight-line attribution method over the requisite service period. We issue new shares upon the exercise of stock options or conversion of share units. (See “Equity Plans” note.)

**Functional currency:** The U.S. dollar is the functional currency for all of our consolidated operations.

**Earnings per share:** Basic earnings per share is computed based on the weighted-average number of common shares and stock rights outstanding. Diluted earnings per share is computed based on the weighted-average number of common shares and stock rights outstanding plus the dilutive effects of stock options, convertible notes and restricted shares. Potential common shares that would increase earnings per share amounts or decrease loss per share amounts are antidilutive and are, therefore, excluded from diluted earnings per share calculations.

**Financial instruments:** Cash equivalents include highly liquid short-term investments with original maturities to us of three months or less, readily convertible to known amounts of cash. Investments with original maturities greater than three months and remaining maturities less than one year are included in short-term investments. Investments with remaining maturities greater than one year are included in other noncurrent assets. Securities classified as available-for-sale are stated at market value. The carrying value of investment securities sold is determined using the specific identification method.

**Derivative and hedging instruments:** We use derivative financial instruments, primarily forward contracts, to manage exposures to foreign currency. We do not use financial instruments for trading or speculative purposes. Derivative instruments are measured at fair value and recognized as either assets or liabilities.

We use forward contracts not designated as hedging instruments to hedge our balance sheet exposures to foreign currencies. The gain or loss associated with these contracts is recognized in other income (expense).

We use forward contracts designated as cash flow hedges to hedge certain forecasted capital expenditures. The effective portion of the gain or loss on the derivatives is included as a component of other comprehensive income (loss) in shareholders' equity. The amount in accumulated other comprehensive income (loss) for these cash flow hedges are reclassified into earnings in the same line items of the consolidated statements of operation and in the same periods in which the underlying transaction affects earnings. Changes in the time value are excluded from the assessment of hedge effectiveness. The ineffective or excluded portion of the gain or loss is included in other operating income (expense).

**Inventories:** Inventories are stated at the lower of average cost or market value. Cost includes labor, material and overhead costs, including product and process technology costs. Determining fair market values of inventories involves numerous judgments, including projecting average selling prices and sales volumes for future periods and costs to complete products in work in process inventories. When fair market values are below costs, we record a charge to cost of goods sold to write down inventories to their estimated market value in advance of when the inventories are actually sold. Inventories are categorized as memory (primarily DRAM and NAND Flash), Numonyx (primarily NOR Flash), imaging and microdisplay products for purposes of determining average cost and fair market value. The major characteristics considered in determining inventory categories are product type and markets.

**Product and process technology:** Costs incurred to acquire product and process technology or to patent technology are capitalized and amortized on a straight-line basis over periods ranging up to 10 years. We capitalize a portion of costs incurred based on the historical and projected patents issued as a percent of patents we filed. Capitalized product and process technology costs are amortized over the shorter of (i) the estimated useful life of the technology, (ii) the patent term or (iii) the term of the technology agreement. Fully-amortized assets are removed from product and process technology and accumulated amortization.

**Property, plant and equipment:** Property, plant and equipment are stated at cost and depreciated using the straight-line method over estimated useful lives of 5 to 30 years for buildings, 2 to 20 years for equipment and 3 to 5 years for software. Assets held for sale are carried at the lower of cost or estimated fair value and are included in other noncurrent assets. When property or equipment is retired or otherwise disposed of, the net book value of the asset is removed and we recognize any gain or loss in our results of operations.

We capitalize interest on borrowings during the active construction period of major capital projects. Capitalized interest is added to the cost of the underlying assets and is amortized over the useful lives of the assets. We capitalized interest costs of \$5 million, \$5 million and \$21 million in 2010, 2009 and 2008, respectively.

**Recently adopted accounting standards:** In May 2008, the Financial Accounting Standards Board (“FASB”) issued a new accounting standard for convertible debt instruments that may be settled in cash upon conversion, including partial cash settlement. This standard requires that issuers of these types of convertible debt instruments separately account for the liability and equity components of such instruments in a manner such that interest cost is recognized at the entity’s nonconvertible debt borrowing rate in subsequent periods. We adopted this standard as of the beginning of 2010 and retrospectively accounted for our \$1.3 billion 1.875% convertible senior notes under the provisions of this guidance from the May 2007 issuance date of the notes. As a result, prior financial statement amounts were recast. (See “Adjustments for Retrospective Application of New Accounting Standards” note.)

In December 2007, the FASB issued a new accounting standard on noncontrolling interests in consolidated financial statements. This standard requires that (1) noncontrolling interests be reported as a separate component of equity, (2) net income attributable to the parent and to the noncontrolling interest be separately identified in the statement of operations, (3) changes in a parent’s ownership interest while the parent retains its controlling interest be accounted for as equity transactions and (4) any retained noncontrolling equity investment upon the deconsolidation of a subsidiary be initially measured at fair value. We adopted this standard as of the beginning of 2010. As a result, prior financial statement amounts were recast. (See “Adjustments for Retrospective Application of New Accounting Standards” note.)

In December 2007, the FASB issued a new accounting standard on business combinations, which establishes the principles and requirements for how an acquirer (1) recognizes and measures in its financial statements identifiable assets acquired, liabilities assumed, and any noncontrolling interests in the acquiree, (2) recognizes and measures goodwill acquired in the business combination or a gain from a bargain purchase and (3) determines what information to disclose. We adopted this standard effective as of the beginning of 2010. The initial adoption did not have a significant impact on our financial statements. The acquisition of Numonyx was accounted for under the provisions of this new standard. (See “Numonyx Holdings B.V.” note.)

In September 2006, the FASB issued a new accounting standard on fair value measurements and disclosures, which defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. We adopted this standard effective as of the beginning of 2009 for financial assets and financial liabilities. We adopted this standard effective as of the beginning of 2010 for all other assets and liabilities. The adoptions did not have a significant impact on our financial statements.

**Recently issued accounting standards:** In June 2009, the FASB issued a new accounting standard on variable interest entities which (1) replaces the quantitative-based risks and rewards calculation for determining whether an enterprise is the primary beneficiary in a variable interest entity with an approach that is primarily qualitative, (2) requires ongoing assessments of whether an enterprise is the primary beneficiary of a variable interest entity and (3) requires additional disclosures about an enterprise’s involvement in variable interest entities. We are required to adopt this standard as of the beginning of 2011. We do not expect the initial adoption of this standard to have a significant impact on our financial statements as of the adoption date. The impact on periods subsequent to the initial adoption will depend on the nature and extent of our variable interest entities after the beginning of 2011.

## **Numonyx Holdings B.V.**

On May 7, 2010, we completed our acquisition of Numonyx, which manufactures and sells NOR Flash, NAND Flash, DRAM and Phase Change memory technologies and products. We acquired Numonyx to further strengthen our portfolio of memory products, increase manufacturing and revenue scale, access Numonyx’s customer base and provide opportunities to increase multi-chip offerings in the embedded and mobile markets. In connection therewith, we issued 137.7 million shares of our common stock in exchange for all of the outstanding Numonyx capital stock and issued 4.8 million restricted stock units to employees of Numonyx in exchange for all of their outstanding restricted stock units. The total fair value of the consideration paid for Numonyx was \$1,112 million and consisted of \$1,091 million for the shares issued to the Numonyx shareholders and \$21 million for the restricted stock units issued to employees of Numonyx. The fair value of the consideration was determined based on the trading price of our common shares on the acquisition date discounted for the resale restrictions on the shares. Of the shares issued to the Numonyx shareholders, 21.0 million were placed in escrow as partial security for the Numonyx shareholders’ indemnity obligations resulting from the acquisition. The shares in escrow may be sold after November 6, 2010, but the proceeds from any sale remain in escrow until May 7, 2011, at which time the escrow assets are payable to the Numonyx shareholders, net of any of our indemnification claims. Included in the selling, general and administrative expenses in the results of operations for 2010 are transaction costs of \$20 million incurred in connection with this acquisition.

We determined the fair value of the assets and liabilities of Numonyx as of May 7, 2010 utilizing an in-exchange model. Because the purchase price was less than the fair value of net assets of Numonyx, we recognized a gain on the acquisition of \$437 million. We believe the gain realized in acquisition accounting was the result of a number of factors, including the following: significant losses recognized by Numonyx during the recent downturn in the semiconductor memory industry; substantial volatility in Numonyx's primary markets; market perceptions that future opportunities for Numonyx products in certain markets are limited; the liquidity afforded to the sellers as a result of the limited opportunities to realize the value of their investment in Numonyx; and potential gains to the sellers through their investment in our equity from synergies we realize with Numonyx. The consideration and valuation of assets acquired and liabilities assumed were as follows:

**Consideration:**

Fair value of common stock issued	\$ 1,091
Fair value of restricted stock units issued	21
	<u>\$ 1,112</u>

**Recognized amounts of identifiable assets acquired and liabilities assumed:**

Cash and equivalents	\$ 95
Receivables	256
Inventories	689
Other current assets	28
Intangible assets	29
Property, plant and equipment	344
Equity method investment	414
Other noncurrent assets	307
Accounts payable and accrued expenses	(310)
Other current liabilities	(5)
Other noncurrent liabilities	(298)
Total net assets acquired	<u>1,549</u>
Gain on acquisition	<u>(437)</u>
	<u>\$ 1,112</u>

Other noncurrent liabilities in the table above include contingent liabilities of \$66 million for uncertain tax positions (a significant portion for which we have recorded an indemnification asset in other noncurrent assets in the table above) and \$15 million for our obligation, subject to certain conditions, to guarantee certain debt of Hynix-Numonyx Semiconductor Ltd., an acquired equity method investment. These amounts were estimated based on the present value of probability-weighted cash flows. The results of operations for 2010 include \$635 million of net sales and \$13 million of operating losses from the Numonyx operations after the May 7, 2010 acquisition date. (See "Equity Method Investments – Hynix JV" note.)

The following unaudited pro forma financial information presents the combined results of operations as if Numonyx had been combined with us as of the beginning of 2009. The pro forma financial information includes the accounting effects of the business combination, including the adjustment of amortization of intangible assets, depreciation of property, plant and equipment, interest expense and elimination of intercompany sales, as if Numonyx were actually combined with us as of the beginning of 2009. The unaudited pro forma financial information below is not necessarily indicative of either future results of operations or results that might have been achieved had Numonyx been combined with us as of the beginning of 2009.

	2010	2009
Net sales	\$ 9,895	\$ 6,464
Net income (loss)	1,923	(2,230)
Net income (loss) attributable to Micron	1,873	(2,119)
Earnings (loss) per share:		
Basic	\$ 1.90	\$ (2.31)
Diluted	1.72	(2.31)

The unaudited pro forma financial information for 2010 includes the results for the year ended September 2, 2010 and the results of Numonyx, including the adjustments described above, for the approximate fiscal year ended September 2, 2010. The pro forma information for 2009 includes our results for the year ended September 3, 2009 and the results of Numonyx, including the adjustments described above, for the year ended September 27, 2009.



## Supplemental Balance Sheet Information

Receivables	2010	2009
Trade receivables (net of allowance for doubtful accounts of \$4 million and \$5 million, respectively)	\$ 1,238	\$ 591
Income and other taxes	115	49
Related party receivables	64	70
Other	114	88
	<u>\$ 1,531</u>	<u>\$ 798</u>

As of September 2, 2010 and September 3, 2009, related party receivables included \$57 million and \$69 million, respectively, due from Aptina Imaging Corporation (“Aptina”) under a wafer supply agreement for image sensor products.

As of September 2, 2010 and September 3, 2009, other receivables included \$30 million and \$29 million, respectively, due from Intel Corporation (“Intel”) for amounts related to NAND Flash product design and process development activities. As of September 2, 2010, other receivables also included \$17 million from Nanya Technology Corporation (“Nanya”) for amounts related to DRAM development costs under a cost sharing agreement. Other receivables as of September 3, 2009 also included \$40 million due from settlement of litigation.

Inventories	2010	2009
Finished goods	\$ 623	\$ 233
Work in process	1,031	649
Raw materials and supplies	116	105
	<u>\$ 1,770</u>	<u>\$ 987</u>

The results of operations for the second and first quarters of 2009 included charges of \$234 million and \$369 million, respectively, to write down the carrying value of work in process and finished goods inventories of memory products (both DRAM and NAND Flash) to their estimated market values. The results of operations for the fourth, second and first quarters of 2008, include charges of \$205 million, \$15 million and \$62 million, respectively, to write down the carrying value of work in process and finished goods inventories.

### Intangible Assets

	2010		2009	
	Gross Amount	Accumulated Amortization	Gross Amount	Accumulated Amortization
Product and process technology	\$ 439	\$ (181)	\$ 439	\$ (181)
Customer relationships	127	(66)	127	(50)
Other	23	(19)	28	(19)
	<u>\$ 589</u>	<u>\$ (266)</u>	<u>\$ 594</u>	<u>\$ (250)</u>

During 2010 and 2009, we capitalized \$48 million and \$88 million, respectively, for product and process technology with weighted-average useful lives of 7 years and 9 years, respectively. In addition, in connection with the acquisition of Numonyx in the third quarter of 2010, we recorded other intangible assets of \$29 million for to a supply agreement, which was amortized through August 2010 when the agreement ended. (See “Numonyx Holdings B.V.” note.)

Amortization expense for intangible assets was \$96 million, \$75 million and \$80 million for 2010, 2009 and 2008, respectively. Annual amortization expense for intangible assets is estimated to be \$68 million for 2011, \$59 million for 2012, \$53 million for 2013, \$45 million for 2014 and \$29 million for 2015.

**Property, Plant and Equipment**

	2010	2009
Land	\$ 95	\$ 96
Buildings (includes \$184 million and \$184 million, respectively, for capital leases)	4,394	4,473
Equipment (includes \$745 million and \$630 million, respectively, for capital leases)	12,970	11,834
Construction in progress	73	47
Software	281	268
	<u>17,813</u>	<u>16,718</u>
Accumulated depreciation (includes \$478 million and \$331 million, respectively, for capital leases)	<u>(11,212)</u>	<u>(9,629)</u>
	<u>\$ 6,601</u>	<u>\$ 7,089</u>

Depreciation expense was \$1,826 million, \$2,039 million and \$1,976 million for 2010, 2009 and 2008, respectively.

As of September 2, 2010, property, plant and equipment with a carrying value of \$1,079 million was collateral under the TECH credit facility and \$31 million of property, plant and equipment was collateral under other liabilities. (See "Debt" and "TECH Semiconductor Singapore Pte. Ltd." notes.)

Other noncurrent assets included buildings and equipment classified as held for sale of \$56 million as of September 2, 2010 and \$81 million as of September 3, 2009.

**Goodwill**

In the second quarter of 2009, our imaging operations (the primary component of All Other segment) experienced a severe decline in sales, margins and profitability due to a significant decline in demand as a result of the downturn in global economic conditions. The drop in market demand resulted in significant declines in average selling prices and unit sales. Due to these market and economic conditions, our imaging operations experienced a significant decline in market value. Accordingly, in the second quarter of 2009, we performed an assessment of our imaging operations goodwill for impairment. Based on this assessment, we wrote off all of the \$58 million of goodwill associated with our imaging operations as of March 5, 2009.

In the first and second quarters of 2008, we experienced a sustained, significant decline in our stock price. As a result of the decline in stock prices, our market capitalization fell significantly below the recorded value of our consolidated net assets for most of the second quarter of 2008. The reduced market capitalization at that time reflected, in part, the Memory segment's lower average selling prices and expected continued weakness in pricing for our memory products. Accordingly, in the second quarter of 2008, we performed an assessment of Memory segment goodwill for impairment. Based on this assessment, we wrote off all of the \$463 million of goodwill associated with our Memory segment as of February 28, 2008.

**Equity Method Investments**

	September 2, 2010		September 3, 2009	
	Carrying Value	Ownership Percentage	Carrying Value	Ownership Percentage
Inotera	\$ 434	29.9%	\$ 229	29.8%
MeiYa	44	50.0%	42	50.0%
Transform	82	50.0%	--	--
Aptina	22	35.0%	44	35.0%
	<u>\$ 582</u>		<u>\$ 315</u>	

Equity in net income (loss) of equity method investees, net of tax, included:

For the year ended	2010	2009
Inotera:		
Equity method losses, net	\$ (56)	\$ (166)
Inotera Amortization	55	38
Other	(5)	(2)
	(6)	(130)
MeiYa	1	(10)
Transform	(12)	--
Aptina	(24)	--
Hynix JV	2	--
	<u>\$ (39)</u>	<u>\$ (140)</u>

Our maximum exposure to loss from our involvement with our equity method investments that are variable interest entities was as follows:

As of	September 2, 2010
Inotera	\$ 428
Transform	87
MeiYa	49

The maximum exposure to loss is determined based on the amounts recorded in the accompanying consolidated balance sheets and primarily includes the carrying value of our investment as well as related translation adjustments in accumulated other comprehensive income and receivables. We may also incur losses in connection with our obligations under the Inotera Supply Agreement to purchase 50% of Inotera's wafer production under a long-term pricing arrangement.

***Inotera and MeiYa DRAM joint ventures with Nanya:*** We have partnered with Nanya in two Taiwan DRAM memory companies, Inotera Memories, Inc. ("Inotera") and MeiYa Technology Corporation ("MeiYa"). We have concluded that both Inotera and MeiYa are variable interest entities because of the terms of their supply agreements with us and Nanya. Nanya is considered to be a related party under the accounting standards for consolidating variable interest entities. We reviewed several factors to determine whether we are the primary beneficiary of Inotera and MeiYa, including the size and nature of the entities' operations relative to us and Nanya, the nature of day-to-day operations and certain other factors. Based on those factors, we determined that Nanya is more closely associated with, and therefore the primary beneficiary of, Inotera and MeiYa. We recognize our share of earnings or losses from these entities under the equity method on a two-month lag.

We also partner with Nanya to jointly develop process technology and designs to manufacture stack DRAM products. In addition, we have deployed and licensed certain intellectual property related to the manufacture of stack DRAM products to Nanya and licensed certain intellectual property from Nanya. Under this licensing arrangement, we recognized \$65 million, \$105 million and \$37 million during 2010, 2009 and 2008, respectively, of license revenue in net sales from this arrangement. Under a cost sharing arrangement effective beginning in April 2010, we generally share DRAM development costs equally with Nanya and, as a result, our research and development costs were reduced by \$51 million in 2010. We also received \$6 million of royalty revenue in 2010 from Nanya for sales of stack DRAM products manufactured by or for Nanya on process nodes of 50nm or higher and will continue to receive royalties from Nanya associated with technology developed prior to the joint development arrangement.

***Inotera:*** In the first quarter of 2009, we acquired a 35.5% ownership interest in Inotera, a publicly-traded entity in Taiwan, from Qimonda AG ("Qimonda"). In August 2009, Inotera sold 640 million common shares in a public offering. As a result, our equity ownership interest decreased from 35.5% to 29.8% and we recognized a gain of \$56 million in the first quarter of 2010. On February 6, 2010, as part of another offering of 640 million common shares, we and Nanya each paid \$138 million to purchase approximately 196 million shares, slightly increasing our equity ownership interest from 29.8% to 29.9%. As of September 2, 2010, we held a 29.9% ownership interest in Inotera, Nanya held 30.0% and the balance was publicly held.

The carrying value of our initial investment in Inotera was less than our proportionate share of its equity. That difference is being amortized as a credit to earnings through equity in net income (losses) of equity method investees (the “Inotera Amortization”). As of September 2, 2010, \$121 million of Inotera Amortization remained to be recognized over a weighted-average period of 4 years. The \$56 million gain recognized in the first quarter of 2010 on Inotera’s issuance of shares included \$33 million of accelerated Inotera Amortization.

In connection with the initial acquisition of our shares in Inotera, we and Nanya entered into a supply agreement with Inotera (the “Inotera Supply Agreement”) for rights and obligations to purchase 50% of Inotera’s wafer production capacity of trench and stack DRAM products. Our cost for the Inotera wafers is based on a margin sharing formula that considers all parties’ manufacturing costs related to wafers purchased from Inotera, as well as the selling prices of our and Nanya’s products from the wafers. In 2010, we purchased \$693 million of DRAM products (primarily trench technology) under the Inotera Supply Agreement.

In the second quarter of 2009, Qimonda filed for bankruptcy and defaulted on its obligations to purchase trench DRAM products from Inotera under a separate supply agreement between Inotera and Qimonda (“the Qimonda Supply Agreement”). Pursuant to our obligation under the Inotera Supply Agreement to purchase up to 50% of Inotera’s trench DRAM capacity, less any trench DRAM products sold to Qimonda pursuant to the Qimonda Supply Agreement, we recorded \$95 million in cost of goods sold in 2009 for underutilized capacity as a result of Qimonda’s default.

In the third quarter of 2009, we received \$50 million from Inotera pursuant to the terms of a technology transfer agreement and, in connection therewith, recognized \$13 million of revenue in 2010. Inotera’s functional currency is the New Taiwan Dollar (“NTD”) and as of September 2, 2010 and September 3, 2009, there was a gain of \$7 million and a loss of \$(3) million, respectively, in accumulated other comprehensive income (loss) for cumulative translation adjustments from our investment in Inotera. Based on the closing trading price of Inotera’s shares in an active market on September 2, 2010, the market value of our equity interest in Inotera was \$674 million.

Summarized financial information for Inotera is as follows (the summarized results of operations of Inotera in the table below for the period ended June 30, 2009 are from the period we acquired our ownership interest on October 20, 2008 through June 30, 2009):

<b>As of</b>	<b>June 30, 2010</b>	<b>June 30, 2009</b>
Current assets	\$ 600	\$ 450
Noncurrent assets (primarily property, plant and equipment)	3,506	3,315
Current liabilities	1,352	1,789
Noncurrent liabilities	882	740
<b>For the Year and Period Ended, Respectively</b>	<b>June 30, 2010</b>	<b>June 30, 2009</b>
Net sales	\$ 1,399	\$ 670
Gross margin	(63)	(370)
Loss from operations	(125)	(462)
Net loss	(181)	(534)

**MeiYa:** We formed MeiYa with Nanya in the fourth quarter of 2008. In connection with the acquisition of our equity interest in Inotera, we entered into a series of agreements with Nanya pursuant to which both parties ceased future funding of, and resource commitments to, MeiYa. MeiYa sold substantially all of its assets to Inotera and in the fourth quarter of 2009 we received a \$27 million distribution. As of September 2, 2010, we and Nanya each held 50% ownership interest in MeiYa. MeiYa’s functional currency is the NTD and as of September 2, 2010 and September 3, 2009, there were cumulative translation losses of \$5 million and \$6 million, respectively, included in our consolidated balance sheet in the caption accumulated other comprehensive income (loss).

Pursuant to a technology transfer agreement, we received \$50 million from MeiYa in the first quarter of 2009. Our technology transfer agreement with MeiYa was supplanted by our technology transfer agreement with Inotera and we returned the \$50 million with accrued interest to MeiYa in the fourth quarter of 2009.

**Transform:** On December 18, 2009, we acquired a 50% interest in Transform, a subsidiary of Origin Energy Limited (“Origin”), which is a public company in Australia. Transform is a developer, manufacturer and marketer of photovoltaic technology and solar panels. In exchange for the equity interest in Transform, we contributed assets with a fair value of \$65 million, consisting of manufacturing facilities, equipment, intellectual property and a fully-paid lease to a portion of our Boise, Idaho manufacturing facilities. The carrying value of the nonmonetary assets was approximately equal to the fair value of the equity interest in Transform and, as a result, no gain or loss was recognized on the contribution. As of September 2, 2010, we and Origin each held a 50% ownership interest in Transform. During 2010, we and Origin each contributed \$26 million of cash to Transform. Our results of operations for 2010 include \$15 million of net sales, which approximates our cost, for transition services provided to Transform.

As of September 2, 2010, our other noncurrent assets included \$33 million for the manufacturing facilities leased to Transform and liabilities included \$33 million for deferred rent revenue on the fully-paid lease. Additionally, as of September 2, 2010, other noncurrent assets and liabilities included \$5 million for the value of certain equipment and intangible assets, which we were obligated to contribute to Transform.

We have concluded that Transform is a variable interest entity because its equity is not sufficient to permit Transform to finance its activities without additional subordinated financial support from its investors. Origin is considered to be a related party under the accounting standards for consolidating variable interest entities. We reviewed several factors to determine whether we are the primary beneficiary of Transform, including the relationships and significance of Transform’s activities and operations relative to us and Origin and certain other factors. Based on those factors, we determined that Origin is more closely associated with, and therefore the primary beneficiary of, Transform. We recognize our share of earnings or losses from Transform under the equity method on a two-month lag.

**Aptina:** In the fourth quarter of 2009, we sold a 65% interest in Aptina, previously a wholly-owned subsidiary, to Acquisition L.P. (owned primarily by Riverwood Capital LLC and TPG Partners VI, L.P.). Aptina is a CMOS imaging technology company. In connection with the transaction, we received approximately \$35 million in cash, retained a 35% ownership interest and recorded a loss of \$41 million. A portion of the 65% interest held by Acquisition L.P. is in the form of convertible preferred shares that have a liquidation preference over the common shares. As a result, as of September 2, 2010, our remaining interest represented 64% of Aptina’s common stock, and Acquisition L.P. held 36% of Aptina’s common stock. We recognize our share of earnings or losses from Aptina under the equity method (based on our 64% ownership of its common stock) on a two-month lag.

We manufacture imaging products for Aptina under a wafer supply agreement. In 2010 and 2009, we recognized sales of \$372 million and \$70 million, respectively, and cost of goods sold of \$385 million and \$60 million, respectively, from products sold to Aptina.

**Hynix JV:** In connection with our purchase of Numonyx on May 7, 2010, we acquired a 20.7% noncontrolling equity interest in Hynix-Numonyx Semiconductor Ltd. (the “Hynix JV”), a joint venture with Hynix Semiconductor, Inc. (“Hynix”) and Hynix Semiconductor (WUXI) Limited. The change in control of Numonyx gave Hynix the right to purchase all of our equity interest in the Hynix JV. Hynix exercised its right to purchase our interest in the Hynix JV and consummated the equity transfer on August 31, 2010 for \$423 million. (See “Numonyx Holdings B.V.” note.)

**Hynix JV Supply Agreement:** Pursuant to the terms of a supply agreement with the Hynix JV, we purchased \$122 million of memory products from the Hynix JV in 2010. The Hynix JV was permitted to terminate the existing supply agreement with Numonyx concurrent with the consummation of Hynix’s acquisition of our ownership interest in the Hynix JV. On July 29, 2010, we entered into a new supply agreement with Hynix, which provides for the continued supply of products through September 30, 2011 at market rates.

**Hynix JV Loan Guarantee:** Concurrent with the Numonyx acquisition, we entered into agreements with STMicroelectronics N.V. and DBS Bank Ltd. (“DBS”) that require us to guarantee, under certain conditions, an outstanding loan, made by DBS to the Hynix JV and as a result, we recorded a \$15 million liability as of the acquisition date representing the estimated fair value of the guarantee. The outstanding balance of the Hynix JV loan was \$250 million as of the acquisition date and is due in periodic installments from 2014 through 2016. Under the agreements, on August 31, 2010 the conditions for the guarantee were satisfied and we deposited \$250 million of proceeds from the sale of our interest in the Hynix JV into a pledged account at DBS to collateralize the guarantee of the loan. The amount on deposit in the DBS account is accounted for as restricted cash. The amount on deposit and our guarantee decrease as payments are made by the Hynix JV against the loan.

**Accounts Payable and Accrued Expenses**

	2010	2009
Accounts payable	\$ 799	\$ 526
Salaries, wages and benefits	346	147
Related party payables	194	83
Income and other taxes	51	32
Customer advances	4	150
Other	115	99
	<u>\$ 1,509</u>	<u>\$ 1,037</u>

Related party payables primarily consisted of amounts due to Inotera under the Inotera Supply Agreement of \$105 million and \$51 million as of September 2, 2010 and September 3, 2009, respectively, for the purchase of DRAM products and \$32 million as of September 3, 2009 for underutilized capacity. As of September 2, 2010, related party payables also included \$86 million for amounts due for the purchase of memory products under the Hynix JV supply agreement. (See "Equity Method Investments" note.)

As of September 2, 2010 and September 3, 2009, other accounts payable and accrued expenses included \$16 million and \$24 million, respectively, for amounts due to Intel for NAND Flash product design and process development and licensing fees pursuant to a product designs development agreement. As of September 3, 2009, customer advances included \$142 million to provide certain memory products to Apple Computer, Inc. ("Apple") pursuant to a prepaid NAND Flash supply agreement.

**Debt**

	2010	2009
Convertible senior notes, stated interest rate of 1.875%, effective interest rate of 7.9%, net of discount of \$242 million and \$295 million, respectively, due June 2014	\$ 1,058	\$ 1,005
Capital lease obligations, weighted-average imputed interest rate of 7.2% and 6.7%, respectively, due in monthly installments through February 2023	527	559
TECH credit facility, effective interest rates of 3.9% and 3.6%, respectively, net of discount of \$2 million and \$2 million, respectively, due in periodic installments through May 2012	348	548
Convertible senior notes, interest rate of 4.25%, due October 2013	230	230
Mai-Liao Power note, stated interest rate of 2.3% and 2.4%, respectively, effective interest rate of 12.1%, net of discount of \$4 million and \$18 million, respectively, due November 2010	196	182
EDB note, denominated in Singapore dollars, interest rate of 5.4%	--	208
Convertible subordinated notes, interest rate of 5.6%	--	70
Other notes	1	1
	<u>2,360</u>	<u>2,803</u>
Less current portion	(712)	(424)
	<u>\$ 1,648</u>	<u>\$ 2,379</u>

In May 2007, we issued \$1.3 billion of 1.875% Convertible Senior Notes due June 1, 2014 (the “Convertible Notes”). The issuance costs totaled \$26 million and the net proceeds were \$1,274 million. The initial conversion rate is 70.2679 shares of common stock per \$1,000 principal amount of Convertible Notes, equivalent to an initial conversion price of approximately \$14.23 per share of common stock. Holders may convert the notes prior to the close of business on the business day immediately preceding the maturity date of the Convertible Notes only under the following circumstances: (1) during any calendar quarter beginning after August 30, 2007 (and only during such calendar quarter), if the closing price of our common stock for at least 20 trading days in the 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter is more than 130% of the then applicable conversion price per share of the Convertible Notes (approximately \$18.50); (2) if the Convertible Notes have been called for redemption; (3) if specified distributions to holders of our common stock are made, or specified corporate events occur, as specified in the indenture for the Convertible Notes; (4) during the five business days after any five consecutive trading-day period in which the trading price per \$1,000 principal amount for each day of that period was less than 98% of the product of the closing price of our common stock and the then applicable conversion rate of the Convertible Notes; or (5) at any time on or after March 1, 2014. Upon conversion, we will have the right to deliver, in lieu of shares of our common stock, cash or a combination of cash and shares of common stock. If a holder elects to convert its Convertible Notes in connection with a make-whole change in control, as defined in the indenture, we will, in certain circumstances, pay a make-whole premium by increasing the conversion rate of the converted notes. On or after June 6, 2011, we may redeem for cash all or part of the Convertible Notes if the last reported sale price of our common stock has been at least 130% of the conversion price then in effect for at least 20 trading days during any 30 consecutive trading-day period ending within five trading days prior to the date on which we provide notice of redemption. The redemption price is 100% of the principal amount to be redeemed, plus accrued and unpaid interest. Upon a change in control or a termination of trading, as defined in the indenture, the holders may require us to repurchase for cash all or a portion of their Convertible Notes at a repurchase price equal to 100% of the principal amount, plus accrued and unpaid interest, if any. In the first quarter of 2010, we adopted a new accounting standard for certain convertible debt. The new standard was applicable to the Convertible Notes and requires the liability and equity components to be stated separately. (See “Adjustment for Retrospective Application of New Accounting Standards” note.)

In 2010, we recorded \$121 million in capital lease obligations with a weighted-average imputed interest rate of 9.5%, payable in periodic installments through December 2020. As of September 2, 2010, we had \$30 million of capital lease obligations with covenants that require minimum levels of tangible net worth, cash and investments. In the second quarter of 2009, we modified the covenants associated with this lease agreement and deposited \$27 million of collateral into a restricted cash account. On May 13, 2010, the remaining collateral in the restricted cash account was released. We were in compliance with our covenants related to capital lease obligations as of September 2, 2010.

In 2008, our joint venture subsidiary, TECH Semiconductor Singapore Pte. Ltd. (“TECH”), drew \$600 million under a credit facility at SIBOR plus 2.5%. Payments are due in \$50 million quarterly installments through May 2012. The credit facility is collateralized by substantially all of the assets of TECH (approximately \$1,778 million as of September 2, 2010) and contains covenants that, among other requirements, establish certain liquidity, debt service coverage and leverage ratios, and restrict TECH’s ability to incur indebtedness, create liens and acquire or dispose of assets. In the first quarter of 2010, the covenants were modified and as of September 2, 2010, TECH was in compliance with the covenants. We have guaranteed 100% of the outstanding amount of the TECH credit facility. Under the terms of the credit facility, TECH had \$60 million in restricted cash as of September 2, 2010.

On April 15, 2009, we issued \$230 million of 4.25% Convertible Senior Notes due October 15, 2013 (the “4.25% Senior Notes”). Issuance costs for the 4.25% Senior Notes totaled \$7 million. The initial conversion rate is 196.7052 shares of common stock per \$1,000 principal amount, equivalent to approximately \$5.08 per share of common stock, and is subject to adjustment upon the occurrence of certain events specified in the indenture. Holders of the 4.25% Senior Notes may convert them at any time prior to October 15, 2013. If there is a change in control, as defined in the indenture, we may, in certain circumstances, pay a make-whole premium by increasing the conversion rate of the converted notes. We may not redeem the 4.25% Senior Notes prior to April 20, 2012. On or after April 20, 2012, we may redeem for cash all or part of the 4.25% Senior Notes if the closing price of our common stock has been at least 135% of the conversion price (approximately \$6.86) for at least 20 trading days during a 30 consecutive trading-day period. The redemption price will equal 100% of the principal amount plus a make-whole premium equal to the present value of the remaining interest payments from the redemption date to the date of maturity. Upon a change in control or a termination of trading, as defined in the indenture, we may be required to repurchase for cash all or a portion of the 4.25% Senior Notes at a repurchase price equal to 100% of the principal plus any accrued and unpaid interest to, but excluding, the repurchase date.

In the first quarter of 2009, in connection with the purchase of our equity interest in Inotera, we entered into a two-year, variable-rate term loan with Nan Ya Plastics, an affiliate of Nanya, and received loan proceeds of \$200 million. Under the terms of the loan agreement, interest is payable quarterly at LIBOR plus 2%. The interest rate resets quarterly and was 2.3% per annum as of September 2, 2010. Based on imputed interest rate of 12.1%, we recorded the Nan Ya Plastics loan net of a discount of \$28 million, which is recognized as interest expense over the life of the loan. In the first quarter of 2010, the note payable to Nan Ya Plastics was replaced with a note payable to Mai-Liao Power Corporation (“Mai-Liao”), an affiliate of Nan Ya Plastics. Nan Ya Plastics and Mai-Liao Power Corporation are subsidiaries of Formosa Plastics Corporation. The note to Mai-Liao has the same terms and remaining maturity as the previous note to Nan Ya Plastics. The note to Mai-Liao is collateralized by a first-priority security interest in certain of our Inotera shares aggregating a maximum market value of \$250 million. As of September 2, 2010, the carrying value of the collateral was \$161 million. (See “Equity Method Investments – Inotera and MeiYa DRAM joint ventures with Nanya – Inotera” note.)

On June 1, 2010, we repaid the outstanding balance of \$213 million to the Singapore Economic Development Board that was due February 2012.

On April 1, 2010, we repaid the outstanding balance of \$70 million and accrued interest on the 5.6% convertible subordinated notes. The conversion option of these notes expired unexercised.

As of September 2, 2010, maturities of notes payable and future minimum lease payments under capital lease obligations were as follows:

	Notes Payable	Capital Lease Obligations
2011	\$ 400	\$ 347
2012	150	79
2013	--	49
2014	1,530	23
2015	--	20
2016 and thereafter	--	84
Discount and interest, respectively	(248)	(75)
	<u>\$ 1,832</u>	<u>\$ 527</u>

#### Commitments

As of September 2, 2010, we had commitments of approximately \$1.2 billion for the acquisition of property, plant and equipment. We lease certain facilities and equipment under operating leases. Total rental expense was \$41 million, \$28 million and \$39 million for 2010, 2009 and 2008, respectively. We also sublease certain facilities and buildings under operating leases to Aptina and recognized \$6 million of rental income in 2010. Minimum future rental commitments and minimum future sublease rentals to be received from Aptina under noncancelable subleases are as follows:

	Operating Lease Commitments	Operating Sublease Rentals
2011	\$ 31	\$ (3)
2012	20	(3)
2013	18	(3)
2014	13	(1)
2015	8	--
2016 and thereafter	41	--
	<u>\$ 131</u>	<u>\$ (10)</u>

#### Contingencies

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



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

We are involved in the following antitrust, patent and securities matters.

**Antitrust matters:** On May 5, 2004, Rambus, Inc. (“Rambus”) filed a complaint in the Superior Court of the State of California (San Francisco County) against us and other DRAM suppliers alleging that the defendants harmed Rambus by engaging in concerted and unlawful efforts affecting Rambus DRAM (“RDRAM”) by eliminating competition and stifling innovation in the market for computer memory technology and computer memory chips. Rambus’ complaint alleges various causes of action under California state law including, among other things, a conspiracy to restrict output and fix prices, a conspiracy to monopolize, intentional interference with prospective economic advantage, and unfair competition. Rambus alleges that it is entitled to actual damages of more than a billion dollars and seeks joint and several liability, treble damages, punitive damages, a permanent injunction enjoining the defendants from the conduct alleged in the complaint, interest, and attorneys’ fees and costs. A trial date has not been scheduled.

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

Three purported class action lawsuits alleging price-fixing of DRAM products also have been filed against us in Quebec, Ontario, and British Columbia, Canada, on behalf of direct and indirect purchasers, asserting violations of the Canadian Competition Act. The substantive allegations in these cases are similar to those asserted in the DRAM antitrust cases filed in the United States. Plaintiffs’ motion for class certification was denied in the British Columbia and Quebec cases in May and June 2008, respectively. Plaintiffs subsequently filed an appeal of each of those decisions. On November 12, 2009, the British Columbia Court of Appeal reversed the denial of class certification and remanded the case for further proceedings. The appeal of the Quebec case is still pending.

In February and March 2007, All American Semiconductor, Inc., Jaco Electronics, Inc., and the DRAM Claims Liquidation Trust each filed suit against us and other DRAM suppliers in the U.S. District Court for the Northern District of California after opting-out of a direct purchaser class action suit that was settled. The complaints allege, among other things, violations of federal and state antitrust and competition laws in the DRAM industry, and seek joint and several damages, trebled, as well as restitution, attorneys’ fees, costs and injunctive relief.

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

On September 24, 2010, Oracle America Inc. (“Oracle”), successor to Sun Microsystems, a DRAM purchaser that opted-out of a direct purchaser class action suit that was settled, filed suit against us in U.S. District Court for the Northern District of California. The complaint alleges DRAM price-fixing and other violations of federal and state antitrust and unfair competition laws based on purported conduct for the period from August 1, 1998 through at least June 15, 2002. Oracle is seeking joint and several damages, trebled, as well as restitution, disgorgement, attorneys’ fees, costs and injunctive relief.

Three purported class action lawsuits alleging price-fixing of SRAM products have been filed in Canada, asserting violations of the Canadian Competition Act. These cases assert claims on behalf of a purported class of individuals and entities that purchased SRAM products directly or indirectly from various SRAM suppliers.

In addition, three purported class action lawsuits alleging price-fixing of Flash products have been filed in Canada, asserting violations of the Canadian Competition Act. These cases assert claims on behalf of a purported class of individuals and entities that purchased Flash memory directly and indirectly from various Flash memory suppliers.

We are unable to predict the outcome of these lawsuits and therefore cannot estimate the range of possible loss. The final resolution of these alleged violations of antitrust laws could result in significant liability and could have a material adverse effect on our business, results of operations or financial condition.

**Patent matters:** As is typical in the semiconductor and other high technology industries, from time to time, others have asserted, and may in the future assert, that our products or manufacturing processes infringe their intellectual property rights. In this regard, we are engaged in litigation with Rambus relating to certain of Rambus' patents and certain of our claims and defenses. Our lawsuits with Rambus are pending in the U.S. District Court for the District of Delaware, U.S. District Court for the Northern District of California, Germany, France, and Italy.

On August 28, 2000, we filed a complaint against Rambus in the U.S. District Court for the District of Delaware seeking monetary damages and declaratory and injunctive relief. The complaint alleges, among other things, various anticompetitive activities and also seeks a declaratory judgment that certain Rambus patents are invalid or unenforceable. Rambus subsequently filed an answer and counterclaim in Delaware alleging, among other things, infringement of twelve Rambus patents and seeking monetary damages and injunctive relief. We subsequently added claims and defenses based on Rambus' alleged spoliation of evidence and litigation misconduct. The spoliation and litigation misconduct claims and defenses were heard in a bench trial before Judge Robinson in October 2007. On January 9, 2009, Judge Robinson entered an opinion in our favor holding that Rambus had engaged in spoliation and that the twelve Rambus patents in the suit were unenforceable against us. Rambus subsequently appealed the decision to the U.S. Court of Appeals for the Federal Circuit. That appeal is pending. In the U.S. District Court for the Northern District of California, Rambus' complaint alleges that certain of our DDR2, DDR3, RLDRAM, and RLDRAM II products infringe as many as fourteen Rambus patents and seeks monetary damages, treble damages, and injunctive relief. The trial on the patent phase of that case has been stayed pending resolution of Rambus' appeal of the Delaware spoliation decision or further order of the California Federal Court.

On March 6, 2009, Panavision Imaging, LLC filed suit against us and Aptina Imaging Corporation, then a wholly-owned subsidiary ("Aptina"), in the U.S. District Court for the Central District of California. The complaint alleges that certain of our and Aptina's image sensor products infringe four Panavision Imaging U.S. patents and seeks injunctive relief, damages, attorneys' fees, and costs.

On December 11, 2009, Ring Technology Enterprises of Texas LLC ("Ring") filed suit against us in the U.S. District Court for the Eastern District of Texas alleging that certain of our memory products infringe one Ring U.S. patent. On June 26, 2010, we executed a settlement agreement with Ring resolving the dispute for an immaterial amount.

Among other things, the above lawsuits pertain to certain of our SDRAM, DDR SDRAM, DDR2 SDRAM, DDR3 SDRAM, RLDRAM and image sensor products, which account for a significant portion of net sales.

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

**Securities matters:** On February 24, 2006, a putative class action complaint was filed against us and certain of our officers in the U.S. District Court for the District of Idaho alleging claims under Section 10(b) and 20(a) of the Securities Exchange Act of 1934, as amended, and Rule 10b-5 promulgated thereunder. Four substantially similar complaints subsequently were filed in the same Court. The cases purport to be brought on behalf of a class of purchasers of our stock during the period February 24, 2001 to February 13, 2003. The five lawsuits have been consolidated and a consolidated amended class action complaint was filed on July 24, 2006. The complaint generally alleges violations of federal securities laws based on, among other things, claimed misstatements or omissions regarding alleged illegal price-fixing conduct. The complaint seeks unspecified damages, interest, attorneys' fees, costs, and expenses. On December 19, 2007, the Court issued an order certifying the class but reducing the class period to purchasers of our stock during the period from February 24, 2001 to September 18, 2002. On August 24, 2010, we executed a settlement agreement resolving these purported class-action cases. Subject to certain conditions, including final court approval of the class settlement, we and our insurers agreed to pay \$42 million with our contribution to the settlement comprising approximately \$6 million.

## Shareholders' Equity

**Issuance of restricted shares for acquisition of Numonyx:** On May 7, 2010 in connection with the acquisition of Numonyx, we issued 137.7 million shares of our common stock to Intel, STMicroelectronics N.V. ("ST") and Redwood Blocker S.a.r.l. ("Redwood") and issued 4.8 million restricted stock units. The shares of common stock issued are restricted from sale until November 6, 2010. In addition, 21.0 million of the shares of stock issued were placed in escrow as partial security for Numonyx shareholders' indemnity obligations. The shares in escrow may be sold after November 6, 2010, but the proceeds from any sale remain in escrow until May 7, 2011, at which time the escrow assets are payable to the Numonyx shareholders, net of any of our indemnification claims. Of the restricted stock units issued, 1.6 million were vested as of the time of issuance. (See "Numonyx Holdings B.V." note.)

**Issuance of common stock:** On April 15, 2009, we issued 69.3 million shares of common stock for \$4.15 per share in a public offering. We received net proceeds of \$276 million, net of underwriting fees and other offering costs of \$12 million.

**Capped call transactions:** Concurrent with the offering of the Convertible Notes in May 2007, we entered into three capped call transactions (the "Capped Calls"). The Capped Calls each have an initial strike price of approximately \$14.23 per share, subject to certain adjustments, which matches the initial conversion price of the Convertible Notes. The Capped Calls are in three equal tranches, have cap prices of \$17.25, \$20.13 and \$23.00 per share, and cover, subject to anti-dilution adjustments similar to those contained in the Convertible Notes, an approximate combined total of 91.3 million shares of common stock. The Capped Calls expire on various dates between November 2011 and December 2012. The Capped Calls are intended to reduce the potential dilution upon conversion of the Convertible Notes. Settlement of the Capped Calls in cash on their respective expiration dates would result in us receiving an amount ranging from zero if the market price per share of our common stock is at or below \$14.23 to a maximum of \$538 million. We paid \$151 million to purchase the Capped Calls. The Capped Calls are considered capital transactions and the related cost was recorded as a charge to additional capital.

Concurrent with the offering of the 4.25% Senior Notes on April 15, 2009, we entered into capped call transactions (the "2009 Capped Calls") that have an initial strike price of approximately \$5.08 per share, subject to certain adjustments, which was set to equal initial conversion price of the 4.25% Senior Notes. The 2009 Capped Calls have a cap price of \$6.64 per share and cover, subject to anti-dilution adjustments similar to those contained in the 4.25% Senior Notes, an approximate combined total of 45.2 million shares of common stock, and are subject to standard adjustments for instruments of this type. The 2009 Capped Calls expire in October and November of 2012. The 2009 Capped Calls are intended to reduce the potential dilution upon conversion of the 4.25% Senior Notes. Settlement of the Capped Calls in cash on their respective expiration dates would result in us receiving an amount ranging from zero if the market price per share of our common stock is at or below \$5.08 to a maximum of \$70 million if the market price of our common stock exceeds \$6.64 per share. We paid \$25 million to purchase the 2009 Capped Calls. The 2009 Capped Calls are considered capital transactions and the related cost was recorded as a charge to additional capital.

**Accumulated other comprehensive income (loss):** Accumulated other comprehensive income (loss), net of tax, consisted of the following as of the end of the periods shown below:

	2010	2009
Accumulated translation adjustment, net	\$ 2	\$ (9)
Unrealized gain (loss) on investments, net	14	9
Gain (loss) on derivatives, net	1	--
Unrecognized pension liability	(6)	(4)
Accumulated other comprehensive income (loss)	<u>\$ 11</u>	<u>\$ (4)</u>

### Adjustment for Retrospective Application of New Accounting Standards

Effective at the beginning of 2010, we adopted new accounting standards for noncontrolling interests and certain convertible debt instruments. These new accounting standards required retrospective application and our financial statements contained herein have been adjusted to reflect the impact of adopting these new accounting standards. The impact of the retrospective adoption is summarized below.

**Noncontrolling interests in subsidiaries:** Under the new standard, noncontrolling interests in subsidiaries is (1) reported as a separate component of equity in the consolidated balance sheets and (2) included in net income in the statement of operations.

**Convertible debt instruments:** The new standard applies to convertible debt instruments that may be fully or partially settled in cash upon conversion and is applicable to our 1.875% convertible senior notes with an aggregate principal amount of \$1.3 billion issued in May 2007 (the "Convertible Notes"). The standard requires the liability and equity components of the Convertible Notes to be stated separately. The liability component recognized at the issuance of the Convertible Notes equals the estimated fair value of a similar liability without a conversion option and the remainder of the proceeds received at issuance was allocated to equity. In connection therewith, at the May 2007 issuance of the Convertible Notes there was a \$402 million decrease in debt, a \$394 million increase in additional capital, and an \$8 million decrease in deferred debt issuance costs (included in other noncurrent assets). The fair value of the liability was determined using an interest rate for similar nonconvertible debt issued as of the original May 2007 issuance date by entities with credit ratings comparable to our credit rating at the time of issuance. In subsequent periods, the liability component recognized at issuance is increased to the principal amount of the Convertible Notes through the amortization of interest costs. Through 2010, \$160 million of interest was amortized. Information related to equity and debt components is as follows:

As of	September 2, 2010	September 3, 2009
Principal amount of the Convertible Notes	\$ 1,300	\$ 1,300
Unamortized discount	(242)	(295)
Net carrying amount of the Convertible Notes	<u>\$ 1,058</u>	<u>\$ 1,005</u>
Carrying amount of the equity component	<u>\$ 394</u>	<u>\$ 394</u>

The unamortized discount as of September 2, 2010, will be recognized as interest expense over approximately 3.7 years through June 2014, the maturity date of the Convertible Notes.

Information related to interest rates and expenses is as follows:

Year Ended	2010	2009	2008
Effective interest rate	7.9%	7.9%	7.9%
Interest costs related to contractual interest coupon	\$ 24	\$ 25	\$ 24
Interest costs related to amortization of discount and issuance costs	56	52	47

*Effect of adjustment for retrospective application of new accounting standards on financial statements:* The following tables set forth the financial statement line items affected by retrospective application of the new accounting standards for noncontrolling interests and certain convertible debt as of and for the periods indicated:

	<b>Consolidated Statement of Operations</b>			
	<b>As Previously Reported</b>	<b>Effect of Adoption</b>		<b>As Retrospectively Adjusted</b>
		<b>Noncontrolling Interests</b>	<b>Convertible Debt</b>	
<b>Year Ended September 3, 2009:</b>				
Cost of goods sold	\$ 5,242	\$ --	\$ 1	\$ 5,243
Interest expense	(135)	--	(47)	(182)
Income tax (provision)	(2)	--	1	(1)
Net loss	(1,835)	(111)	(47)	(1,993)
Net loss attributable to Micron	--	(1,835)	(47)	(1,882)
Net loss per share:				
Basic and diluted	(2.29)	--	(0.06)	(2.35)
<b>Year Ended August 28, 2008:</b>				
Interest expense	\$ (82)	\$ --	\$ (36)	\$ (118)
Net loss	(1,619)	(10)	(36)	(1,665)
Net loss attributable to Micron	--	(1,619)	(36)	(1,655)
Net loss per share:				
Basic and diluted	(2.10)	--	(0.04)	(2.14)
<b>Consolidated Balance Sheet</b>				
	<b>Effect of Adoption</b>			
	<b>As Previously Reported</b>	<b>Noncontrolling Interests</b>	<b>Convertible Debt</b>	<b>As Retrospectively Adjusted</b>
<b>As of September 3, 2009</b>				
<b>Assets</b>				
Property, plant and equipment, net	\$ 7,081	\$ --	\$ 8	\$ 7,089
Other assets	371	--	(4)	367
Total assets	11,455	--	4	11,459
<b>Liabilities and equity</b>				
Long-term debt	\$ 2,674	\$ --	\$ (295)	\$ 2,379
Total liabilities	4,815	--	(295)	4,520
<b>Micron shareholders' equity</b>				
Additional capital	6,863	--	394	7,257
Accumulated deficit	(2,291)	--	(94)	(2,385)
Accumulated other comprehensive (loss)	(3)	--	(1)	(4)
Total equity of Micron shareholders	--	4,654	299	4,953
Total equity	4,654	1,986	299	6,939
Total liabilities and equity	11,455	--	4	11,459

**Consolidated Statements of Changes in Equity**

	<b>Additional Capital</b>	<b>Retained Earnings (Accumulated Deficit)</b>	<b>Accumulated Other Comprehensive Income (Loss)</b>	<b>Total Micron Shareholders' Equity</b>	<b>Noncontrolling Interests in Subsidiaries</b>	<b>Total Equity</b>
<b>As Previously Reported:</b>						
Balance at August 30, 2007	\$ 6,519	\$ 1,164	\$ (7)	\$ 7,752	\$ --	\$ --
Comprehensive income (loss):						
Net loss		(1,619)		(1,619)		
Total comprehensive (loss)				(1,620)		
Distributions to noncontrolling interests						
Contributions from noncontrolling interests						
Balance at August 28, 2008	\$ 6,566	\$ (456)	\$ (8)	\$ 6,178	\$ --	\$ --
Comprehensive income (loss):						
Net loss		(1,835)		(1,835)		
Net change in unrealized gain on investments, net of tax			13	13		
Total comprehensive (loss)				(1,830)		
Distributions to noncontrolling interests						
Contributions from noncontrolling interests						
Reduction in noncontrolling interests from share purchase						
Balance at September 3, 2009	\$ 6,863	\$ (2,291)	\$ (3)	\$ 4,654	\$ --	\$ --
<b>Effect of Adoption of Noncontrolling Interests and Convertible Debt:</b>						
Balance at August 30, 2007	\$ 394	\$ (11)	\$ --	\$ 383	\$ 2,607	\$ 10,742
Comprehensive income (loss):						
Net loss		(36)		(36)	(10)	(1,665)
Total comprehensive (loss)				(36)	(10)	(1,666)
Distributions to noncontrolling interests					(132)	(132)
Contributions from noncontrolling interests					400	400
Balance at August 28, 2008	\$ 394	\$ (47)	\$ --	\$ 347	\$ 2,865	\$ 9,390
Comprehensive income (loss):						
Net loss		(47)		(47)	(111)	(1,993)
Net change in unrealized gain on investments, net of tax			(1)	(1)		12
Total comprehensive (loss)				(48)	(111)	(1,989)
Distributions to noncontrolling interests					(705)	(705)
Contributions from noncontrolling interests					24	24
Reduction in noncontrolling interests from share purchase					(87)	(87)
Balance at September 3, 2009	\$ 394	\$ (94)	\$ (1)	\$ 299	\$ 1,986	\$ 6,939
<b>As Retrospectively Adjusted:</b>						
Balance at August 30, 2007	\$ 6,913	\$ 1,153	\$ (7)	\$ 8,135	\$ 2,607	\$ 10,742
Comprehensive income (loss):						
Net loss		(1,655)		(1,655)	(10)	(1,665)
Total comprehensive (loss)				(1,656)	(10)	(1,666)
Distributions to noncontrolling interests					(132)	(132)
Contributions from noncontrolling interests					400	400
Balance at August 28, 2008	\$ 6,960	\$ (503)	\$ (8)	\$ 6,525	\$ 2,865	\$ 9,390
Comprehensive income (loss):						
Net loss		(1,882)		(1,882)	(111)	(1,993)
Net change in unrealized gain on investments, net of tax			12	12		12
Total comprehensive (loss)				(1,878)	(111)	(1,989)
Distributions to noncontrolling interests					(705)	(705)
Contributions from noncontrolling interests					24	24
Reduction in noncontrolling interests from share purchase					(87)	(87)
Balance at September 3, 2009	\$ 7,257	\$ (2,385)	\$ (4)	\$ 4,953	\$ 1,986	\$ 6,939

**Consolidated Statement of Cash Flows**

	As Previously Reported	Effect of Adoption		As Retrospectively Adjusted
		Noncontrolling Interests	Convertible Debt	
<b>Year Ended September 3, 2009:</b>				
<u>Cash flows from operating activities</u>				
Net loss	\$ (1,835)	\$ (111)	\$ (47)	\$ (1,993)
Depreciation and amortization	2,139	--	47	2,186
Noncontrolling interests in net income (loss)	(111)	111	--	--
<b>Year Ended August 28, 2008:</b>				
<u>Cash flows from operating activities</u>				
Net loss	\$ (1,619)	\$ (10)	\$ (36)	\$ (1,665)
Depreciation and amortization	2,060	--	36	2,096
Noncontrolling interests in net income (loss)	(10)	10	--	--

**Derivative Financial Instruments**

We are exposed to currency exchange rate risk for monetary assets and liabilities held or denominated in foreign currencies, primarily the Singapore dollar, euro and yen. We are also exposed to currency exchange rate risk for capital expenditures denominated in foreign currency, primarily the euro and yen. We use derivative instruments to manage our exposures to foreign currency. For exposures associated with our monetary assets and liabilities, our primary objective in entering into currency derivatives is to reduce the volatility changes in foreign currency exchange rates have on earnings attributable to our shareholders. For exposures associated with capital expenditures, our primary objective in entering into currency derivatives is to reduce the volatility changes in foreign currency exchange rates have on future cash flows.

Our derivatives consist primarily of currency forward contracts. The derivatives expose us to credit risk to the extent the counterparties may be unable to meet the terms of the derivative instrument. Our maximum exposure to loss due to credit risk that we would incur if parties to the forward contracts failed completely to perform according to the terms of the contracts was equal to our carrying value as of September 2, 2010. We seek to mitigate such risk by limiting its counterparties to major financial institutions and by spreading risk across multiple major financial institutions. In addition, the potential risk of loss with any one counterparty resulting from this type of credit risk is monitored on an ongoing basis. We have the following currency risk management programs:

**Currency derivatives without hedge accounting designation :** We utilize a rolling hedge strategy with currency forward contracts that generally mature within 35 days to hedge our foreign currency exposure in monetary assets and liabilities. At the end of each reporting period, monetary assets and liabilities held or denominated in foreign currencies are remeasured in U.S. dollars and the associated outstanding forward contracts are marked-to-market. Foreign currency forward contracts are valued at fair values based on bid prices of dealer or exchange quotations (referred to as Level 2). Realized and unrealized foreign currency gains and losses on derivative instruments and the underlying monetary assets are included in other operating income (expense). As of September 2, 2010, total gross notional amounts and fair values for currency derivatives without hedge accounting designation were as follows:

Currency	Notional Amount Outstanding (in U.S. Dollars)	Balance Sheet Line Item	Fair Value of Asset (Liability)
Euro	\$ 260	Accounts payable and accrued expenses	\$ (5)
Singapore dollar	157	Receivables	--
Yen	104	Receivables	1
	<u>\$ 521</u>		<u>\$ (4)</u>

For currency forward contracts not designated as hedging instruments, we recognized losses of \$29 million in 2010, which was included in other operating income (expense).

**Currency derivatives with cash flow hedge accounting designation:** We utilize currency forward contracts that mature within 12 months to hedge the foreign currency exposures of cash flow for some forecasted capital expenditures. Foreign currency forward contracts are valued at fair values based on market-based observable inputs including foreign exchange spot and forward rates, interest rate and credit risk spread (referred to as Level 2). For those derivatives designated as cash flow hedges, the effective portion of the realized and unrealized gain or loss on the derivatives was included as a component of other comprehensive income (loss) in shareholders' equity. The amount in the accumulated other comprehensive income (loss) for those cash flow hedges are reclassified into earnings in the same line items of consolidated statements of operations and in the same periods in which the underlying transaction affects earnings. The ineffective or excluded portion of the realized and unrealized gain or loss was included in other operating income (expense). As of September 2, 2010, total gross notional amounts and fair values for currency derivatives with cash flow hedge accounting designation were as follows:

Currency	Notional Amount Outstanding (in U.S. Dollars)	Balance Sheet Line Item	Fair Value of Asset (Liability)
Euro	\$ 196	Receivables	\$ 1
Yen	81	Receivables	1
	<u>\$ 277</u>		<u>\$ 2</u>

For 2010, amounts recognized in other comprehensive income from the effective portion of cash flow hedge and in other operating income (expense) from the ineffective and excluded portions of cash flow hedge were not material. No amounts were reclassified from other comprehensive income (loss) to earnings in 2010 and we expect only de minimis amount included in other accumulated comprehensive income (loss) to be reclassified into earnings within the next 12 months.

## Fair Value Measurements

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

**Fair value measurements on a recurring basis:** Assets measured at fair value on a recurring basis were as follows:

	September 2, 2010				September 3, 2009			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Money market <sup>(1)</sup>	\$ 2,170	\$ --	\$ --	\$ 2,170	\$ 1,184	\$ --	\$ --	\$ 1,184
Certificates of deposit <sup>(2)</sup>	--	705	--	705	--	217	--	217
Marketable equity investments <sup>(3)</sup>	19	--	--	19	15	--	--	15
Assets held for sale <sup>(3)(4)</sup>	--	--	56	56	--	--	--	--
	<u>\$ 2,189</u>	<u>\$ 705</u>	<u>\$ 56</u>	<u>\$ 2,950</u>	<u>\$ 1,199</u>	<u>\$ 217</u>	<u>\$ --</u>	<u>\$ 1,416</u>

<sup>(1)</sup> Included in cash and equivalents.

<sup>(2)</sup> Cash and equivalents and restricted cash included \$371 million and \$334 million, respectively, as of September 2, 2010 and \$187 million and \$30 million, respectively, as of September 3, 2009.

<sup>(3)</sup> Included in other noncurrent assets.

<sup>(4)</sup> We adopted the accounting standard for fair value measurements of nonfinancial assets and nonfinancial liabilities as of the beginning of 2010.

Certificates of deposit assets are valued using observable inputs in active markets for similar assets or alternative pricing sources and models utilizing observable market inputs (Level 2).

Assets held for sale primarily included semiconductor equipment and buildings. Fair value for the semiconductor equipment is based on quotations obtained from equipment dealers, which consider the remaining useful life and configuration of the equipment and fair value of the real estate is determined based on sales of similar facilities and/or properties in comparable markets (Level 3). Losses recognized in 2010 due to fair value measurements using Level 3 inputs were de minimis.



**Fair value of financial instruments:** The estimated fair value and carrying value of debt instruments (carrying value excludes the equity component of the 1.875% convertible notes which is classified in equity) were as follows:

	September 2, 2010		September 3, 2009	
	Fair Value	Carrying Value	Fair Value	Carrying Value
Convertible debt instruments	\$ 1,494	\$ 1,288	\$ 1,410	\$ 1,305
Other debt instruments	1,071	1,072	1,458	1,498

The fair value of our convertible debt instruments is based on quoted market prices in active markets (Level 1). The fair value of our other debt instruments was estimated based on discounted cash flows using inputs that are observable in the market or that could be derived from or corroborated with observable market data, including interest rates based on yield curves of similar debt issued by parties with credit ratings similar to ours (Level 2). Amounts reported as cash and equivalents, short-term investments, receivables, accounts payable and accrued expenses approximate fair value.

**Fair value measurements on a nonrecurring basis:** In connection with the implementation of the new accounting standard for certain convertible debt instruments in the first quarter of 2010, we determined the \$898 million fair value for the liability component of our Convertible Notes as of their May 2007 issuance date using a market interest rate for similar nonconvertible debt issued at that time by entities with credit ratings comparable to ours (Level 2). (See “Adjustments for Retrospective Application of New Accounting Standards” note.)

## Equity Plans

As of September 2, 2010, an aggregate of 182.8 million shares of common stock were reserved for issuance of stock options and restricted stock awards, of which 124.9 million shares were subject to outstanding awards and 57.9 million shares were available for future awards. Awards are subject to terms and conditions as determined by our Board of Directors.

**Stock options:** Our stock options are generally exercisable in increments of either one-fourth or one-third per year beginning one year from the date of grant. Stock options issued after September, 2004 generally expire six years from the date of grant. All other options expire ten years from the grant date.

Option activity for 2010 is summarized as follows:

	Number of Shares	Weighted-Average Exercise Price Per Share	Weighted-Average Remaining Contractual Life (In Years)	Aggregate Intrinsic Value
Outstanding at September 3, 2009	116.5	\$ 16.25		
Granted	16.7	7.79		
Exercised	(2.1)	3.82		
Cancelled or expired	(14.8)	35.66		
Outstanding at September 2, 2010	<u>116.3</u>	12.79	2.6	\$ 78
Exercisable at September 2, 2010	80.3	\$ 15.93	1.8	\$ 17
Expected to vest after September 2, 2010	32.5	5.78	4.5	55

The following table summarizes information about options outstanding as of September 2, 2010:

Range of Exercise Prices	Outstanding Options			Exercisable options	
	Number of Shares	Weighted-Average Remaining Contractual Life (In Years)	Weighted-Average Exercise Price Per Share	Number of Shares	Weighted-Average Exercise Price Per Share
\$ 1.56 - \$ 6.86	24.8	4.0	\$ 3.70	6.6	\$ 4.23
7.01 - 9.97	16.4	5.0	7.68	1.3	8.98
10.00 - 14.01	43.2	2.0	12.43	40.7	12.51
14.06 - 22.83	20.9	1.6	19.10	20.8	19.13
23.25 - 44.90	11.0	0.3	30.37	10.9	30.37
	<u>116.3</u>	2.6	12.79	<u>80.3</u>	15.93

The weighted-average grant-date fair value per share was \$4.13, \$1.71 and \$2.52 for options granted during 2010, 2009 and 2008, respectively. The total intrinsic value was \$13 million for options exercised during 2010, and de minimis for 2009 and 2008.

Changes in nonvested options for 2010 are summarized as follows:

	Number of Shares	Weighted-Average Grant Date Fair Value Per Share
Nonvested at September 3, 2009	30.3	\$ 2.36
Granted	16.7	4.13
Vested	(10.0)	3.01
Cancelled	(1.0)	2.67
Nonvested at September 2, 2010	<u>36.0</u>	3.00

As of September 2, 2010, \$76 million of total unrecognized compensation cost related to nonvested awards was expected to be recognized through the fourth quarter of 2014, resulting in a weighted-average period of 1.3 years. As of September 2, 2010, nonvested options had a weighted-average exercise price of \$5.80, a weighted-average remaining contractual life of 4.6 years and an aggregate intrinsic value of \$61 million.

The fair values of option awards were estimated as of the date of grant using the Black-Scholes option valuation model. The Black-Scholes model requires the input of assumptions, including the expected stock price volatility and estimated option life. The expected volatilities utilized were based on implied volatilities from traded options on our stock and on historical volatility. The expected lives of options granted subsequent to 2008 were based, in part, on historical experience and on the terms and conditions of the options. The expected lives of options granted prior to 2009 were based on the simplified method provided by the Securities and Exchange Commission. The risk-free interest rates utilized were based on the U.S. Treasury yield in effect at the time of the grant. No dividends were assumed in estimated option values. Assumptions used in the Black-Scholes model are presented below:

	2010	2009	2008
Average expected life in years	5.1	4.9	4.3
Weighted-average volatility	60%	73%	47%
Weighted-average risk-free interest rate	2.3%	1.9%	2.9%

**Restricted stock and restricted stock units (“Restricted Stock Awards”):** As of September 2, 2010, 8.6 million shares of Restricted Stock Awards were outstanding, of which 1.4 million were performance-based Restricted Stock Awards. For service-based Restricted Stock Awards, restrictions generally lapse either in one-fourth or one-third increments during each year of employment after the grant date. For performance-based Restricted Stock Awards, vesting is contingent upon meeting certain performance goals. Restricted Stock Awards activity for 2010 is summarized as follows:

	Number of Shares	Weighted- Average Remaining Contractual Life (In Years)	Aggregate Intrinsic Value
Outstanding at September 3, 2009	9.4		
Granted	7.7		
Restrictions lapsed	(7.4)		
Cancelled	(1.1)		
Outstanding at September 2, 2010	<u>8.6</u>	1.5	\$ 59
Expected to vest after September 2, 2010	7.8	1.5	\$ 54

The weighted-average grant-date fair value for restricted stock awards granted during 2010, 2009 and 2008 was \$8.29, \$4.40 and \$8.41 per share, respectively. The aggregate value at the lapse date of awards for which restrictions lapsed during 2010, 2009 and 2008 was \$65 million, \$8 million and \$12 million, respectively. As of September 2, 2010, there was \$36 million of total unrecognized compensation cost, net of estimated forfeitures, related to nonvested restricted stock awards, which is expected to be recognized through the third quarter of 2014, resulting in a weighted-average period of 0.9 years.

**Stock-based compensation expense:** Total compensation costs for our equity plans were as follows:

	2010	2009	2008
Stock-based compensation expense by caption:			
Cost of goods sold	\$ 23	\$ 16	\$ 15
Selling, general and administrative	50	16	19
Research and development	18	13	14
Other operating (income) expense	2	(1)	--
	<u>\$ 93</u>	<u>\$ 44</u>	<u>\$ 48</u>
Stock-based compensation expense by type of award:			
Stock options	\$ 37	\$ 29	\$ 26
Restricted stock awards	56	15	22
	<u>\$ 93</u>	<u>\$ 44</u>	<u>\$ 48</u>

Stock-based compensation expense of \$4 million and \$3 million was capitalized and remained in inventory as of September 2, 2010 and September 3, 2009, respectively. As of September 2, 2010, \$112 million of total unrecognized compensation costs, net of estimated forfeitures, related to non-vested awards were expected to be recognized through the fourth quarter of 2014, resulting in a weighted-average period of 1.2 years. During 2010, we determined that certain performance-based restricted stock that previously had not been expensed met the probability threshold for expense recognition due to improved operating results. Stock-based compensation expense in the above presentation does not reflect any significant income tax benefits, which is consistent with our treatment of income or loss from our U.S. operations. (See “Income Taxes” note.)

## Employee Benefit Plans

We have employee retirement plans at our U.S. and international sites. Details of the more significant plans are discussed as follows:

**Employee savings plan for U.S. employees:** We have a 401(k) retirement plan (“RAM Plan”) under which U.S. employees may contribute up to 45% of their eligible pay (subject to IRS annual contribution limits) to various savings alternatives, none of which include direct investment in our common stock. Under the RAM plan, we matched in cash eligible contributions from employees up to 4% of the employee’s annual eligible earnings or \$2,000, whichever was greater. In 2009, we suspended our match under in the RAM plan. Contribution expense for the RAM Plan was \$16 million and \$32 million in 2009 and 2008, respectively. We anticipate reinstating our match under the RAM plan in 2011.

**Retirement plans :** We have pension plans in various countries worldwide. The pension plans are only available to local employees and are generally government mandated. We have determined that these pension plans are not material for separate disclosure purposes.

## Restructure

In response to a severe downturn in the semiconductor memory industry and global economic conditions, we initiated a restructure plan in 2009 primarily within our Memory segment. In the first quarter of 2009, IM Flash, our joint venture and Intel, terminated an agreement to obtain NAND Flash memory supply from our Boise facility. In connection therewith, Intel paid us \$208 million in 2009. In addition, we phased out all remaining 200mm DRAM wafer manufacturing operations in Boise, Idaho in the second half of 2009. As a result of these restructure plans, we reduced employment in 2009 by approximately 4,600 employees, or approximately 20%. The following table summarizes restructure charges (credits) resulting from the restructure activities:

	2010	2009	2008
(Gain) loss from disposition of equipment	\$ (13)	\$ 152	\$ --
Severance and other termination benefits	1	60	23
Gain from termination of NAND Flash supply agreement	--	(144)	--
Other	2	2	10
	<u>\$ (10)</u>	<u>\$ 70</u>	<u>\$ 33</u>

During 2010, we made cash payments of \$7 million, for severance and related termination benefits and costs to decommission production facilities. As of September 2, 2010, all amounts related to the restructure plan initiated in 2009 had been paid and as of September 3, 2009, \$5 million of restructure costs, primarily related to severance and other termination benefits, were unpaid. We do not expect to incur any additional material restructure charges related to the plan initiated in 2009.

## Other Operating (Income) Expense, Net

Other operating (income) expense consisted of the following:

	2010	2009	2008
Government grants in connection with operations in China	\$ (24)	\$ (9)	\$ (2)
Receipts from U.S. government for anti-dumping tariffs	(12)	(6)	(38)
(Gain) loss on disposition of property, plant and equipment	(1)	54	(66)
Loss on sale of majority interest in Aptina	--	41	--
(Gain) loss from changes in currency exchange rates	23	30	25
Other	(3)	(3)	(10)
	<u>\$ (17)</u>	<u>\$ 107</u>	<u>\$ (91)</u>

## Income Taxes

Income (loss) before taxes, net (income) loss attributable to noncontrolling interests and equity in net income (loss) of equity method investees consisted of the following:

	2010	2009	2008
Income (loss) before taxes, net (income) loss attributable to noncontrolling interests and equity in net income (loss) of equity method investees:			
U.S.	\$ 1,383	\$ (1,425)	\$ (1,749)
Foreign	537	(427)	102
	<u>\$ 1,920</u>	<u>\$ (1,852)</u>	<u>\$ (1,647)</u>
Income tax (provision) benefit:			
Current:			
U.S. federal	\$ 66	\$ 12	\$ (7)
State	(4)	--	--
Foreign	(24)	(12)	(17)
	<u>38</u>	<u>--</u>	<u>(24)</u>
Deferred:			
U.S. federal	(5)	--	--
State	--	--	--
Foreign	(14)	(1)	6
	<u>(19)</u>	<u>(1)</u>	<u>6</u>
Income tax (provision) benefit	<u>\$ 19</u>	<u>\$ (1)</u>	<u>\$ (18)</u>

Income tax (provision) benefit computed using the U.S. federal statutory rate reconciled to income tax (provision) benefit is as follows:

	2010	2009	2008
U.S. federal income tax (provision) benefit at statutory rate	\$ (672)	\$ 648	\$ 577
State taxes, net of federal benefit	(22)	39	39
Change in valuation allowance	424	(572)	(460)
Gain on acquisition of Numonyx	153	--	--
Foreign operations	135	(135)	(21)
Tax credits	3	18	8
Goodwill impairment	--	--	(155)
Other	(2)	1	(6)
Income tax (provision) benefit	<u>\$ 19</u>	<u>\$ (1)</u>	<u>\$ (18)</u>

State taxes reflect investment tax credits of \$6 million, \$7 million and \$12 million for 2010, 2009 and 2008, respectively.

Deferred income taxes reflect the net tax effects of temporary differences between the bases of assets and liabilities for financial reporting and income tax purposes. Deferred tax assets and liabilities consist of the following as of the end of the periods shown below:

	2010	2009
Deferred tax assets:		
Net operating loss and credit carryforwards	\$ 1,336	\$ 1,965
Inventories	354	197
Accrued salaries, wages and benefits	124	74
Deferred income	92	78
Basis differences in investments in joint ventures	71	106
Property, plant and equipment	36	--
Other	55	27
Gross deferred tax assets	<u>2,068</u>	<u>2,447</u>
Less valuation allowance	<u>(1,627)</u>	<u>(2,006)</u>
Deferred tax assets, net of valuation allowance	<u>441</u>	<u>441</u>
Deferred tax liabilities:		
Unremitted earnings on certain subsidiaries	(97)	(87)
Debt discount	(92)	(112)
Product and process technology	(45)	(47)
Intangible assets	(33)	(41)
Receivables	--	(15)
Property, plant and equipment	--	(12)
Other	(6)	(6)
Deferred tax liabilities	<u>(273)</u>	<u>(320)</u>
Net deferred tax assets	<u>\$ 168</u>	<u>\$ 121</u>
Reported as:		
Current deferred tax assets (included in other current assets)	\$ 39	\$ 18
Noncurrent deferred tax assets (included in other noncurrent assets)	145	107
Noncurrent deferred tax liabilities (included in other noncurrent liabilities)	<u>(16)</u>	<u>(4)</u>
Net deferred tax assets	<u>\$ 168</u>	<u>\$ 121</u>

We have a valuation allowance against substantially all U.S. net deferred tax assets. As of September 2, 2010, our federal, state and foreign net operating loss carryforwards were \$2.4 billion, \$2.0 billion and \$290 million, respectively. If not utilized, substantially all of our federal and state net operating loss carryforwards will expire in 2022 to 2029 and the foreign net operating loss carryforwards will begin to expire in 2015. As of September 2, 2010, our federal and state tax credit carryforwards were \$188 million and \$204 million, respectively. If not utilized, substantially all of our federal and state tax credit carryforwards will expire in 2013 to 2030. As a consequence of prior business acquisitions, utilization of the tax benefits for some of the tax carryforwards is subject to limitations imposed by Section 382 of the Internal Revenue Code and some portion or all of these carryforwards may not be available to offset any future taxable income.

The changes in valuation allowance of \$(379) million and \$566 million in 2010 and 2009, respectively, are primarily due to utilization of U.S. net operating losses and certain tax credit carryforwards. The decrease in the valuation allowance in 2010 was offset with an increase in the valuation allowance of \$64 million related to deferred tax assets of Numonyx consisting primarily of net operating losses in foreign jurisdictions.

Provision has been made for deferred taxes on undistributed earnings of non-U.S. subsidiaries to the extent that dividend payments from such companies are expected to result in additional tax liability. During 2008 a decision was made to not be indefinitely reinvested in certain foreign jurisdictions. For the year ended August 28, 2008, \$322 million of earnings that in prior years had been considered indefinitely reinvested in foreign operations were determined to no longer be indefinitely reinvested. This decision resulted in no impact to the consolidated statement of operations as we have a full valuation allowance against our net U.S. deferred tax assets. Remaining undistributed earnings of \$886 million as of September 2, 2010 have been indefinitely reinvested; therefore, no provision has been made for taxes due upon remittance of these earnings. Determination of the amount of unrecognized deferred tax liability on these unremitted earnings is not practicable.

Below is a reconciliation of the beginning and ending amount of unrecognized tax benefits:

	2010	2009	2008
Beginning unrecognized tax benefits	\$ 1	\$ 1	\$ 16
Unrecognized tax benefits acquired in current year	63	--	--
Increases related to tax positions from prior years	14	--	--
Increases related to tax positions taken during current year	11	--	--
Expiration of foreign statutes of limitations	--	(1)	(15)
Settlements with tax authorities	(1)	--	(1)
Other	--	1	1
Ending unrecognized tax benefits	<u>\$ 88</u>	<u>\$ 1</u>	<u>\$ 1</u>

The balance as of September 2, 2010 and September 3, 2009 represents unrecognized income tax benefits, which if recognized, would affect our effective tax rate. As of September 2, 2010, accrued interest and penalties related to uncertain tax positions was \$6 million. In connection with the acquisition of Numonyx, we accrued a \$66 million liability related to uncertain tax positions on the tax years of Numonyx open to examination. We have recorded an indemnification asset for a significant portion of these unrecognized income tax benefits related to uncertain tax positions.

We are unable to reasonably estimate any possible increase or decrease in uncertain tax positions that may occur within the next 12 months. However, we do not anticipate any such change will result in a material change to our financial condition or results of operations.

We currently operate in several tax jurisdictions where we have arrangements that allow us to compute our tax provision at rates below the local statutory rates that expire in whole or in part at various dates through 2022. These arrangements benefitted our tax provision in fiscal 2010 by approximately \$69 million (approximately \$0.07 per diluted share).

We and our subsidiaries file income tax returns with the United States federal government, various U.S. states and various foreign jurisdictions throughout the world. Our U.S. federal and state tax returns remain open to examination for 2005 through 2010 and 2004 through 2010, respectively. In addition, tax years open to examination in multiple foreign taxing jurisdictions range from 2003 to 2010. We are currently not under audit in foreign jurisdictions. We are currently under audit in New York.

## Earnings Per Share

	2010	2009	2008
Net income (loss) available to Micron's shareholders – Basic	\$ 1,850	\$ (1,882)	\$ (1,655)
Net effect of assumed conversion of debt	93	--	--
Net income (loss) available to Micron's shareholders – Diluted	<u>\$ 1,943</u>	<u>\$ (1,882)</u>	<u>\$ (1,655)</u>
Weighted-average common shares outstanding – Basic	887.5	800.7	772.5
Net effect of dilutive equity awards, escrow shares and assumed conversion of debt	163.2	--	--
Weighted-average common shares outstanding – Diluted	<u>1,050.7</u>	<u>800.7</u>	<u>772.5</u>
Earnings (loss) per share:			
Basic	\$ 2.09	\$ (2.35)	\$ (2.14)
Diluted	1.85	(2.35)	(2.14)

On May 7, 2010, in connection with the acquisition of Numonyx, we issued 137.7 million shares of our common stock and issued 4.8 million restricted stock units. Of the restricted stock units issued, 1.6 million were vested as of the time of issuance. In connection with the Numonyx acquisition, as of September 2, 2010, there were 21.0 million shares of stock in escrow as partial security for Numonyx shareholders' indemnity obligations. The shares held in escrow were included in diluted earnings per share but were excluded from basic earnings per share. (See "Numonyx Holdings B.V." note.)

Listed below are the potential common shares, as of the end of the periods shown, that could dilute basic earnings per share in the future that were not included in the computation of diluted earnings per share because to do so would have been antidilutive:

	2010	2009	2008
Employee stock plans	92.2	126.0	122.1
Convertible notes	--	142.8	97.6

### Consolidated Variable Interest Entities

**NAND Flash joint ventures with Intel (“IM Flash”):** We have two joint ventures with Intel: IM Flash Technologies, LLC (“IMFT”) formed in January, 2006 and IM Flash Singapore LLP (“IMFS”) formed in February, 2007, to manufacture NAND Flash memory products for the exclusive benefit of the partners. IMFT and IMFS are each governed by a Board of Managers, the number of which adjusts depending on the parties’ ownership interest. We and Intel initially appointed an equal number of managers to each of the boards. These ventures will operate until 2016 but are subject to prior termination under certain terms and conditions. IMFT and IMFS are aggregated as IM Flash in the following disclosure due to the similarity of their ownership structure, function, operations and the way our management reviews the results of their operations. The partner’s ownership percentages are based on contributions to the partnership. As of September 2, 2010, we owned 51% and Intel owned 49% of IMFT and we owned 57% and Intel owned 43% of IMFS. Our ownership interest in IMFS increased to 71% on October 5, 2010, at which time we obtained a majority of the seats of the board of managers of IMFS.

IM Flash is a variable interest entity because all of its costs are passed to us and Intel through product purchase agreements and it is dependent upon us and Intel for any additional cash requirements. Intel is considered to be a related party under the accounting standards for consolidating variable interest entities due to restrictions on transfers of ownership interests. As a result, the primary beneficiary of IM Flash is the entity that is most closely associated with it. We considered several factors to determine whether we or Intel are more closely associated with IM Flash, including the size and nature of IM Flash’s operations relative to us and Intel and which entity had the majority of economic exposure under the purchase agreements. Based on those factors, we determined that we are more closely associated with IM Flash and are therefore the primary beneficiary. Accordingly, the financial results of IM Flash are included in our consolidated financial statements and all amounts pertaining to Intel’s interests in IM Flash are reported as noncontrolling interests in subsidiaries. (See “Significant Accounting Policies - Recently issued accounting standards” note.)

IM Flash manufactures NAND Flash memory products using designs we developed with Intel. We generally share product design and other research and development (“R&D”) costs equally with Intel. As a result, R&D expenses were reduced by reimbursements from Intel of \$104 million, \$107 million and \$148 million in 2010, 2009 and 2008, respectively.

IM Flash sells products to the joint venture partners generally in proportion to their ownership interests at long-term negotiated prices approximating cost. IM Flash sales to Intel were \$764 million, \$886 million and \$1,037 million for 2010, 2009 and 2008, respectively. IM Flash receivables and payables related to Intel were as follows:

As of	September 2, 2010	September 3, 2009
Receivables from Intel:		
Net sales	\$ 128	\$ 95
Product design and process development activities	30	29
Payables to Intel for various services	2	3

The following table presents IM Flash’s distributions to, and contributions from, shareholders:

	2010	2009	2008
IM Flash distributions to us	\$ 278	\$ 723	\$ 137
IM Flash distributions to Intel	267	695	132
Our contributions to IM Flash	\$ 128	\$ 25	\$ 409
Intel contributions to IM Flash	38	24	393



In the first quarter of 2009, IM Flash substantially completed construction of a new 300mm wafer fabrication facility structure in Singapore. Shortly afterwards, and we and Intel agreed to suspend tooling and the ramp of production at this facility due to industry conditions. In the second quarter of 2010, IM Flash began moving forward with start-up activities in the Singapore wafer fabrication facility, including placing purchase orders and tool installations that commenced in the first quarter of 2011. The level of our future capital contributions to IM Flash will depend on the extent to which Intel participates in future IM Flash capital calls. In the first quarter of 2011, we contributed \$392 million to IMFS and Intel did not make any contribution, increasing our ownership interest in IMFS to 71%. Although our ownership interest in IMFS changes at the time we make such contributions, the corresponding change in our right to receive output from IMFS is delayed by up to 12 months from the date of the contribution. Changes in IMFS ownership interests do not affect our NAND Flash R&D cost-sharing agreement with Intel.

Total IM Flash assets and liabilities included in our consolidated balance sheets are as follows:

<b>As of</b>	<b>September 2, 2010</b>	<b>September 3, 2009</b>
<b>Assets</b>		
Cash and equivalents	\$ 246	\$ 114
Receivables	154	111
Inventories	160	161
Other current assets	8	8
Total current assets	568	394
Property, plant and equipment, net	2,894	3,377
Other noncurrent assets	57	63
Total assets	<u>\$ 3,519</u>	<u>\$ 3,834</u>
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 140	\$ 93
Deferred income	127	137
Equipment purchase contracts	8	1
Current portion of long-term debt	7	6
Total current liabilities	282	237
Long-term debt	62	66
Other noncurrent liabilities	4	4
Total liabilities	<u>\$ 348</u>	<u>\$ 307</u>

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

Our ability to access IM Flash's cash and marketable investment securities to finance our other operations is subject to agreement by the joint venture partners. The creditors of IM Flash have recourse only to the assets of IM Flash and do not have recourse to any of our other assets.

**MP Mask Technology Center, LLC ("MP Mask"):** In 2006, we formed a joint venture, MP Mask, with Photronics, Inc. ("Photronics") to produce photomasks for leading-edge and advanced next generation semiconductors. At inception and through September 2, 2010, we owned 50.01% and Photronics owned 49.99% of MP Mask. We purchase a substantial majority of the reticles produced by MP Mask pursuant to a supply arrangement. In connection with the formation of the joint venture, we received \$72 million in 2006 in exchange for entering into a license agreement with Photronics, which is being recognized over the term of the 10-year agreement. As of September 2, 2010, deferred income and other noncurrent liabilities included an aggregate of \$34 million related to this agreement. MP Mask made distributions to both us and Photronics of \$10 million each in 2009 and Photronics contributed \$8 million to MP Mask in 2008.

MP Mask is a variable interest entity because all of its costs are passed on to us and Photronics through product purchase agreements and it is dependent upon us and Photronics for any additional cash requirements. Photronics is considered to be a related party under the accounting standards for consolidating variable interest entities due to restrictions on transfers of ownership interests. As a result, the primary beneficiary of MP Mask is the entity that is more closely associated with it. We considered several factors to determine whether we or Photronics are more closely associated with the joint venture. The most important factor was the nature of MP Mask's operations relative to us and Photronics. Based on those factors, we determined that we are more closely associated with MP Mask and are therefore the primary beneficiary. Accordingly, the financial results of MP Mask are included in our consolidated financial statements and all amounts pertaining to Photronics' interest in MP Mask are reported as noncontrolling interests in subsidiaries.

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

As of	September 2, 2010	September 3, 2009
Current assets	\$ 35	\$ 25
Noncurrent assets (primarily property, plant and equipment)	85	97
Current liabilities	6	8

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

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

In 2008, we completed the construction of a facility to produce photomasks and sold the facility to Photronics under a build to suit lease agreement, with quarterly payments through January 2013. In May 2009, we entered into an agreement with Photronics whereby we repurchased the facility for \$50 million and leased the facility to Photronics under an operating lease providing for quarterly lease payments aggregating \$41 million through October 2014. During 2010, we received \$7 million in lease payments from Photronics. As of September 2, 2010, the carrying value of this facility was \$47 million.

### **TECH Semiconductor Singapore Pte. Ltd.**

Since 1998, we have participated in TECH Semiconductor Singapore Pte. Ltd. ("TECH"), a semiconductor memory manufacturing joint venture in Singapore with Canon Inc. ("Canon") and Hewlett-Packard Company ("HP"). The financial results of TECH are included in our consolidated financial statements and all amounts pertaining to Canon and HP are reported as noncontrolling interests in subsidiaries. On January 27, 2010, we purchased shares of TECH for \$80 million, which increased our ownership from approximately 85% to approximately 87% and increased additional capital of Micron shareholders by \$10 million. As of September 2, 2010, we held an approximate 87% interest in TECH. TECH's cash and marketable investment securities (\$355 million as of September 2, 2010) are not anticipated to be available to pay dividends or finance our other operations.

The shareholders' agreement for the TECH joint venture expires in April 2011, but automatically extends for 10 years unless one or more of the shareholders provides a non-extension notification. In September 2009, TECH received a notice from HP that it does not intend to extend the TECH joint venture beyond April 2011. We are in discussions with HP and Canon to reach a resolution of this matter. The parties' inability to reach a resolution prior to April 2011 could result in the sale of TECH's assets and could require repayment of TECH's credit facility (\$348 million outstanding as of September 2, 2010). As of September 2, 2010, the carrying value of TECH's net assets was \$1.1 billion. TECH accounted for 45% of our total DRAM wafer production in 2010, including 48% in the fourth quarter of 2010.

In the second quarter of 2009, we entered into a term loan agreement with the Singapore EDB that enabled us to borrow up to \$300 million Singapore dollars at 5.4% per annum. On June 1, 2010, we repaid the outstanding balance of \$213 million to the Singapore EDB that was due February 2012. (See "Debt" note.)

## Segment Information

In the third quarter of 2010, we added a new reportable segment as a result of the acquisition of Numonyx and have two reportable segments, Memory and Numonyx. The former Numonyx business has been included as a reportable segment since its acquisition on May 7, 2010. The primary products of the Memory segment are DRAM and NAND Flash memory and the primary products of the Numonyx segment are NOR Flash, NAND Flash, DRAM and Phase Change memory.

In 2009 and 2008, our reportable segments were Memory and Imaging. In the first quarter of 2010, Imaging no longer met the quantitative thresholds of a reportable segment and management does not expect that Imaging will meet the quantitative thresholds in future years. As a result, Imaging is no longer considered a reportable segment and is included in the All Other nonreportable segments. Prior period amounts have been recast to reflect Imaging in All Other. Operating results of All Other primarily reflect activity of Imaging and also include activity of microdisplay, solar and other operations. Segment information reported below is consistent with how it is reviewed and evaluated by our chief operating decision makers and is based on the nature of our operations and products offered to customers. We do not identify or report capital expenditures or assets by segment.

	2010	2009	2008
Net sales:			
Memory			
External	\$ 7,424	\$ 4,290	\$ 5,188
Intersegment	13	--	--
	<u>7,437</u>	<u>4,290</u>	<u>5,188</u>
Numonyx	635	--	--
All Other	423	513	653
Total segments	8,495	4,803	5,841
Elimination of intersegment	(13)	--	--
Consolidated net sales	<u>\$ 8,482</u>	<u>\$ 4,803</u>	<u>\$ 5,841</u>
Operating income (loss):			
Memory			
External	\$ 1,662	\$ (1,500)	\$ (1,564)
Intersegment	(1)	--	--
	<u>1,661</u>	<u>(1,500)</u>	<u>(1,564)</u>
Numonyx	(14)	--	--
All Other	(59)	(176)	(31)
Total segments	1,588	(1,676)	(1,595)
Elimination of intersegment	1	--	--
Consolidated operating income (loss)	<u>\$ 1,589</u>	<u>\$ (1,676)</u>	<u>\$ (1,595)</u>

Depreciation and amortization expense included in the determination of operating income (loss) in the table above was as follows:

	2010	2009	2008
Memory	\$ 1,853	\$ 2,058	\$ 1,946
Numonyx	71	--	--
All Other	81	128	150
Total segments	<u>\$ 2,005</u>	<u>\$ 2,186</u>	<u>\$ 2,096</u>

Product sales were as follows:

	2010	2009	2008
DRAM	\$ 5,052	\$ 2,422	\$ 3,135
NAND Flash	2,555	1,857	2,053
NOR Flash	451	--	--
Other	424	524	653
	<u>\$ 8,482</u>	<u>\$ 4,803</u>	<u>\$ 5,841</u>

### Certain Concentrations

Approximately 45%, 30% and 50% of net sales for 2010, 2009 and 2008, respectively, were to the computing market, including desktop PCs, servers, notebooks and workstations. Sales to HP were 13% of net sales in 2010 and sales to Intel were 20% and 19% of net sales in 2009 and 2008, respectively. Sales to HP and Intel are included in the Memory segment. Certain of the raw materials and production equipment we use in manufacturing semiconductor products are available from multiple sources and in sufficient supply; however, only a limited number of suppliers are capable of delivering certain raw materials that meet our standards. In some cases, materials are provided by a single supplier.

Financial instruments that potentially subject us to concentrations of credit risk consist principally of cash, money market accounts, certificates of deposit and trade receivables. We invest through high-credit-quality financial institutions and, by policy, generally limit the concentration of credit exposure by restricting investments with any single obligor. A concentration of credit risk may exist with respect to receivables as a substantial portion of our customers are affiliated with the computing industry. We perform ongoing credit evaluations of customers worldwide and generally do not require collateral from our customers. Historically, we have not experienced significant losses on receivables. The Capped Call and 2009 Capped Call instruments expose us to credit risk to the extent that the counter parties may be unable to meet the terms of the agreement. We seek to mitigate such risk by limiting our counter parties to major financial institutions and by spreading the risk across several major financial institutions. In addition, the potential risk of loss with any one counter party resulting from this type of credit risk is monitored on an ongoing basis. (See "Shareholders' Equity – Capped call transactions" note.)

### Geographic Information

Geographic net sales based on customer ship-to location were as follows:

	2010	2009	2008
China	\$ 3,294	\$ 1,242	\$ 1,372
United States	1,403	928	1,486
Asia Pacific (excluding China, Malaysia and Taiwan)	1,090	990	1,660
Malaysia	817	542	173
Europe	777	470	559
Taiwan	711	447	304
Other	390	184	287
	<u>\$ 8,482</u>	<u>\$ 4,803</u>	<u>\$ 5,841</u>

Net property, plant and equipment by geographic area were as follows:

	2010	2009	2008
United States	\$ 3,925	\$ 4,679	\$ 6,012
Singapore	2,161	2,066	2,345
Italy	173	180	259
Israel	111	--	--
China	90	48	24
Japan	81	112	171
Other	60	4	8
	<u>\$ 6,601</u>	<u>\$ 7,089</u>	<u>\$ 8,819</u>

## Patent License Agreement with Samsung Electronics Co. Ltd.

On October 1, 2010, we entered into a 10-year patent cross-license agreement with Samsung Electronics Co. Ltd. (“Samsung”). Under the agreement, Samsung will pay us \$275 million, with \$200 million paid in October 2010, \$40 million due January 31, 2011 and \$35 million due March 31, 2011. The license is a life-of-patents license for existing patents and applications, and a 10-year term license for all other patents.

### Quarterly Financial Information (Unaudited) (in millions except per share amounts)

2010	<u>Fourth Quarter</u>	<u>Third Quarter</u>	<u>Second Quarter</u>	<u>First Quarter</u>
Net sales	\$ 2,493	\$ 2,288	\$ 1,961	\$ 1,740
Gross margin	781	848	642	443
Operating income	433	540	415	201
Net income	359	960	379	202
Net income attributable to Micron	342	939	365	204
Earnings per share:				
Basic	\$ 0.35	\$ 1.06	\$ 0.43	\$ 0.24
Diluted	0.32	0.92	0.39	0.23
2009	<u>Fourth Quarter</u>	<u>Third Quarter</u>	<u>Second Quarter</u>	<u>First Quarter</u>
Net sales	\$ 1,302	\$ 1,106	\$ 993	\$ 1,402
Gross margin	169	107	(267)	(449)
Operating loss	(49)	(246)	(709)	(672)
Net loss	(114)	(334)	(814)	(731)
Net loss attributable to Micron	(100)	(301)	(763)	(718)
Loss per share:				
Basic	\$ (0.12)	\$ (0.37)	\$ (0.99)	\$ (0.93)
Diluted	(0.12)	(0.37)	(0.99)	(0.93)

The results of operations for the third quarter of 2010 included a gain of \$437 million for the acquisition of Numonyx. (See “Numonyx Holdings B.V.” note.)

The results of operations for the second quarter of 2009 included a charge of \$58 million to write off all the goodwill associated with our Imaging segment.

The results of operations for the second and first quarters of 2009 included charges of \$234 million and \$369 million, respectively, to write down the carrying value of work in process and finished goods inventories of memory products (both DRAM and NAND Flash) to their estimated market values. As charges to write down inventories are recorded in advance of when inventories are sold, gross margins in subsequent periods are higher than they would be otherwise.

In connection with the sale of a 65% interest in our Aptina business, in the third quarter of 2009, we recorded a charge of \$53 million and in the fourth quarter, recorded a credit of \$12 million to adjust the estimated loss to the final loss of \$41 million.

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders  
of Micron Technology, Inc.

In our opinion, the consolidated financial statements listed in the accompanying index appearing under Item 8 present fairly, in all material respects, the financial position of Micron Technology, Inc. and its subsidiaries at September 2, 2010 and September 3, 2009, and the results of their operations and their cash flows for each of the three years in the period ended September 2, 2010 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the accompanying index appearing under Item 8 presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of September 2, 2010, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As discussed in the Adjustment for Retrospective Application of New Accounting Standards note to the consolidated financial statements, the Company changed the manner in which it accounts for certain convertible debt instruments and the manner in which it accounts for noncontrolling interests effective September 4, 2009.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As described in Management's Report on Internal Control over Financial Reporting appearing under Item 9A, management has excluded Numonyx Holdings B.V. and its subsidiaries from its assessment of internal control over financial reporting as of September 2, 2010 because it was acquired by the Company in a purchase business combination during the year ended September 2, 2010. We have also excluded Numonyx Holdings B.V. and its subsidiaries from our audit of internal control over financial reporting. Numonyx Holdings B.V. is a wholly-owned subsidiary whose total assets and total revenues represent 14% and 7%, respectively, of the related consolidated financial statement amounts as of and for the year ended September 2, 2010.

/s/ PricewaterhouseCoopers LLP  
San Jose, CA  
October 26, 2010

**Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

None.

**Item 9A. Controls and Procedures**

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

During the fourth quarter of fiscal 2010, 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.

**Management's Report on Internal Control over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America. Our internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that in reasonable detail accurately reflect the transactions and dispositions of our assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements.

Internal control over financial reporting cannot provide absolute assurance regarding the prevention or detection of misstatements because of inherent limitations. These inherent limitations are known by management and considered in the design of our internal control over financial reporting which reduce, though not eliminate, this risk.

Management conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in "Internal Control – Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that our internal control over financial reporting was effective as of September 2, 2010. The effectiveness of our internal control over financial reporting as of September 2, 2010 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report, which is included in Part II, Item 8, of this Form 10-K.

Management's evaluation of the effectiveness of its internal control over financial reporting as of September 2, 2010, did not extend to the internal controls of Numonyx Holdings B.V. ("Numonyx") and its subsidiaries, which we acquired on May 7, 2010. Net of eliminated intercompany balances and transactions, the total assets and revenues of Numonyx represented 14% and 7%, respectively, of our consolidated assets and revenues as of and for the year ended September 2, 2010.

**Item 9B. Other Information**

None.

### PART III

**Item 10. Directors, Executive Officers and Corporate Governance**

**Item 11. Executive Compensation**

**Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**

**Item 13. Certain Relationships and Related Transactions, and Director Independence**

**Item 14. Principal Accounting Fees and Services**

Certain information concerning our executive officers is included under the caption, "Directors and Executive Officers of the Registrant," in Part I, Item 1 of this report. Other information required by Items 10, 11, 12, 13 and 14 will be contained in our Proxy Statement which will be filed with the Securities and Exchange Commission within 120 days after September 2, 2010 and is incorporated herein by reference.

### PART IV

**Item 15. Exhibits, Financial Statement Schedules**

The following documents are filed as part of this report:

1. Financial Statement: See Index to Consolidated Financial Statements under Item 8.
2. Certain Financial Statement Schedules have been omitted since they are either not required, not applicable or the information is otherwise included.
3. Exhibits.

**Description of Exhibits**

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- 1.1 Underwriting Agreement dated as of May 17, 2007, by and between Micron Technology, Inc. and Morgan Stanley & Co. Incorporated, as representative of the underwriters (1)
- 1.2 Note Underwriting Agreement, dated as of April 8, 2009, by and among Micron Technology, Inc. and Morgan Stanley & Co. Incorporated and Goldman, Sachs & Co., as representatives of the underwriters (2)
- 1.3 Common Stock Underwriting Agreement, dated as of April 8, 2009, by and among Micron Technology, Inc. and Morgan Stanley & Co. Incorporated and Goldman, Sachs & Co., as representatives of the underwriters (2)
- 2.1 Agreement and Plan of Merger by and among Micron Technology, Inc., March 2006 Merger Corp. and Lexar Media, Inc., dated as of March 8, 2006 (3)
- 2.2 First Amendment to Agreement and Plan of Merger dated as of May 30, 2006, by and among Micron Technology, Inc., March 2006 Merger Corp. and Lexar Media, Inc. (4)
- 2.3 Second Amendment to Agreement and Plan of Merger dated as of June 4, 2006, by and among Micron Technology, Inc., March 2006 Merger Corp. and Lexar Media, Inc. (5)
- 3.1 Restated Certificate of Incorporation of the Registrant (6)
- 3.2 Bylaws of the Registrant, as amended (7)
- 4.2 Securities Purchase Agreement dated September 24, 2003, between the Registrant and Intel Capital Corporation (8)
- 4.3 Stock Rights Agreement dated September 24, 2003, between the Registrant and Intel Capital Corporation (8)
- 4.4 Indenture dated March 30, 2005, by and between Lexar Media, Inc. and U.S. Bank National Association (9)
- 4.5 First Supplemental Indenture to the Lexar Indenture dated as of June 21, 2006, between Lexar and U.S. Bank National Association (10)
- 4.6 Indenture dated as of May 23, 2007 by and between Micron Technology, Inc. and Wells Fargo Bank, National Association, as trustee (1)
- 4.7 Convertible Senior Indenture between the Company and Wells Fargo Bank, National Association, dated as of April 15, 2009 (2)
- 4.8 Form of 4.25% Convertible Senior Note due October 15, 2013 (2)



10.1	Executive Officer Performance Incentive Plan (11)
10.2	1989 Employee Stock Purchase Plan (12)
10.3	1994 Stock Option Plan (11)
10.4	1994 Stock Option Plan Form of Agreement and Terms and Conditions (12)
10.5	1997 Nonstatutory Stock Option Plan (11)
10.6	1998 Non-Employee Director Stock Incentive Plan (11)
10.7	1998 Nonstatutory Stock Option Plan (11)
10.8	2001 Stock Option Plan (11)
10.9	2001 Stock Option Plan Form of Agreement (13)
10.10	2002 Employment Inducement Stock Option Plan (11)
10.11	2004 Equity Incentive Plan (2)
10.12	2004 Equity Incentive Plan Forms of Agreement and Terms and Conditions (12)
10.13	Nonstatutory Stock Option Plan (11)
10.14	Nonstatutory Stock Option Plan Form of Agreement and Terms and Conditions (12)
10.15	Lexar Media, Inc. 2000 Equity Incentive Plan (11)
10.16	Micron Quantum Devices, Inc. 1996 Stock Option Plan (14)
10.17	Micron Quantum Devices, Inc. 1996 Stock Option Plan Sample Stock Option Assumption Letter (14)
10.18	Rendition, Inc. 1994 Equity Incentive Plan (16)
10.19	Rendition, Inc. 1994 Equity Incentive Plan Sample Stock Option Assumption Letter (16)
10.20*	Settlement and Release Agreement dated September 15, 2006, by and among Toshiba Corporation, Micron Technology, Inc. and Acclaim Innovations, LLC (17)
10.21*	Patent License Agreement dated September 15, 2006, by and among Toshiba Corporation, Acclaim Innovations, LLC and Micron Technology, Inc. (17)
10.22*	Omnibus Agreement dated as of February 27, 2007, between Micron Technology, Inc. and Intel Corporation (10)
10.23*	Limited Liability Partnership Agreement dated as of February 27, 2007, between Micron Semiconductor Asia Pte. Ltd. and Intel Technology Asia Pte. Ltd. (10)
10.24*	Supply Agreement dated as of February 27, 2007, between Micron Semiconductor Asia Pte. Ltd. and IM Flash Singapore, LLP (10)
10.25*	Amended and Restated Limited Liability Company Operating Agreement of IM Flash Technologies, LLC dated as of February 27, 2007, between Micron Technology, Inc. and Intel Corporation (10)
10.26*	Supply Agreement dated as of February 27, 2007, between Intel Technology Asia Pte. Ltd. and IM Flash Singapore, LLP (10)
10.27	Form of Indemnification Agreement between the Registrant and its officers and directors (18)
10.28	Form of Severance Agreement between the Company and its officers (19)
10.29	Form of Agreement and Amendment to Severance Agreement between the Company and its officers (20)
10.30	Purchase Agreement dated October 1, 1998, between the Registrant and TECH Semiconductor Singapore Pte. Ltd. (21)
10.34*	Business Agreement dated September 24, 2003, between the Registrant and Intel Corporation (8)
10.35	Securities Rights and Restrictions Agreement dated September 24, 2003, between the Registrant and Intel Capital (8)
10.36*	Master Agreement dated as of November 18, 2005, between Micron Technology, Inc. and Intel Corporation (15)
10.37*	Limited Liability Company Operating Agreement of IM Flash Technologies, LLC dated as of January 6, 2006, between Micron Technology, Inc. and Intel Corporation (15)
10.38*	Manufacturing Services Agreement dated as of January 6, 2006, between Micron Technology, Inc. and IM Flash Technologies, LLC (15)
10.39*	Boise Supply Agreement dated as of January 6, 2006, between IM Flash Technologies, LLC and Micron Technology, Inc. (15)
10.40*	MTV Lease Agreement dated as of January 6, 2006, between Micron Technology, Inc. and IM Flash Technologies, LLC (15)
10.41*	Product Designs Assignment Agreement dated January 6, 2006, between Intel Corporation and Micron Technology, Inc. (15)
10.42*	NAND Flash Supply Agreement, effective as of January 6, 2006, between Apple Computer, Inc. and Micron Technology, Inc. (15)
10.43*	Supply Agreement dated as of January 6, 2006, between Micron Technology, Inc. and IM Flash Technologies, LLC (15)
10.44*	Supply Agreement dated as of January 6, 2006, between Intel Corporation and IM Flash Technologies, LLC (15)

- 10.45 Capped Call Confirmation (Reference No.CEODL6) by and between Micron Technology, Inc. and Morgan Stanley & Co. International plc (1)
- 10.46 Capped Call Confirmation (Reference No. 53228800) by and between Micron Technology, Inc. and Credit Suisse International (1)
- 10.47 Capped Call confirmation (Reference No. 53228855) by and between Micron Technology, Inc. and Credit Suisse International (1)
- 10.48 2007 Equity Incentive Plan (11)
- 10.49 2007 Equity Incentive Plan Forms of Agreements (22)
- 10.50 Severance Agreement dated April 9, 2008, between Micron Technology, Inc. and Ronald C. Foster (23)
- 10.51\* Master Agreement, dated as of April 21, 2008, by and between Nanya Technology Corporation and Micron Technology, Inc. (24)
- 10.52\* Joint Venture Agreement, dated as of April 21, 2008, by and between Micron Semiconductor B.V. and Nanya Technology Corporation (24)
- 10.53\* Supply Agreement, dated as of June 6, 2008, by and among Micron Technology, Inc., Nanya Technology Corporation and MeiYa Technology Corporation (24)
- 10.54\* Joint Development Program Agreement, dated as of April 21, 2008, by and between Nanya Technology Corporation and Micron Technology, Inc. (24)
- 10.55\* Technology Transfer and License Agreement for 68-50nm Process Nodes, dated as of April 21, 2008, by and between Micron Technology, Inc. and Nanya Technology Corporation (24)
- 10.56\* Technology Transfer and License Agreement, dated as of April 21, 2008, by and between Micron Technology, Inc. and Nanya Technology Corporation (24)
- 10.57\* Technology Transfer Agreement for 68-50nm Process Nodes, dated as of May 13, 2008, by and between Micron Technology, Inc. and MeiYa Corporation (24)
- 10.58\* Technology Transfer Agreement, dated as of May 13, 2008, by and among Nanya Technology Corporation, Micron Technology, Inc. and MeiYa Technology Corporation (24)
- 10.59 Services Agreement, dated as of June 6, 2008, by and between Nanya Technology Corporation and MeiYa Technology Corporation (24)
- 10.60 Micron Guaranty Agreement, dated April 21, 2008, by and between Nanya Technology Corporation and Micron Semiconductor B.V. (24)
- 10.61 TECH Facility Agreement, dated March 31, 2008, among TECH Semiconductor Singapore Pte. Ltd. and ABN Amro Bank N.V., Citibank, N.A., Singapore Branch, Citigroup Global Markets Singapore Pte Ltd., DBS Bank Ltd and Oversea-Chinese Banking Corporation Limited, as Original Mandated Lead Arrangers (24)
- 10.62 Guarantee, dated March 31, 2008, by Micron Technology, Inc. as Guarantor in favor of ABN Amro Bank N.V., Singapore Branch acting as Security Trustee (24)
- 10.63 Form of Severance Agreement (25)
- 10.64 Lexar Media, Inc. 1996 Stock Option Plan, as Amended (11)
- 10.65\* Boise Supply Termination and Amendment Agreement, dated October 10, 2008, by and among Intel Corporation, Micron Technology, Inc. and IM Flash Technologies, LLC (11)
- 10.66\* Loan Agreement, dated November 26, 2008, by and among Micron Semiconductor B.V., Micron Technology, Inc., and Nan Ya Plastics Corporation (11)
- 10.67 Loan Agreement, dated November 26, 2008, by and between Micron Technology, Inc. and Inotera Memories, Inc. (11)
- 10.68 Transition Agreement, dated October 11, 2008, by and among Nanya Technology Corporation, Qimonda AG, Inotera Memories, Inc. and Micron Technology, Inc. (11)
- 10.69 Micron Guaranty Agreement, dated November 26, 2008, by Micron Technology, Inc. in favor of Nanya Technology Corporation (11)
- 10.70 Share Purchase Agreement by and among Micron Technology, Inc. as the Buyer Parent, Micron Semiconductor B.V., as the Buyer, Qimonda Ag as the Seller Parent and Qimonda Holding B.V., as the Seller Sub dated as of October 11, 2008 (11)
- 10.71\* Master Agreement, dated November 26, 2008, among Micron Technology, Inc., Micron Semiconductor B.V., Nanya Technology Corporation, MeiYa Technology Corporation and Inotera Memories, Inc. (11)
- 10.72\* Joint Venture Agreement, dated November 26, 2008, by and between Micron Semiconductor B.V. and Nanya Technology Corporation (11)
- 10.73\* Facilitation Agreement, dated November 26, 2008, by and between Micron Semiconductor B.V., Nanya Technology Corporation and Inotera Memories, Inc. (11)
- 10.74\* Supply Agreement, dated November 26, 2008, by and among Micron Technology, Inc., Nanya Technology Corporation and Inotera Memories, Inc. (11)

10.75*	Amended and Restated Joint Development Program Agreement, dated November 26, 2008, by and between Nanya Technology Corporation and Micron Technology, Inc. (11)
10.76*	Amended and Restated Technology Transfer and License Agreement, dated November 26, 2008, by and between Micron Technology, Inc. and Nanya Technology Corporation (11)
10.77*	Technology Transfer Agreement, dated November 26, 2008, by and among Nanya Technology Corporation, Micron Technology, Inc. and Inotera Memories, Inc. (11)
10.78*	Technology Transfer Agreement for 68-50nm Process Nodes, dated October 11, 2008, by and between Micron Technology, Inc. and Inotera Memories, Inc. (11)
10.79	Loan Agreement as of February 23, 2009, by and between Micron Technology, Inc. and Economic Development Board (26)
10.80	Mortgage and Charge Agreement as of February 23, 2009, by and among Economic Development Board, Micron Technology, Inc. and TECH Semiconductor Singapore Pte. Ltd. (26)
10.81	Capped Call Confirmation (Reference No. SDB 1630322480), dated as of April 8, 2009, by and between Micron Technology, Inc. and Goldman, Sachs & Co. (2)
10.82	Capped Call Confirmation (Reference No. CGPWK6), dated as of April 8, 2009, by and between Micron Technology, Inc. and Morgan Stanley & Co International plc (2)
10.83	Capped Call Confirmation (Reference No. 325758), dated as of April 8, 2009, by and between Micron Technology, Inc. and Deutsche Bank AG, London Branch (2)
10.84	Amendment Agreement, dated September 25, 2009, to TECH Facility Agreement, dated March 31, 2008, among TECH Semiconductor Singapore Pte. Ltd. And ABN Amro Bank N.V., Citibank, N.A., Singapore Branch, Citigroup Global Markets Singapore Pte Ltd, DBS Bank Ltd and Oversea-Chinese Banking Corporation Limited, as Original Mandated Lead Arrangers (27)
10.85	Supplemental Deed, dated September 25, 2009, to Guarantee, dated March 31, 2008, by Micron Technology, Inc. as Guarantor in favor of ABN Amro Bank N.V., Singapore Branch acting as Security Trustee (27)
10.86	Loan Agreement dated as of November 25, 2009, by and among Micron Semiconductor B.V., Micron Technology, Inc., and Mai Liao Power Corporation (28)
10.87*	Amended and Restated Joint Venture Agreement between Micron Semiconductor, B.V. and Nanya Technology Corporation, dated January 11, 2010 (29)
10.88	Share Purchase Agreement among Micron Technology, Inc., Micron Semiconductor, B.V., Intel Corporation, Intel Technology Asia Pte Ltd, STMicroelectronics N.V., Redwood Blocker S.a.r.l. and PK Flash, LLC, dated February 9, 2010 (29)
10.89*	Framework Agreement among Micron Technology, Inc., STMicroelectronics N.V. and Numonyx B.V. dated February 9, 2010 (29)
10.90	Stockholder Rights and Restrictions Agreement by and among Micron Technology, Inc., Intel Corporation, Intel Technology Asia Pte Ltd, STMicroelectronics N.V., Redwood Blocker S.a.r.l. and PK Flash LLC, dated as of May 7, 2010 (30)
10.91*	Second Amended and Restated Technology Transfer and License Agreement between MTI and Nanya Technology Corp. (NTC) dated July 2, 2010
10.92*	Joint Development Program and Cost Sharing Agreement between MTI and Nanya Technology Corp. (NTC) dated July 2, 2010
10.93	Equity Transfer Agreement between Numonyx B.V. and Hynix dated July 29, 2010
10.94*	Guarantee, Charge and Deposit Document between Numonyx B.V. and DBS Bank Ltd. dated August 31, 2010
10.95	Employment Agreement between Numonyx B.V. and Mario Licciardello dated March 30, 2008
10.96	Amendment to Mario Licciardello's Employment Agreement dated March 26, 2009
10.97	Severance Agreement between Numonyx B.V. and Mario Licciardello dated March 26, 2009
10.98	Amendment to Severance Agreement between Numonyx B.V. and Mario Licciardello dated February 9, 2010
21.1	Subsidiaries of the Registrant
23.1	Consent of Independent Registered Public Accounting Firm
31.1	Rule 13a-14(a) Certification of Chief Executive Officer
31.2	Rule 13a-14(a) Certification of Chief Financial Officer
32.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. 1350
32.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C. 1350

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- (1) Incorporated by reference to Current Report on Form 8-K dated May 17, 2007  
(2) Incorporated by reference to Quarterly Report on Form 10-Q for the fiscal quarter ended June 4, 2009  
(3) Incorporated by reference to Current Report on Form 8-K dated March 8, 2006

- (4) Incorporated by reference to Current Report on Form 8-K dated May 30, 2006
- (5) Incorporated by reference to Current Report on Form 8-K dated June 4, 2006
- (6) Incorporated by reference to Quarterly Report on Form 10-Q for the fiscal quarter ended May 31, 2001
- (7) Incorporated by reference to Current Report on Form 8-K dated December 10, 2009
- (8) Incorporated by reference to Current Report on Form 8-K dated September 24, 2003
- (9) Incorporated by reference to Lexar Media, Inc.'s Current Report on Form 8-K dated March 30, 2005
- (10) Incorporated by reference to Quarterly Report on Form 10-Q for the fiscal quarter ended March 1, 2007
- (11) Incorporated by reference to Quarterly Report on Form 10-Q for the fiscal quarter ended December 4, 2008
- (12) Incorporated by reference to Quarterly Report on Form 10-Q for the fiscal quarter ended March 3, 2005
- (13) Incorporated by reference to Current Report on Form 8-K dated April 3, 2005
- (14) Incorporated by reference to Registration Statement on Form S-8 (Reg. No. 333-50353)
- (15) Incorporated by reference to Quarterly Report on Form 10-Q for the fiscal quarter ended December 1, 2005
- (16) Incorporated by reference to Registration Statement on Form S-8 (Reg. No. 333-65449)
- (17) Incorporated by reference to Quarterly Report on Form 10-Q for the fiscal quarter ended November 30, 2006
- (18) Incorporated by reference to Proxy Statement for the 1986 Annual Meeting of Shareholders
- (19) Incorporated by reference to Annual Report on Form 10-K for the fiscal year ended August 28, 2003
- (20) Incorporated by reference to Quarterly Report on Form 10-Q for the fiscal quarter ended February 27, 1997
- (21) Incorporated by reference to Quarterly Report on Form 10-Q for the fiscal quarter ended December 3, 1998
- (22) Incorporated by reference to Registration Statement on Form S-8 (Registration No. 333-148357)
- (23) Incorporated by reference to Current Report on Form 8-K dated April 9, 2008
- (24) Incorporated by reference to Quarterly Report on Form 10-Q for the fiscal quarter ended May 29, 2008
- (25) Incorporated by reference to Current Report on Form 8-K dated October 26, 2007
- (26) Incorporated by reference to Quarterly Report on Form 10-Q for the fiscal quarter ended March 5, 2009
- (27) Incorporated by reference to Current Report on Form 8-K dated September 25, 2009
- (28) Incorporated by reference to Current Report on Form 8-K dated November 25, 2009
- (29) Incorporated by reference to Quarterly Report on Form 10-Q for the fiscal quarter ended March 4, 2010
- (30) Incorporated by reference to Quarterly Report on Form 10-Q for the fiscal quarter ended June 3, 2010

\* Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Commission.



**MICRON TECHNOLOGY, INC.**  
**SCHEDULE II**  
**VALUATION AND QUALIFYING ACCOUNTS**  
(in millions)

	<b>Balance at Beginning of Year</b>	<b>Business Acquisitions</b>	<b>Charged (Credited) to Costs and Expenses</b>	<b>Deductions/ Write-Offs</b>	<b>Balance at End of Year</b>
<b>Allowance for Doubtful Accounts</b>					
Year ended September 2, 2010	\$ 5	\$ 1	\$ --	\$ (2)	\$ 4
Year ended September 3, 2009	2	--	5	(2)	5
Year ended August 28, 2008	4	--	(1)	(1)	2
<b>Deferred Tax Asset Valuation Allowance</b>					
Year ended September 2, 2010	\$ 2,006	\$ 63	\$ (424)	\$ (18)	\$ 1,627
Year ended September 3, 2009	1,440	--	572	(6)	2,006
Year ended August 28, 2008	998	--	460	(18)	1,440

## SECOND AMENDED AND RESTATED TECHNOLOGY TRANSFER AND LICENSE AGREEMENT

This **SECOND AMENDED AND RESTATED TECHNOLOGY TRANSFER AND LICENSE AGREEMENT** (this “**Agreement**”), is made and entered into as of this 9th day of April, 2010 (“**Amendment Date**”), by and between Micron Technology, Inc, a Delaware corporation (“**Micron**”), and Nanya Technology Corporation ( [\*\*\*] ), a company incorporated under the laws of the Republic of China (“**NTC**”). (Micron and NTC are referred to in this Agreement individually as a “**Party**” and collectively as the “**Parties**”).

### RECITALS

A. Micron currently designs and manufactures Stack DRAM Products (as defined herein) and develops Process Technology (as defined herein) therefor. NTC and Micron desire to engage in joint development and/or optimization of Process Technology for process nodes of 68 nm and 50nm and joint development of Stack DRAM Designs (as defined herein) for Stack DRAM Products to be manufactured on such process nodes (as the Parties may agree in the JDP Agreement, as defined herein) [\*\*\*] as the Parties may agree in the JDP-CSA Agreement (as defined herein).

B. To effectuate their desires contemporaneously with their formation of their joint venture MeiYa Technology Corporation, a company limited by shares organized under the laws of the Republic of China (“**MeiYa**”), Micron licensed NTC under Background IP for the design, development and manufacture of certain Stack DRAM Products pursuant to that certain Technology Transfer and License Agreement between Micron and NTC dated April 21, 2008 (“**Original Agreement**”). Pursuant to the Original Agreement, Micron and NTC have also transferred each other Foundational Know-How and licensed each other thereunder for the design, development and manufacture of certain Stack DRAM Products.

C. NTC and an Affiliate of Micron became parties to that certain Joint Venture Agreement dated as of November 26, 2008 involving the ownership and operations of Inotera Memories, Inc., a company limited by shares under the laws of the Republic of China (“**IMI**”), and in connection therewith combined their ownership and operations of MeiYa with that of IMI such that MeiYa ceased to exist.

D. The Parties amended and restated the Original Agreement on November 26, 2008, to account for the transactions contemplated by the Joint Venture Documents (as defined below) related to IMI upon the terms and conditions set forth in that amendment (the “**First Amended Agreement**”).

E. The Parties now desire to amend and restate the First Amended Agreement upon the terms and conditions set forth herein.

## AGREEMENT

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

### ARTICLE 1

#### DEFINITIONS; CERTAIN INTERPRETATIVE MATTERS

##### 1.1 Definitions.

“ **Adjusted Revenues** ” [\*\*\*]

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

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

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

“ **Amendment Date** ” shall have the meaning set forth in the preamble to this Agreement.

“ **Background IP** ” means [\*\*\*]

“ **BEOL Costs** ” means [\*\*\*]

“ **Burn-In** ” means [\*\*\*]

“ **Burn-In Document** ” means a document that describes the specification of voltage and test pattern settings in the Burn-In test program. The Burn-In Document also describes the methodology of how the voltage and test pattern settings are optimized.

“ **Closing** ” means June 6, 2008, the date of closing of formation of MeiYa.

“ **Commodity Stack DRAM Products** ” means Stack DRAM Products for system main memory for computing or Mobile Devices, in each case that are fully compliant with one or more Industry Standard(s).

“ **Confidential Information** ” means that information described in Section 8.1 deemed to be “Confidential Information” under the Mutual Confidentiality Agreement.

“ **Contractor** ” means a Third Party who (a) is contracted by a Party in connection with work to be conducted by such Party under a SOW, (b) has agreed to assign to such contracting Party all rights in and to any inventions, discoveries, improvements, processes, copyrightable works, mask works, trade secrets or other technology that are conceived or first reduced to



practice, whether patentable or not, as a result of any performance by such Third Party of any obligations of such Party under a SOW, and all Patent Rights, IP Rights and other intellectual property rights in the foregoing, and (c) has agreed to grant a license to such contracting Party, with the right to sublicense of sufficient scope that includes the other Party, under all Patent Rights, IP Rights and other rights of the Third Party reasonably necessary for such contracting Party and the other Party to exploit the work product created by the Third Party consistent with the rights granted by the contracting Party to the other Party under the Joint Venture Documents.

“ **Control** ” (whether capitalized or not) means the power or authority, whether exercised or not, to direct the business, management and policies of a Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, which power or authority shall conclusively be presumed to exist upon possession of beneficial ownership or power to direct the vote of [\*\*\*] of the votes entitled to be cast at a meeting of the members, shareholders or other equity holders of such Person or power to control the composition of a majority of the board of directors or like governing body of such Person; and the terms “ **controlling** ” and “ **controlled** ” have meanings correlative to the foregoing.

“ **Design Qualification** ” means [\*\*\*]

“**Design SOW**” means [\*\*\*]

“ **DRAM Product** ” means any stand-alone semiconductor device that is a dynamic random access memory device and that is designed or developed primarily for the function of storing data, in die, wafer or package form.

“ **Effective Date** ” means April 21, 2008, the effective date of the Original Agreement.

“**Existing Entity**” means [\*\*\*]

“ **First Amended Agreement** ” has the meaning set forth in the Recitals to this Agreement.

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

“ **Foundational Know-How** ” means, with respect to each Party, [\*\*\*]

“ **Foundry Customer** ” means a Third Party customer for Stack DRAM Products for which [\*\*\*]

“ **Foundry Customer Adjusted Revenues** ” means [\*\*\*]

“ **Foundry Customer Products** ” means [\*\*\*]

“ **FT** ” means [\*\*\*]

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

“ **Gross Revenues** ” means [\*\*\*]

“ **Governmental Entity** ” means any governmental authority or entity, including any agency, board, bureau, commission, court, municipality, department, subdivision or instrumentality thereof, or any arbitrator or arbitration panel.

“ **IMI** ” has the meaning set forth in the Recitals to this Agreement.

“ **Industry Standard** ” means the documented technical specifications that set forth the pertinent technical and operating characteristics of a DRAM Product if such specifications are publicly available for use by DRAM manufacturers, and if [\*\*\*]

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

“ **JDP Agreement** ” means that certain Amended and Restated Joint Development Program Agreement by and between Micron and NTC effective as of November 26, 2008.

“ **JDP-CSA Agreement** ” means that certain Joint Development Program and Cost Sharing Agreement by and between Micron and NTC effective as of the Amendment Date.

“ **JDP Committee** ” means the committee formed and operated by Micron and NTC to govern the performance of the Parties under the JDP Agreement or the JDP-CSA Agreement.

“ **JDP Inventions** ” means all discoveries, improvements, inventions, developments, processes or other technology, whether patentable or not, that is/are conceived by one or more Representatives of one or more of the Parties in the course of activities conducted under the JDP Agreement or the JDP-CSA Agreement.

“ **JDP Process Node** ” means any Primary Process Node or Optimized Process Node resulting from the research and development activities of the Parties pursuant the JDP Agreement or the JDP-CSA Agreement.

“ **JDP Work Product** ” means [\*\*\*]

“ **Joint Venture Company** ” means either IMI or MeiYa, as the context dictates.

“ **Joint Venture Documents** ” means (a) with respect to IMI, that certain Joint Venture Agreement between MNL and NTC dated as of November 26, 2008, relating to the Joint Venture

Company and those documents listed on Schedule A to that certain Joint Venture Agreement; and (b) with respect to MeiYa, that certain Master Agreement by and between Micron and NTC dated as of the Effective Date, the Master Agreement Disclosure Letter by and between Micron and NTC dated as of the Effective Date, and the documents listed on Schedules 2.1 through 2.5 of such disclosure letter, each as amended.

“**Mask Data Processing**” means [\*\*\*]

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

“**MeiYa**” shall have the meaning set forth in the Recitals to this Agreement.

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

“**Micron IP Royalties**” mean any royalties owed by NTC to Micron under the TTLA 68-50.

“**Micron Qualified Fab**” means [\*\*\*]

“**Micron Products**” means [\*\*\*]

“**MNL**” means Micron Semiconductor B.V., a private limited liability company organized under the laws of the Netherlands.

“**MTT**” means Micron Technology Asia Pacific, Inc., an Idaho corporation.

“**Mobile Device**” means a handheld or portable device using as its main memory one or more Stack DRAM Products that is/are compliant with an Industry Standard [\*\*\*]

“**Mutual Confidentiality Agreement**” means that certain Second Amended and Restated Mutual Confidentiality Agreement dated as of November 26, 2008, among NTC, Micron, MNL, MeiYa and IMI.

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

“**NTC Products**” means [\*\*\*]

“**NTC Qualified Fab**” means [\*\*\*]

“**OPC**” means optical proximity correction of the circuit layout patterns, which is important in Mask Data Processing.

“**Optimized Process Node**” means [\*\*\*]

“**Original Agreement**” shall have the meaning set forth in the Recitals to this Agreement.

“**Party**” and “**Parties**” shall have the meaning set forth in the preamble to this Agreement.

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

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

“ **Primary Process Node** ” means [\*\*\*]

“ **Probe Testing** ” means testing, using a wafer test program as set forth in the applicable specifications, of a wafer that has completed all processing steps deemed necessary to complete the creation of the desired Stack DRAM integrated circuits in the die on such wafer, the purpose of which test is to determine how many and which of the die meet the applicable criteria for such die set forth in the specifications.

“ **Process Development Contractor** ” means [\*\*\*]

“ **Process Node** ” means [\*\*\*]

“ **Process Qualification** ” means [\*\*\*]

“**Process SOW**” means [\*\*\*]

“**Process Technology** ” means that process technology developed before expiration of the Term and utilized in the manufacture of Stack DRAM wafers, including Probe Testing and technology developed through Product Engineering thereof , regardless of the form in which any of the foregoing is stored, but excluding any Patent Rights and any technology, trade secrets or know-how that relate to and are used in any back-end operations (after Probe Testing).

“ **Product Engineering** ” means any one or more of the engineering activities described on Schedule 7 to the JDP Agreement or the JDP-CSA Agreement as applied to Stack DRAM Products or Stack DRAM Modules.

“ **RASL** ” means that certain Second Amended and Restated Restricted Activities Side Letter agreement by and between the Parties effective as of the Amendment Date.

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

“ **Representative** ” means with respect to a Party, any director, officer, employee, agent or Contractor of such Party or a professional advisor to such Party, such as an attorney, banker or financial advisor of such Party who is under an obligation of confidentiality to such Party by contract or ethical rules applicable to such Person.

“ **Royalties** ” means [\*\*\*]

“ **Shares** ” means the ordinary shares of IMI, each having a par value of NT\$10.

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

“ **SOW** ” means a statement of the work that describes research and development work to be performed under the JDP Agreement or the JDP-CSA Agreement and that has been adopted by the relevant JDP Committee pursuant to the procedures set forth therein.

“ **Stack DRAM** ” means dynamic random access memory cell that functions by using a capacitor arrayed predominantly above the semiconductor substrate.

“ **Stack DRAM Design** ” means, with respect to a Stack DRAM Product, the corresponding design components, materials and information listed on Schedule 3 of the JDP Agreement or the JDP-CSA Agreement or as otherwise determined by the relevant JDP Committee in a SOW.

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

“**Stack DRAM Product**” means any memory comprising Stack DRAM, whether in die or wafer form.

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

“ **Supply Agreement** ” means that certain Supply Agreement by and among NTC, Micron and IMI dated as of November 26, 2008 .

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

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

“ **Term** ” shall have the meaning set forth in Section 9.1.

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

“ **TTLA 68-50** ” means that certain Technology Transfer and License Agreement for 68-50nm Process Nodes by and between the Parties dated as of the Effective Date.

[\*\*\*]

1.2 Certain Interpretive Matters.

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

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

**ARTICLE 2**

**LICENSES**

2.1 Micron Grant to NTC. Subject to the terms and conditions of this Agreement and the applicable terms of the Joint Venture Documents, Micron grants to NTC [\*\*\*]:

- (a) [\*\*\*]
- (b) [\*\*\*]
- (c) [\*\*\*]
- (d) [\*\*\*]
- (e) [\*\*\*]

2.2 NTC Grant to Micron. Subject to the terms and conditions of this Agreement and the applicable terms of the Joint Venture Documents, NTC grants to Micron a [\*\*\*]:

- (a) [\*\*\*]
- (b) [\*\*\*]
- (c) [\*\*\*]
- (d) [\*\*\*]
- (e) [\*\*\*]

- 2.3 Rights Following Termination of JDP Agreement. Upon termination of both the JDP Agreement [\*\*\*]
- 2.4 Reservations of Rights.
- (a) [\*\*\*]
- (b) [\*\*\*]

### **ARTICLE 3**

#### **SERVICES**

3.1 Assistance For Qualification of Second Source for Mask Purchases. As reasonably requested by NTC and to the extent fulfilling such request would not cause disruption of Micron's operations, Micron will use commercially reasonable efforts to assist NTC in providing the JDP Committee the information necessary for it to qualify a second source [\*\*\*]

3.2 [\*\*\*] As reasonably requested by NTC and to the extent fulfilling such request would not cause disruption of Micron's operations [\*\*\*]

### **ARTICLE 4**

#### **PAYMENTS**

4.1 [\*\*\*]

4.2 Royalty Reporting and Payment. Within sixty (60) days following the end of [\*\*\*] for so long as any Royalties are payable hereunder, NTC shall submit to Micron a written report, which is certified by NTC's chief financial officer as complete and correct, setting forth in reasonable detail [\*\*\*]. NTC shall pay to Micron all Royalties due for [\*\*\*] contemporaneously with the submission of such report in accordance with Section 4.4. NTC shall cause each of its Affiliates (other than NTC Subsidiaries) who dispose of Stack DRAM Product in a manner that causes Royalties to be due to provide a written report, which is certified by each such Affiliate's chief financial officer as complete and correct, setting forth in reasonable detail such Affiliate's dispositions of Stack DRAM Product and corresponding Royalties for the [\*\*\*] that is the subject of each of the foregoing reports of NTC. NTC shall provide a copy of each report from an Affiliate (other than NTC Subsidiaries) to Micron with submission of NTC's report.

4.3 Audit Rights and Records. Micron shall have the right to have an independent Third Party auditor audit [\*\*\*] upon reasonable advance written notice, during normal business hours and on a confidential basis subject to the Mutual Confidentiality Agreement, all records and accounts of NTC relevant to the calculation of Royalties in the [\*\*\*] of the audit; *provided however*, NTC shall not be obligated to provide any records and book of accounts existing prior to the Effective Date. NTC shall, and shall cause its Affiliates to, for at least a period of [\*\*\*] their creation, keep complete and accurate records and books of accounts concerning all transactions relevant to calculation of Royalties in sufficient detail to enable a complete and detailed audit to be conducted. NTC shall cause any Affiliate that disposes of Stack DRAM

Product in a manner that causes Royalties to be due to keep records and permit an audit of such records consistent with the obligations of NTC hereunder. [\*\*\*]

4.4 Reports and Invoices; Payments .

(a) All reports and invoices under this Agreement may be sent by any method described in Section 10.1 or electronically with hardcopy confirmation sent promptly thereafter by any method described in Section 10.1. Such reports and invoices should be sent to the following contacts or such other contact as may be specified hereafter pursuant to a notice sent in accordance with Section 10.1:

(i) Invoices to NTC:

[\*\*\*]

[\*\*\*]

[\*\*\*]

Nanya Technology Corp.

Hwa-Ya Technology Park 669, Fuhsing 3 Rd. Kueishan, Taoyuan, Taiwan, R. O. C.

[\*\*\*]

[\*\*\*]

(ii) Reports to Micron:

[\*\*\*]

8000 S. Federal Way

P.O. Box 6, MS 1-720

Boise, Idaho, USA 83707-0006

[\*\*\*]

[\*\*\*]

(b) All amounts owed by a Party under this Agreement are stated, calculated and shall be paid in United States Dollars (\$ U.S.).

(c) Payment is due on all amounts properly invoiced within thirty (30) days of receipt of invoice. All payments made under this Agreement shall be made by wire transfer to a Micron bank account designated by the following person or by such other person designated by notice:

Payments to Micron:

[\*\*\*]

8000 S. Federal Way

P.O. Box 6, MS 1-107

Boise, Idaho, USA 83707-0006

[\*\*\*]

[\*\*\*]



4.5 Interest. Any amounts payable to Micron hereunder and not paid within the time period provided shall accrue interest, from the time such payment was due until the time payment is actually received, at the rate of [\*\*\*] or the highest rate permitted by Applicable Law, whichever is lower.

4.6 Taxes.

(a) All sales, use and other transfer Taxes imposed directly on or solely as a result of the services, rights licensed or technology transfers or the payments therefor provided herein shall be stated separately on the service provider's, licensor's or technology transferor's invoice, collected from the service recipient, licensee or technology transferee and shall be remitted by service provider, licensor or technology transferor to the appropriate Taxing Authority ("**Recoverable Taxes**"), unless the service recipient, licensee or technology transferee provides valid proof of tax exemption prior to the Effective Date or otherwise as permitted by law prior to the time the service provider, licensor or technology transferor is required to pay such taxes to the appropriate Taxing Authority. When property is delivered, rights granted and/or services are provided or the benefit of services occurs within jurisdictions in which collection and remittance of Taxes by the service recipient, licensee or technology transferee is required by law, the service recipient, licensee or technology transferee shall have sole responsibility for payment of said Taxes to the appropriate Taxing Authority. In the event any Taxes are Recoverable Taxes and the service provider, licensor or technology transferor does not collect such Taxes from the service recipient, licensee or technology transferee or pay such Taxes to the appropriate Governmental Entity on a timely basis, and is subsequently audited by any Taxing Authority, liability of the service recipient, licensee or technology transferee will be limited to the Tax assessment for such Recoverable Taxes, with no reimbursement for penalty or interest charges or other amounts incurred in connection therewith. Except as provided in Section 4.7(b), Taxes other than Recoverable Taxes shall not be reimbursed by the service recipient, licensee or technology transferee, and each Party is responsible for its own respective income Taxes (including franchise and other Taxes based on net income or a variation thereof), Taxes based upon gross revenues or receipts, and Taxes with respect to general overhead, including but not limited to business and occupation Taxes, and such Taxes shall not be Recoverable Taxes.

(b) In the event that the service recipient, licensee or technology transferee is prohibited by Applicable Law from making payments to the service provider, licensor or technology transferor unless the service recipient, licensee or technology transferee deducts or withholds Taxes therefrom and remits such Taxes to the local Taxing Authority [\*\*\*].

4.7 Payment Delay. Notwithstanding anything to the contrary in this Agreement, if requested by Micron by notice in accordance with Section 10.1, NTC will [\*\*\*] until notified by Micron in accordance with Section 10.1.

## ARTICLE 5

### OTHER INTELLECTUAL PROPERTY MATTERS

5.1 Intellectual Properties Retained. Nothing in this Agreement shall be construed to transfer ownership of any intellectual property rights from one Party to another Party.

5.2 Cooperation In Claims Of Patent Infringement. [\*\*\*]

## ARTICLE 6

### WARRANTIES; DISCLAIMERS

6.1 No Implied Obligation or Rights. Nothing contained in this Agreement shall be construed as:

(a) a warranty or representation that any manufacture, sale, lease, use or other disposition of any products based upon any of the IP Rights licensed or technology transferred hereunder will be free from infringement, misappropriation or other violation of any Patent Rights, IP Rights or other intellectual property rights of any Person;

(b) an agreement to bring or prosecute proceedings against Third Parties for infringement, misappropriation or other violation of rights or conferring any right to bring or prosecute proceedings against Third Parties for infringement, misappropriation or other violation of rights; or

(c) conferring any right to use in advertising, publicity, or otherwise, any trademark, trade name or names, or any contraction, abbreviation or simulation thereof, of either Party.

6.2 Third Party Software. Exploitation of any of the rights licensed or technology transferred hereunder may require use of Software owned by a Third Party and not subject to any license granted under any of the Joint Venture Documents. Nothing in this Agreement shall be construed as granting to any Party, any right, title or interest in, to or under any Software owned by any Third Party. Except as may be specified otherwise in any of the other Joint Venture Documents, any such Software so required is solely the responsibility of the each of the Parties. Moreover, should a Party who transfers technology under this Agreement discover after such transfer that it has provided Software to the other Party that it was not entitled to provide, such providing Party shall promptly notify the other Party and the recipient shall return such Software to the providing Party and not retain any copy thereof.

6.3 Disclaimer. [\*\*\*]

6.4 Background IP. Micron represents and warrants to NTC that the Transferred Technology transferred to NTC pursuant to Section 3.1 of the TTLA 68-50 [\*\*\*]

**ARTICLE 7**

**LIMITATION OF LIABILITY**

7.1 LIMITATION OF LIABILITY. [\*\*\*]

**ARTICLE 8**

**CONFIDENTIALITY**

8.1 Confidentiality Obligations. Subject to the rights expressly granted to the Parties hereunder and any applicable restrictions under the other Joint Venture Documents, all information provided, disclosed or obtained in connection with this Agreement, the TTLA 68-50 or the performance of any of the Parties' activities under this Agreement or the TTLA 68-50 shall be deemed "Confidential Information" subject to all applicable provisions of the Mutual Confidentiality Agreement. The terms and conditions of this Agreement and the TTLA 68-50 shall be considered "Confidential Information" under the Mutual Confidentiality Agreement for which Micron and NTC shall be considered a "Receiving Party" under such agreement. The Parties acknowledge that Process Technology, JDP Process Nodes, JDP Inventions, JDP Work Product and other information exchanged pursuant to the JDP Agreement or the JDP-CSA Agreement are subject to restrictions on disclosure set forth therein.

8.2 Additional Controls For Certain Information. To the extent any layout and schematics data/databases, scribe line test patterns, internal architecture specifications, test modes and configurations, or similarly sensitive information is provided to a Party under this Agreement, such subject matter shall be stored solely on secure servers and password protected, and such Party shall limit access to such data exclusively to those of its Representatives who have a need to access such data for the purposes of exercising its rights hereunder .

8.3 Micron Background IP and Foundational Know-How.

- (a) [\*\*\*]
- (b) [\*\*\*]
- (c) [\*\*\*]
- (d) [\*\*\*]
- (e) [\*\*\*]
- (f) [\*\*\*]

8.4 NTC Foundational Know-How.

- (a) [\*\*\*]
- (b) [\*\*\*]

(c) [\*\*\*]

(d) [\*\*\*]

(e) [\*\*\*]

8.5 Conflicts. To the extent there is a conflict between this Agreement and the Mutual Confidentiality Agreement, the terms of this Agreement shall control. To the extent there is a conflict between this Agreement and the JDP Agreement, the JDP Agreement shall control. To the extent there is a conflict between this Agreement and the JDP-CSA Agreement, the JDP-CSA Agreement shall control.

## ARTICLE 9

### TERM AND TERMINATION

9.1 Term. The term of this Agreement commences on the Effective Date and continues in effect until terminated by mutual agreement; *provided, however*, that the amendments made to the First Amended Agreement by this Agreement commence on the Amendment Date. (The period from the Effective Date until termination is the “**Term**”).

#### 9.2 Termination of License.

(a) In the event either [\*\*\*] the other Party may terminate [\*\*\*] An inadvertent disclosure by one Party or a Party’s Representative of the other Party’s Confidential Information in violation of this Agreement or the Mutual Confidentiality Agreement, as applicable, shall not be considered a material breach of this Agreement provided that (i) such Party takes prompt action to retract the disclosure and prevent further similar violations, and (ii) the disclosure was not in intentional or willful disregard of the non-disclosure obligations set forth in this Agreement or in the Mutual Confidentiality Agreement.

(b) [\*\*\*]

#### 9.3 Effects of Termination.

(a) Termination of this Agreement or a Party’s license hereunder shall not affect any of the Parties’ respective rights accrued or obligations owed before termination. In addition, the following shall survive termination for any reason: Articles 1, 6, 7 and 10 and Sections 2.4, 4.2 through 4.6, 5.1, 8.1, 8.2, 8.3(b), 8.4(b), 8.5 and 9.3.

(b) Upon termination of a Party’s license under this Agreement pursuant to Section 9.2(a), the Party whose license was terminated shall:

(i) [\*\*\*]

(ii) [\*\*\*]

(iii) [\*\*\*]

- (c) Upon termination of NTC's license under this Agreement pursuant to Section 9.2(b), NTC shall:
- (i) [\*\*\*]
- (ii) [\*\*\*]
- (iii) [\*\*\*]

## ARTICLE 10

### MISCELLANEOUS

10.1 Notices. All notices and other communications hereunder shall be in writing and shall be deemed given upon (a) transmitter's confirmation of a receipt of a facsimile transmission, (b) confirmed delivery by a standard overnight carrier or when delivered by hand, or (c) delivery in person, addressed at the following addresses (or at such other address for a party as shall be specified by like notice):

If to NTC : Nanya Technology Corporation  
Hwa-Ya Technology Park 669  
Fuhsing 3 RD. Kueishan  
Taoyuan, Taiwan, ROC  
Attention: Legal Department  
Fax: 886.3.396.2226

If to Micron : Micron Technology, Inc.  
8000 S. Federal Way  
Mail Stop 1-507  
Boise, ID 83716  
Attention: General Counsel  
Fax: 208.368.4537

10.2 Waiver. The failure at any time of a Party to require performance by the other Party of any responsibility or obligation required by this Agreement shall in no way affect a Party's right to require such performance at any time thereafter, nor shall the waiver by a Party of a breach of any provision of this Agreement by the other Party constitute a waiver of any other breach of the same or any other provision nor constitute a waiver of the responsibility or obligation itself.

10.3 Assignment. [\*\*\*]

10.4 Third Party Rights. Nothing in this Agreement, whether express or implied, is intended or shall be construed to confer, directly or indirectly, upon or give to any Person, other than the Parties hereto, any legal or equitable right, remedy or claim under or in respect of this Agreement or any covenant, condition or other provision contained herein.

10.5 Force Majeure. The Parties shall be excused from any failure to perform any obligation hereunder to the extent such failure is caused by a Force Majeure Event.

10.6 Choice of Law. This Agreement shall be construed and enforced in accordance with and governed by the laws of the State of Delaware, USA, without giving effect to the principles of conflict of laws thereof.

10.7 Jurisdiction; Venue. Any suit, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement shall be brought in a state or federal court of competent jurisdiction located in the State of California, USA, and each of the Parties to this Agreement hereby consents and submits to the exclusive jurisdiction of such courts (and of the appropriate appellate courts therefrom) in any such suit, action or proceeding and irrevocably waives, to the fullest extent permitted by Applicable Law, any objection which it may now or hereafter have to the laying of the venue of any such suit, action or proceeding in any such court or that any such suit, action or proceeding which is brought in any such court has been brought in an inconvenient forum.

10.8 Headings. The headings of the Articles and Sections in this Agreement are provided for convenience of reference only and shall not be deemed to constitute a part hereof.

10.9 Export Control. Each Party agrees that it will not knowingly: (a) export or re-export, directly or indirectly, any technical data (as defined by the U.S. Export Administration Regulations) provided by the other Party or (b) disclose such technical data for use in, or export or re-export directly or indirectly, any direct product of such technical data, including Software, to any destination to which such export or re-export is restricted or prohibited by United States or non-United States law, without obtaining prior authorization from the U.S. Department of Commerce and other competent Government Entities to the extent required by Applicable Laws.

10.10 Entire Agreement. This Agreement, together with its Schedules and the agreements and instruments expressly provided for herein, including the applicable terms of the other Joint Venture Documents, constitute the entire agreement of the Parties hereto with respect to the subject matter hereof and supersede all prior agreements, amendments and understandings, oral and written, between the Parties hereto with respect to the subject matter hereof.

10.11 Severability. Should any provision of this Agreement be deemed in contradiction with the laws of any jurisdiction in which it is to be performed or unenforceable for any reason, such provision shall be deemed null and void, but this Agreement shall remain in full force in all other respects. Should any provision of this Agreement be or become ineffective because of changes in Applicable Laws or interpretations thereof, or should this Agreement fail to include a provision that is required as a matter of law, the validity of the other provisions of this Agreement shall not be affected thereby. If such circumstances arise, the Parties hereto shall negotiate in good faith appropriate modifications to this Agreement to reflect those changes that are required by Applicable Law.

10.12 Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

*[Signature pages follow.]*



**NANYA TECHNOLOGY CORPORATION**

By:           /s/ Jih Lien            
Name: Jih Lien  
Title: President

**THIS IS A SIGNATURE PAGE FOR THE SECOND AMENDED AND RESTATED TECHNOLOGY TRANSFER AND  
LICENSE AGREEMENT ENTERED INTO BY AND BETWEEN MICRON AND NTC**



**Schedule 1**

**Background IP—Process Nodes**

[\*\*\*]

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

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**Schedule 2**

**Background IP—Designs**

[\*\*\*]

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

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**Schedule 3**

**Existing Entities**

[\*\*\*]

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

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**Schedule 4**

**Staged Process Flow for Technology Transfer**

[\*\*\*]

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

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**JOINT DEVELOPMENT PROGRAM AND COST SHARING AGREEMENT**

This **JOINT DEVELOPMENT PROGRAM AND COST SHARING AGREEMENT** (this “ **Agreement** ”), is made and entered into as of this 9th day of April, 2010 (“ **Effective Date** ”), by and between Nanya Technology Corporation ( [\*\*\*] ), a company incorporated under the laws of the Republic of China (“ **NTC** ”), and Micron Technology, Inc., a Delaware corporation (“ **Micron** ”). (NTC and Micron are referred to in this Agreement individually as a “ **Party** ” and collectively as the “ **Parties** ”).

**RECITALS**

A. Pursuant to certain of the Joint Venture Documents (as defined hereinafter) and the transactions contemplated thereby, MNL (as defined herein), an Affiliate of Micron, and NTC have acquired an ownership interest in Inotera Memories, Inc., a company incorporated under the laws of the Republic of China (“ **IMI** ”) for the collaborative manufacture and sale of Stack DRAM Products exclusively to the Parties.

B. NTC and Micron desire to engage in joint development of Stack DRAM Designs and Process Technology (each, as defined hereinafter) on process nodes of [\*\*\*]. The Parties desire to outline the procedures under which they will pool their respective resources as provided in this Agreement for the purpose of performing research and development work relating to Stack DRAM Designs and Process Technology that will be used by the Joint Venture Company, by NTC, and by Micron, to manufacture Stack DRAM Products.

C. Accordingly, the Parties desire to enter into this Agreement to account for the transactions contemplated by the Joint Venture Documents related to the Joint Venture Companies (as defined herein) upon the terms and conditions set forth herein.

**AGREEMENT**

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

**ARTICLE 1**

**DEFINITIONS; CERTAIN INTERPRETATIVE MATTERS**

1.1 Definitions. In addition to the terms defined elsewhere in this Agreement, capitalized terms used in this Agreement shall have the respective meanings set forth below:

“ **Affiliate** ” means, with respect to any specified Person, any other Person that directly or indirectly, including through one or more intermediaries, controls, or is controlled by, or is under

common control with such specified Person; and the term “affiliated” has a meaning correlative to the foregoing.

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

“**Amendment Date**” shall mean November 26<sup>th</sup> 2008, the effective date of the Joint Venture Documents with respect to IMI.

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

“**ATE**” means automatic test equipment, such as that sold under the trademark ADVENTEST.

“**Burn-In**” means [\*\*\*]

“**Burn-In Document**” means a document that describes the specification of voltage and test pattern settings in the Burn-In test program. The Burn-In Document also describes the methodology of how the voltage and test pattern settings are optimized.

“**Business Day**” means a day that is not a Saturday, Sunday or other day on which commercial banking institutions in either the Republic of China or the State of New York are authorized or required by Applicable Law to be closed.

“**Change of Control**” means, with respect to any first Person, the occurrence of any of the following events, whether through a single transaction or series of related transactions: (a) any consolidation or merger of such first Person with or into another Person in which the holders of such first Person’s outstanding voting equity immediately before such consolidation or merger do not, immediately after such consolidation or merger, own or control directly or indirectly equity representing a majority of the outstanding voting equity of the surviving Person; (b) the sale of all or substantially all of such first Person’s assets to another Person wherein the holders of such first Person’s outstanding voting equity immediately before such sale do not, immediately after sale, own or control directly or indirectly equity representing a majority of the outstanding voting equity of the purchaser; or (c) the sale of such first Person’s voting equity to any other Person(s) wherein the holders of such first Person’s outstanding voting equity immediately before such sale do not, immediately after such sale, own or control directly or indirectly equity representing a majority of the outstanding voting equity of such first Person.

“**Commodity Stack DRAM Products**” means Stack DRAM Products for system main memory for computing or Mobile Devices, in each case that are fully compliant with one or more Industry Standard(s).

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

“ **Confidential Information** ” means that information described in Section 6.1 deemed to be “Confidential Information” under the Mutual Confidentiality Agreement.

“ **Contractor** ” means a Third Party who (a) is contracted by a Party in connection with work to be conducted by such Party under a SOW, (b) has agreed to assign to such contracting Party all rights in and to any inventions, discoveries, improvements, processes, copyrightable works, mask works, trade secrets or other technology that are conceived or first reduced to practice, whether patentable or not, as a result of any performance by such Third Party of any obligations of such Party under a SOW, and all Patent Rights, IP Rights and other intellectual property rights in the foregoing, and (c) has agreed to grant a license to such contracting Party, with the right to sublicense of sufficient scope that includes the other Party, under all Patent Rights, IP Rights and other rights of the Third Party reasonably necessary for such contracting Party and the other Party to exploit the work product created by the Third Party consistent with the rights granted by the contracting Party to the other Party under the Joint Venture Documents.

“ **Control** ” (whether capitalized or not) means the power or authority, whether exercised or not, to direct the business, management and policies of a Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, which power or authority shall conclusively be presumed to exist upon possession of beneficial ownership or power to direct the vote of [\*\*\*] of the votes entitled to be cast at a meeting of the members, shareholders or other equity holders of such Person or power to control the composition of a majority of the board of directors or like governing body of such Person; and the terms “ **controlling** ” and “ **controlled** ” have meanings correlative to the foregoing.

“ **Coverage Test** ” means test solution for module application fail in CP/FT/Module ATE.

[\*\*\*]

“ **Design Qualification** ” means, [\*\*\*].

“**Design SOW**” means [\*\*\*].

“ **Design SOW Costs** ” means [\*\*\*].

“ **Draft** ” means the mechanism described in Section 5.3 by which either Micron or NTC may select from [\*\*\*] to solely own.

“ **Drafting Party** ” means either Micron or NTC, as the Party selecting a [\*\*\*] pursuant to the Draft.

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

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

“ **DRAM Product** ” means any stand-alone semiconductor device that is a dynamic random access memory device and that is designed or developed primarily for the function of storing data, in die, wafer or package form.

“ **Effective Date** ” shall have the meaning set forth in the preamble to this Agreement.

“**Existing Entity**” means [\*\*\*]

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

“ **Foundational Know-How** ” means, with respect to each Party, [\*\*\*]

“ **Foundry Customer** ” means a Third Party customer of either NTC or Micron for Stack DRAM Products [\*\*\*]

“ **FT** ” means [\*\*\*]

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

“ **Governmental Entity** ” means any governmental authority or entity, including any agency, board, bureau, commission, court, municipality, department, subdivision or instrumentality thereof, or any arbitrator or arbitration panel.

“**Imaging Product**” means any (a) semiconductor device having a plurality of photo elements (e.g., photodiodes, photogates, etc.) for converting impinging light into an electrical representation of the information in the light, (b) image processor or other semiconductor device for balancing, correcting, manipulating or otherwise processing such electrical representation of the information in the impinging light, or (c) combination of the devices described in clauses (a) and (b).

“ **IMI** ” has the meaning set forth in the Recitals to this Agreement.

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“ **Indemnified Claim** ” shall have the meaning set forth in Section 8.2.

“ **Indemnified Party** ” shall have the meaning set forth in Section 8.2.

“ **Indemnifying Party** ” shall have the meaning set forth in Section 8.2.

“ **Industry Standard** ” means the documented technical specifications that set forth the pertinent technical and operating characteristics of a DRAM Product if such specifications are publicly available for use by DRAM manufacturers, and if [\*\*\*]

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

“ **JDP Co-Chairman** ” and “ **JDP Co-Chairmen** ” shall have the meaning set forth on Schedule 2.

“ **JDP Committee** ” shall mean the committee formed and operated by Micron and NTC to govern the performance of the Parties under this Agreement in accordance with the JDP Committee Charter.

“ **JDP Committee Charter** ” means the charter attached as Schedule 2.

“ **JDP Design** ” means any Stack DRAM Design resulting from the research and development activities of the Parties pursuant to this Agreement.

“ **JDP Inventions** ” shall mean all discoveries, improvements, inventions, developments, processes or other technology, whether patentable or not, that is/are conceived by one or more Representatives of one or more of the Parties in the course of activities conducted under this Agreement.

“ **JDP Process Node** ” means any Primary Process Node or Optimized Process Node resulting from the research and development activities of the Parties pursuant this Agreement.

“ **JDP Work Product** ” means [\*\*\*].

“ **Joint Venture Company(ies)** ” means either IMI or MeiYa, or both IMI and MeiYa, as the context dictates.

“ **Joint Venture Documents** ” means (a) with respect to IMI, that certain Joint Venture Agreement between MNL and NTC dated as of the Amendment Date relating to the Joint Venture Company and those documents listed on Schedule A to that Joint Venture Agreement and (b) with respect to MeiYa, that certain Master Agreement by and between Micron and NTC dated as of April 21, 2008, the Master Agreement Disclosure Letter by and between Micron and

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NTC dated as of April 21, 2008, and the documents listed on Schedules 2.1 through 2.5 of such disclosure letter, each as amended.

“**Lead Product**” means [\*\*\*].

“**Mask Data Processing**” means [\*\*\*].

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

“**MeiYa**” means MeiYa Technology Corporation, a company-limited-by-shares incorporated under the laws of the Republic of China.

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

“**Micron Indemnitees**” shall have the meaning set forth in Section 8.1.

“**MNL**” means Micron Semiconductor B.V., a private limited liability company organized under the laws of the Netherlands.

“**Mobile Device**” means a handheld or portable device using as its main memory one or more Stack DRAM Products that is/are compliant with an Industry Standard [\*\*\*].

“**Mutual Confidentiality Agreement**” means that certain Second Amended and Restated Mutual Confidentiality Agreement dated as of the Amendment Date among NTC, Micron, MNL, MeiYa and IMI.

“**NAND Flash Memory Product**” means a non-volatile semiconductor memory device containing memory cells that are electrically programmable and electrically erasable whereby the memory cells consist of one or more transistors that have a floating gate, charge trapping regions or any other functionally equivalent structure utilizing one or more different charge levels (including binary or multi-level cell structures), with or without any on-chip control, I/O and other support circuitry, in wafer, die or packaged form.

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

“**NTC Indemnitees**” shall have the meaning set forth in Section 8.1.

“**OPC**” means optical proximity correction of the circuit layout patterns, which is important in Mask Data Processing.

“**Optimized Process Node**” means [\*\*\*].

“**Party**” and “**Parties**” shall have the meaning set forth in the preamble to this Agreement.

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“ **Patent Prosecution** ” means (a) preparing, filing and prosecuting patent applications (of all types), and (b) managing any interference, reexamination, reissue, or opposition proceedings relating to the foregoing.

“ **Patent Review Committee** ” means the committee formed by the JDP Committee to [\*\*\*].

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

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

[\*\*\*].

[\*\*\*].

“ **Post Termination Funding Period** ” shall have the meaning set forth in Section III.D.5 of Schedule 2.

“ **Primary Process Node** ”[\*\*\*].

“ **Probe Testing** ” means testing, using a wafer test program as set forth in the applicable specifications, of a wafer that has completed all processing steps deemed necessary to complete the creation of the desired Stack DRAM integrated circuits in the die on such wafer, the purpose of which test is to determine how many and which of the die meet the applicable criteria for such die set forth in the specifications.

“ **Process Node** ” means [\*\*\*].

“ **Process Qualification** ” means, with respect to each Primary Process Node and Optimized Process Node, when (a) the Stack DRAM Products or Stack DRAM Modules designed to be on the node can be made fully compliant with any applicable Industry Standard (s) (if any) and [\*\*\*]or (b) or such other or additional parameters as may be defined in the Process SOW as “Process Qualification” for the Primary Process Node or the Optimized Process Node that is the subject of the SOW, [\*\*\*]

“**Process SOW**” means [\*\*\*].

“ **Process SOW Costs** ” means [\*\*\*].

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“**Process Technology**” means that process technology developed before expiration of the Term and utilized in the manufacture of Stack DRAM wafers, including Probe Testing and technology developed through Product Engineering thereof, regardless of the form in which any of the foregoing is stored, but excluding any Patent Rights and any technology, trade secrets or know-how that relate to and are used in any back-end operations (after Probe Testing).

“**Product Engineering**” means any one or more of the engineering activities described on Schedule 7 as applied to Stack DRAM Products or Stack DRAM Modules.

“**Proposing Party**” shall have the meaning set forth in Section 3.2.

“**Recoverable Taxes**” shall have the meaning set forth in Section 4.4.

“**Rejecting Party**” shall have the meaning set forth in Section 3.2.

“**Rejected Development Work**” shall have the meaning set forth in Section 3.2.

“**Representative**” means with respect to a Party, any director, officer, employee, agent or Contractor of such Party or a professional advisor to such Party, such as an attorney, banker or financial advisor of such Party who is under an obligation of confidentiality to such Party by contract or ethical rules applicable to such Person.

“**R&D Roadmap**” has the meaning provided in Section 2.3.

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

“**SOW**” means a statement of the work that describes research and development work to be performed under this Agreement and that has been adopted by the JDP Committee pursuant to Section 3.2.

“**SOW Costs**” means any or all costs that are incurred by a Party in connection with any SOW as provided on Schedule 4.

“**SOW Proposal Date**” has the meaning provided in Section 3.1(d).

“**SOW Review Period**” has the meaning provided in Section 3.2(d).

“**Stack DRAM**” means dynamic random access memory cell that functions by using a capacitor arrayed predominantly above the semiconductor substrate.

“**Stack DRAM Design**” means, with respect to a Stack DRAM Product, the corresponding design components, materials and information listed on Schedule 3 or as otherwise determined by the JDP Committee in a SOW.

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

“**Stack DRAM Product**” means any memory comprising Stack DRAM, whether in die or wafer form.

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

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

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

“**Technology Transfer Agreement**” means (a) with respect to IMI, that certain Technology Transfer Agreement by and among NTC, Micron, and IMI dated as of the Amendment Date, and (b) with respect to MeiYa, that certain Technology Transfer Agreement by and among NTC, Micron and MeiYa dated as of May 13, 2008.

“**Technology Transfer and License Agreement**” means that certain Second Amended and Restated Technology Transfer and License Agreement by and between NTC and Micron dated as of the Effective Date.

“**TTLA 68-50**” means that certain Technology Transfer and License Agreement For 68-50NM Process Nodes by and between NTC and Micron dated as of April 21, 2008.

“**Term**” shall have the meaning set forth in Section 9.1.

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

“**Works Registration**” shall have the meaning set forth in Section 5.4(c).

## 1.2 Certain Interpretive Matters .

(a) Unless the context requires otherwise, (1) all references to Sections, Articles, Exhibits, Appendices or Schedules are to Sections, Articles, Exhibits, Appendices or Schedules of or to this Agreement, (2) each accounting term not otherwise defined in this Agreement has the meaning commonly applied to it in accordance with GAAP, (3) words in the singular include the plural and vice versa, (4) the term “**including**” means “including without limitation,” and (5) the terms “**herein**,” “**hereof**,” “**hereunder**” and words of similar import shall mean references to this Agreement as a whole and not to any individual section or portion hereof.

Unless otherwise denoted, all references to \$ or dollar amounts will be to lawful currency of the United States of America. All references to “ day ” or “ days ” will mean calendar days.

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

**ARTICLE 2**  
**JDP COMMITTEE; R&D ROADMAP**

2.1 JDP Committee; Patent Review Committee. Micron and NTC shall form and operate the JDP Committee to govern their performance under this Agreement in accordance with the JDP Committee Charter attached as Schedule 2. The JDP Committee shall form and oversee the Patent Review Committee, which shall also operate in accordance with the applicable provisions of Schedule 2.

2.2 JDP Co-Chairmen. Micron and NTC shall notify the other Party in writing of the identity of the full-time employee of such Party who will serve as its JDP Co-Chairman. Each JDP Co-Chairman shall serve on the JDP Committee as provided in Schedule 2 and shall devote his or her attention to the performance of this Agreement by the Parties. Each of Micron and NTC may replace its respective JDP Co-Chairman upon written notice to the other Party; *provided that* each Party’s JDP Co-Chairman must at all times be a full-time employee of such Party.

2.3 R&D Roadmap.

(a) [\*\*\*]

(b) [\*\*\*]

(c) The first R&D Roadmap shall contain the Stack DRAM Designs and Process Technology described in the SOWs identified on Schedule 1.

**ARTICLE 3**  
**DEVELOPMENT PROJECTS AND SOWS**

3.1 Content of SOWs. The Parties expect that each SOW will conform to the following requirements, as applicable:

(a) Each SOW will contain at least the following:

(i) [\*\*\*]

(ii) [\*\*\*]

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- (iii) [\*\*\*]
- (iv) [\*\*\*]
- (v) [\*\*\*]
- (vi) [\*\*\*]
- (vii) [\*\*\*]
- (viii) [\*\*\*]
- (ix) [\*\*\*]
- (x) [\*\*\*]

(b) The Process SOW for each Primary Process Node and each Process SOW effective as of the Effective Date will specify that the work to be performed thereunder will be performed[\*\*\*]

- (c) [\*\*\*]
- (i) [\*\*\*]
- (ii) [\*\*\*]
- (iii) [\*\*\*]
- (iv) [\*\*\*]
- (v) [\*\*\*]
- (vi) [\*\*\*]
- (vii) [\*\*\*]
- (viii) [\*\*\*]
- (ix) [\*\*\*]
- (x) [\*\*\*]
- (xi) [\*\*\*]
- (xii) [\*\*\*]

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(xiii) [\*\*\*]

(d) [\*\*\*]

(e) [\*\*\*]

(f) [\*\*\*]

(g) [\*\*\*]

(h) [\*\*\*]

(i) [\*\*\*]

(j) [\*\*\*]

3.2 Proposal and Adoption of SOWs.

(a) Each Party solely through its JDP Co-Chairman, or both of the Parties jointly through the JDP Chairmen, may submit proposed SOWs to the JDP Committee for consideration and potential adoption as an SOW hereunder. SOWs can be proposed for the design of products that are not at the time of submission Commodity Stack DRAM Products.

(b) [\*\*\*]

(c) The SOWs identified on Schedule 1 are deemed SOWs under this Agreement adopted by the JDP Committee as of the Effective Date.

(d) [\*\*\*]

(e) Exit from Design SOWs. The language set forth in Schedule 11 may be inserted into a proposed Design SOW as is or may be modified and inserted as needed, subject to legal review and approval by the JDP Committee in each case.

3.3 Development Restrictions; Rejected Development Work.

(a) [\*\*\*]

(b) [\*\*\*]

(c) [\*\*\*]

(d) [\*\*\*]

(e) [\*\*\*]

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3.4 SOW Performance Monitoring.

- (a) [\*\*\*]
- (b) [\*\*\*]

3.5 JDP Committee Monitoring. [\*\*\*]

3.6 On-Site Visitations. Each Party and its Representatives shall observe and be subject to all safety, security and other policies and regulations regarding visitors and contractors while on site at a facility of the other Party or its Affiliate. A Party's Representatives who access any facility of the other Party or its Affiliate shall not interfere with, and except as otherwise agreed by the Parties, shall not participate in, the business or operations of the facility accessed.

3.7 Mask Source Qualification and Mask Purchases.

- (a) [\*\*\*]
- (b) [\*\*\*]
- (c) [\*\*\*]

3.8 Repository of JDP Work Product.

(a) Micron and NTC each shall use commercially reasonable efforts to each establish a repository in its own facility for storing the JDP Work Product described on Schedules 3, 7, 8 or 9 separately from other technology, information and data of such Party and any Third Parties . Each Party shall implement procedures so that such JDP Work Product is either created in such repository or added to such repository in the English language promptly after creation by employees of such Party, its Existing Entities and its wholly-owned Subsidiaries assigned to an SOW. Such repositories in Micron facilities shall be accessible to employees of NTC, its Existing Entities and its wholly-owned Subsidiaries assigned to perform work under any SOW(s) as reasonably required for such employees to perform their assigned work. Such repositories in NTC shall be accessible to employees of Micron, its Existing Entities and its wholly-owned Subsidiaries assigned to perform work under any SOW as reasonably required for such employees to perform their assigned work. The JDP Co-Chairmen and JDP Committee Members shall have full access to such repositories. Once both such repositories are operational electronic databases that can be synchronized at least with the other database to contain the same content as that stored in such other database, the Parties shall use commercially reasonable efforts to have the databases automatically and electronically synchronized at least once per day.

(b) Without limiting the foregoing Section 3.8(a), the Parties shall also use their respective commercially reasonable efforts to accomplish the following in a timely manner:

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- i. Establish and maintain a secure network connection between Micron and NTC.
- ii. Establish and maintain a secure email service between Micron and NTC.
- iii. Establish and maintain a FTP environment to allow download of data between Micron and NTC.
- iv. Establish and maintain a repository for the JDP Work Product described on Schedules 3, 7, 8 and 9 with a publishing document process between Micron and NTC. The replication process between Micron's and NTC's repositories shall occur every twelve (12) to twenty-four (24) hours.
- v. Establish and maintain remote access points for a number of approved users to be mutually agreed to by the Parties. For the remote access point from NTC, each approved NTC user will be provided access to approved Micron secured operational applications.

**ARTICLE 4**  
**PAYMENTS**

- 4.1 Development Cost Sharing. Micron and NTC shall share SOW Costs as specified on Schedule 4.
- 4.2 Payments. All amounts owed by a Party under this Agreement are stated, calculated and shall be paid in United States Dollars (\$ U.S.).
- 4.3 Interest. Any amounts payable to the other Party hereunder and not paid within the time period provided shall accrue interest, from the time such payment was due until the time payment is actually received, at the rate of [\*\*\*], or the highest rate permitted by Applicable Law, whichever is lower.
- 4.4 Taxes.
- (a) All sales, use and other transfer Taxes imposed directly on or solely as a result of the services or technology transfers or the payments therefor provided herein shall be stated separately on the service provider's or technology transferor's invoice, collected from the service provider or technology transferor and shall be remitted by service provider or technology transferor to the appropriate Taxing Authority (" **Recoverable Taxes** "), unless the service recipient or technology transferee provides valid proof of tax exemption prior to the Effective Date or otherwise as permitted by law prior to the time the service provider or technology transferor is required to pay such taxes to the appropriate Taxing Authority. When property is delivered and/or services are provided or the benefit of services occurs within jurisdictions in which collection and remittance of Taxes by the service recipient or technology transferee is

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required by law, the service recipient or technology transferee shall have sole responsibility for payment of said Taxes to the appropriate Taxing Authority. In the event any Taxes are Recoverable Taxes and the service provider or technology transferor does not collect such Taxes from the service recipient or technology transferee or pay such Taxes to the appropriate Governmental Entity on a timely basis, and is subsequently audited by any Taxing Authority, liability of the service recipient or technology transferee will be limited to the Tax assessment for such Recoverable Taxes, with no reimbursement for penalty or interest charges or other amounts incurred in connection therewith. Except as provided in Section 4.4(b), Taxes other than Recoverable Taxes shall not be reimbursed by the service recipient or technology transferee, and each Party is responsible for its own respective income Taxes (including franchise and other Taxes based on net income or a variation thereof), Taxes based upon gross revenues or receipts, and Taxes with respect to general overhead, including but not limited to business and occupation Taxes, and such Taxes shall not be Recoverable Taxes.

(b) In the event that the service recipient or technology transferee is prohibited by Applicable Law from making payments to the service provider or technology transferor unless the service recipient or technology transferee deducts or withholds Taxes therefrom and remits such Taxes to the local Taxing Authority, [\*\*\*]

## **ARTICLE 5**

### **INTELLECTUAL PROPERTY**

5.1 Existing IP. Nothing in this Agreement shall be construed to transfer ownership of or grant a license under any IP Rights, Patent Rights or other intellectual property or technology of a Party existing as of the Effective Date from one Party to the other Party. Any license to any of the foregoing shall be governed by the Technology Transfer and License Agreement.

5.2 [\*\*\*]Procedures; Inventorship; Authorship.

(a) Upon the Effective Date, each of the Parties shall introduce and maintain procedures to encourage and govern the submission of disclosures of JDP Inventions by their respective Representative(s) involved in a SOW, whether as Representatives of NTC, of Micron or of a Joint Venture Company, to the JDP Co-Chairmen for subsequent submission to the JDP Committee. Such procedures shall include (i) a policy statement encouraging the submission of such invention disclosures, (ii) appropriate invention disclosure forms, and (iii) a commitment on the part of each of NTC and Micron to obtain relevant invention disclosure forms from their respective Representatives with respect to JDP Inventions and to submit such forms for review by the Patent Review Committee. Each of the Parties shall actively administer such procedures and submit and cause their respective Representatives promptly to complete and submit invention disclosures on JDP Inventions to the Patent Review Committee.

(b) Inventorship for JDP Inventions shall be determined in accordance with United States patent laws.

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(c) Authorship for all JDP Work Product, whether registered or not, shall be determined in accordance with United States copyright laws and laws concerning Mask Work Rights, as applicable.

5.3 JDP Inventions; Pool and Draft.

[\*\*\*]

5.4 Ownership of JDP Inventions and JDP Work Product.

(a) Except as provided in Section 5.3, all JDP Designs, JDP Inventions, JDP Process Nodes, JDP Work Product, and all IP Rights associated with any of the foregoing, shall be, [\*\*\*]. Subject to any applicable provisions of the Joint Venture Documents, each of Micron and NTC may exploit their interest in any JDP Designs, JDP Inventions, JDP Process Nodes, JDP Work Product, and IP Rights associated therewith without a duty of accounting to any other Party.

(b) [\*\*\*]

5.5 Costs. All out-of-pocket costs and expenses relating to Patent Prosecution, including attorneys' fees, incurred by a Party pursuant to this Agreement shall be borne solely by the owner thereof. In the case of Works Registrations for JDP Work Product, such joint owners shall split the costs thereof equally.

5.6 Cooperation. With respect to all Patent Prosecution and Works Registration activities under this Agreement, each Party shall:

(a) execute all further instruments to document their respective ownership consistent with this Article 5 as reasonably requested by any other Party, including causing its respective Representatives to execute written assignments of JDP Inventions and JDP Work Product to Micron, NTC or both of them jointly as provided herein (at no cost to the assignee); and

(b) use commercially reasonable efforts to make its Representatives available to the other Party (or to the other Party's authorized attorneys, agents or Representatives), to the extent reasonably necessary to enable the appropriate Party hereunder to undertake Patent Prosecution and Works Registration.

5.7 Third Party Infringement.

(a) The sole owner of the Patent Rights with respect to any JDP Invention shall have the exclusive right to institute and direct legal proceedings against any Third Party believed to be infringing or otherwise violating any such Patent Rights.

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(b) If any Party takes action pursuant to Section 5.7(a), then the other Party shall cooperate to the extent reasonably necessary and at the first Party's sole expense and subject to the first Party's request. To the extent required by Applicable Law, such other Party shall join the action and, if such other Party elects, may choose to be represented in any such legal proceedings using counsel of its own choice, and at its own expense. Each Party shall assert and not waive the joint defense privilege with respect to all communications between the Parties reasonably the subject thereof.

(c) The Parties shall keep each other informed of the status of any litigation or settlement thereof initiated by a Third Party concerning a Party's manufacture, production, use, development, sale, offer for sale, importation, exportation or distribution of Stack DRAM Products manufactured by a Joint Venture Company; *provided, however*, that no settlement or consent judgment or other voluntary final disposition of a suit under this Section 5.7(c) may be undertaken by a Party without the consent of another Party (which consent not to be unreasonably withheld) if such settlement would require such other Party or a Joint Venture Company to be subject to an injunction, subject to a requirement to alter a Process Node or Stack DRAM Design, admit wrongdoing or make a monetary payment. The Party sued by the Third Party as contemplated by this Section shall not object to joinder in such action by the other Party to the extent such joinder is permitted by Applicable Law.

5.8 No Other Rights or Licenses. Except for the allocation of ownership of JDP Inventions and JDP Work Product, and the ownership of their corresponding Patent Rights and IP Rights therein, as stated in this Article 5, no right, license, title or interest under any intellectual property is granted under this Agreement, whether by implication, estoppel or otherwise. Certain rights, licenses and covenants not to sue under Intellectual Property of Micron and NTC are granted in other Joint Venture Documents.

## **ARTICLE 6** **CONFIDENTIALITY**

### 6.1 Confidentiality Obligations.

(a) All information (including JDP Work Product, JDP Inventions, JDP Process Nodes and JDP Designs and Foundational Know-How) provided, disclosed, created or obtained in connection with this Agreement or the performance of any of the Parties' activities under this Agreement, including the performance of activities under a SOW, shall be deemed "Confidential Information" subject to all applicable provisions of the Mutual Confidentiality Agreement. The terms and conditions of this Agreement shall also be considered "Confidential Information" under the Mutual Confidentiality Agreement for which each Party shall be considered a "Receiving Party" under such agreement.

(b) Additionally, notwithstanding whether one of the Parties solely or jointly owns JDP Inventions, JDP Work Product, JDP Process Nodes and JDP Designs and IP Rights or Patent Rights therein in accordance with this Agreement, each of the Parties shall be deemed a "Receiving Party" under the Mutual Confidentiality Agreement with respect to information embodied therein and no Party may contribute, transfer or disclose any JDP Inventions, JDP

Work Product, JDP Process Nodes, JDP Designs or IP Rights or Patent Rights therein to any Third Party except as provided in Section 6.2.

6.2 Permitted Disclosures. Notwithstanding the restrictions in Section 6.1:

(a) NTC and Micron may contribute, transfer and disclose any Confidential Information described in Section 6.1(b) to their respective Existing Entities and wholly owned Subsidiaries subject to a written obligation of confidentiality that is no less restrictive than that applicable to the Parties under the Mutual Confidentiality Agreement, *provided that*, at the time of such contribution, transfer or disclosure, such Existing Entity is an Affiliate of the Party seeking to contribute, transfer or disclose such Confidential Information. In addition, NTC and Micron may disclose to IMI, JDP Work Product related to a JDP Process Node [\*\*\*] in the form and at the time, scope and manner as approved by JDP Committee prior to such disclosure, provided that any complete transfer of a Primary Process Node must be performed pursuant to the Technology Transfer Agreement.

(b) Each of Micron and NTC may disclose the JDP Inventions and related Confidential Information, as the case may be, to its patent attorneys and patent agents and any Governmental Entity as deemed by Micron or NTC necessary to conduct Patent Prosecution on the JDP Inventions owned by such Party.

(c) Micron may disclose any Confidential Information described in Section 6.1(b) to any Third Party who is not a manufacturer of [\*\*\*], *provided that* each such disclosure shall not grant or purport to grant, explicitly, by implication by estoppel or otherwise, to the Third Party any right, title or interest in, to or under any Patent Rights of NTC, or its Existing Entities, including Patent Rights of NTC in JDP Inventions and shall be subject to a written obligation of confidentiality that is no less restrictive than that applicable to the Parties under the Mutual Confidentiality Agreement.

(d) NTC may disclose any Confidential Information described in Section 6.1(b) to any Third Party who is not a manufacturer of [\*\*\*] *provided that* each such disclosure shall not grant or purport to grant, explicitly, by implication by estoppel or otherwise, to the Third Party any right, title or interest in, to or under any Patent Rights of Micron, its Existing Entities or Intel Corporation, including Patent Rights of Micron on JDP Inventions and shall be subject to a written obligation of confidentiality that is no less restrictive than that applicable to the Parties under the Mutual Confidentiality Agreement. [\*\*\*].

(e) [\*\*\*].

6.3 Conflicts. To the extent there is a conflict between this Agreement and the Mutual Confidentiality Agreement, the terms of this Agreement shall control.

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

**ARTICLE 7**  
**WARRANTIES; DISCLAIMERS**

7.1 No Implied Obligation. Nothing contained in this Agreement shall be construed as:

- (a) a warranty or representation that any manufacture, sale, lease, use or other disposition of any products based upon JDP Work Product or JDP Inventions will be free from infringement, misappropriation or other violation of any Patent Rights, IP Rights or other intellectual property rights of any Person;
- (b) an agreement to bring or prosecute proceedings against *Third Parties* for infringement or conferring any right to bring or prosecute proceedings against Third Parties for infringement; or
- (c) conferring any right to use in advertising, publicity, or otherwise, any trademark, trade name or names, or any contraction, abbreviation or simulation thereof, of either Party.

7.2 Third Party Software. Use of any JDP Inventions or JDP Work Product exchanged between the Parties under this Agreement may require use of Software owned by a Third Party and not subject to any license granted under any of the Joint Venture Documents. Nothing in this Agreement shall be construed as granting to any Party, any right, title or interest in, to or under any Software owned by any Third Party. Except as may be specified otherwise in any of the other Joint Venture Documents, any such Software so required is solely the responsibility of the each of the Parties. Moreover, should a Party who transfers technology under this Agreement discover after such transfer that it has provided Software to the other Party that it was not entitled to provide, such providing Party shall promptly notify the other Party and the recipient shall return such Software to the providing Party and not retain any copy thereof.

7.3 Disclaimer. [\*\*\*]

**ARTICLE 8**  
**INDEMNIFICATION; LIMITATION OF LIABILITY**

8.1 Indemnification.

(a) Micron shall indemnify and hold harmless NTC, its Affiliates and their respective directors, officers, employees, agents and other representatives (“**NTC Indemnitees**”) from and against any and all Losses suffered by the NTC Indemnitees relating to personal injury (including death) or property damage to the extent such injury or damage was caused by the gross negligence or willful misconduct of any employee of Micron or its Affiliate while at any facilities of NTC or its Affiliate and such gross negligence, willful misconduct or Losses were not caused by any NTC Indemnitee.

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(b) NTC shall indemnify and hold harmless Micron, its Affiliates and their respective directors, officers, employees, agents and other representatives (“ **Micron Indemnitees** ”) from and against any and all Losses suffered by the Micron Indemnitees relating to personal injury (including death) or property damage to the extent such injury or damage was caused by the gross negligence or willful misconduct of any employee of NTC or its Affiliate while at any facilities of Micron or its Affiliate and such gross negligence, willful misconduct or Losses were not caused by any Micron Indemnitee.

8.2 Indemnity Procedure.

(a) Any Person who or which is entitled to seek indemnification under Section 8.1 (an “ **Indemnified Party** ”) shall promptly notify the other Party (“ **Indemnifying Party** ”) of any such Losses for which it seeks indemnification hereunder. Failure of the Indemnified Party to give such notice shall not relieve the Indemnifying Party from Losses on account of this indemnification, except if and only to the extent that the Indemnifying Party is actually prejudiced thereby. Thereafter, the Indemnified Party shall deliver to the Indemnifying Party, promptly after the Indemnified Party’s receipt thereof, copies of all notices and documents (including court papers) received by the Indemnified Party relating to the Losses and underlying facts and circumstances. The Indemnifying Party shall have the right to assume the defense of the Indemnified Party with respect to any legal action relating to such Losses (“ **Indemnified Claim** ”) upon written notice to the Indemnified Party delivered within thirty (30) days after receipt of the particular notice from the Indemnified Party.

(b) So long as the Indemnifying Party has assumed the defense of the Indemnified Claim in accordance herewith and notified the Indemnified Party in writing thereof, (1) the Indemnified Party may retain separate co-counsel, at its sole cost and expense, and participate in the defense of the Indemnified Claim, it being understood that the Indemnifying Party shall pay all reasonable costs and expenses of counsel for the Indemnified Party after such time as the Indemnified Party has notified the Indemnifying Party of such Indemnified Claim and prior to such time as the Indemnifying Party has notified the Indemnified Party that it has assumed the defense of such Indemnified Claim, (2) the Indemnified Party shall not consent to the entry of any judgment or enter into any settlement with respect to a Indemnified Claim without the prior written consent of the Indemnifying Party (not to be unreasonably withheld, conditioned or delayed) and (3) the Indemnifying Party will not consent to the entry of any judgment or enter into any settlement with respect to the Indemnified Claim to be paid by an Indemnifying Party (other than a judgment or settlement that is solely for money damages and is accompanied by a release of all indemnifiable claims against the Indemnified Party) without the prior written consent of the Indemnified Party (not to be unreasonably withheld, conditioned or delayed).

(c) The Indemnified Party and Indemnifying Party shall cooperate in the defense of each Indemnified Claim (and the Indemnified Party and the Indemnifying Party agree with respect to all such Indemnified Claims that a common interest privilege agreement exists between them), including by (1) permitting the Indemnifying Party to discuss the Indemnified Claim with such officers, employees, consultants and representatives of the Indemnified Party as the Indemnifying Party reasonably requests, (2) providing to the Indemnifying Party copies of documents and samples of products as the Indemnifying Party reasonably requests in connection



with defending such Indemnified Claim, (3) preserving all properties, books, records, papers, documents, plans, drawings, electronic mail and databases relating to matters pertinent to the Indemnified Claim and under the Indemnified Party's custody or control in accordance with such Party's corporate documents retention policies, or longer to the extent reasonably requested by the Indemnified Party, (4) notifying the Indemnifying Party promptly of receipt by the Indemnified Party of any subpoena or other third party request for documents or interviews and testimony, and (5) providing to the Indemnifying Party copies of any documents produced by the Indemnified Party in response to, or compliance with, any subpoena or other third party request for documents. In connection with any claims, unless otherwise ordered by a court, the Indemnified Party shall not produce documents to a Third Party until the Indemnifying Party has been provided a reasonable opportunity to review, copy and assert privileges covering such documents, except to the extent (x) inconsistent with the Indemnified Party's obligations under Applicable Law and (y) where to do so would subject the Indemnified Party or its employees, agents or representatives to criminal or civil sanctions.

8.3 Limitation of Liability. [\*\*\*].

## **ARTICLE 9**

### **TERM AND TERMINATION**

9.1 Term. The term of this Agreement commences on the Effective Date and continues in effect until terminated in accordance with Section 9.2. (The period from the Effective Date until termination is the "**Term**").

9.2 Termination of this Agreement.

(a) Either Party may terminate this Agreement [\*\*\*].

(b) Either Party may terminate this Agreement by notice to the other Party if the other Party commits a material breach of this Agreement and such breach remains uncured[\*\*\*].

(c) Either Party may terminate this Agreement immediately upon notice to the other Party in the event of either (i) a Change of Control of the other Party; (ii) the other Party becomes bankrupt or insolvent, or files a petition in bankruptcy or makes a general assignment for the benefit of creditors or otherwise acknowledges in writing insolvency, or is adjudged bankrupt, and such Party (A) fails to assume this Agreement in any such bankruptcy proceeding within thirty (30) days after filing or (B) assumes and assigns this Agreement to a Third Party in violation of Section 10.3; (iii) the other Party goes into or is placed in a process of complete liquidation; (iv) a trustee or receiver is appointed for any substantial portion of the business of the other Party and such trustee or receiver is not discharged within sixty (60) days after appointment; (v) any case or proceeding shall have been commenced or other action taken against the other Party in bankruptcy or seeking liquidation, reorganization, dissolution, a winding-up arrangement, composition or readjustment of its debts or any other relief under any

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bankruptcy, insolvency, reorganization or similar act or law of any jurisdiction now or hereafter in effect and is not dismissed or converted into a voluntary proceeding governed by clause (ii) above within sixty (60) days after filing; or (vi) there shall have been issued a warrant of attachment, execution, distraint or similar process against any substantial part of the property of the other Party and such event shall have continued for a period of sixty (60) days and none of the following has occurred: (A) it is dismissed, (B) it is bonded in a manner reasonably satisfactory to the other of Micron or NTC, or (C) it is discharged.

(d) The [\*\*\*] may terminate this Agreement in accordance with Section III.D.5 of Schedule 2.

9.3 SOWs.

(a) The term of any SOW (together with the portions of this Agreement applicable to such SOW(s)) commences upon the effective date set forth in the SOW and continues in effect until the first to occur of: (i) completion of the work to be performed thereunder, as determined in accordance with the applicable SOW and (ii) the JDP Committee agrees to terminate the work under a SOW or the SOW.

(b) Micron or NTC may terminate any SOW by notice to the other Party if such other Party commits a material breach of this Agreement with respect to such SOW and such breach remains uncured for more than thirty (30) days after notice of the breach.

(c) Termination of any or all SOW(s) does not automatically terminate this Agreement. Termination of this Agreement automatically terminates all SOW(s), unless otherwise mutually agreed by Micron and NTC.

9.4 Effects of Termination.

(a) Termination of this Agreement shall not affect any of the Parties' respective rights accrued or obligations owed before termination. In addition, the following shall survive termination of this Agreement for any reason: Articles 1, 4, 6, 7, 8 and 10 and Sections 5.1, 5.2(b) and 5.2(c), 5.3 through 5.6, 5.8 and 9.4.

(b) Upon termination of any SOW for any reason, each Party's delivery obligation with respect to any JDP Work Product produced thereunder before such termination shall survive such termination. Moreover, termination of a SOW shall not affect payment obligations accrued prior to the date of such termination in connection with such SOW.

(c) The JDP Committee and the Patent Review Committee shall continue to exist and operate in accordance with Schedule 2 after termination as long as necessary to continue to carryout the provisions of this Agreement that survive termination in accordance therewith.

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

(d) Upon termination of this Agreement by a [\*\*\*], each of the Parties shall have those post-termination obligations specified in Section III.D.5 of Schedule 2 for the Post Termination Funding Period, if applicable.

**ARTICLE 10**  
**MISCELLANEOUS**

10.1 Notices. All notices and other communications hereunder shall be in writing and shall be deemed given upon (a) transmitter's confirmation of a receipt of a facsimile transmission, (b) confirmed delivery by a standard overnight carrier or when delivered by hand, or (c) delivery in person, addressed at the following addresses (or at such other address for a party as shall be specified by like notice):

If to NTC :            Nanya Technology Corporation  
                              Hwa-Ya Technology Park 669  
                              Fuhsing 3 RD. Kueishan  
                              Taoyuan, Taiwan, ROC  
                              Attention: Legal Department  
                              Fax: 886.3.396.2226

If to Micron :        Micron Technology, Inc.  
                              8000 S. Federal Way  
                              Mail Stop 1-507  
                              Boise, ID 83716  
                              Attention: General Counsel  
                              Fax: 208.368.4537

10.2 Waiver. The failure at any time of a Party to require performance by the other Party of any responsibility or obligation required by this Agreement shall in no way affect a Party's right to require such performance at any time thereafter, nor shall the waiver by a Party of a breach of any provision of this Agreement by the other Party constitute a waiver of any other breach of the same or any other provision nor constitute a waiver of the responsibility or obligation itself.

10.3 Assignment. [\*\*\*]

10.4 Third Party Rights. Nothing in this Agreement, whether express or implied, is intended or shall be construed to confer, directly or indirectly, upon or give to any Person, other than the Parties hereto, any legal or equitable right, remedy or claim under or in respect of this Agreement or any covenant, condition or other provision contained herein.

10.5 Force Majeure. The Parties shall be excused from any failure to perform any obligation hereunder to the extent such failure is caused by a Force Majeure Event.

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10.6 Choice of Law. Except as provided in Sections 5.2 (b) and (c), this Agreement shall be construed and enforced in accordance with and governed by the laws of the State of Delaware, USA, without giving effect to the principles of conflict of laws thereof.

10.7 Jurisdiction; Venue. Any suit, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement shall be brought in a state or federal court of competent jurisdiction located in the State of California, USA, and each of the Parties to this Agreement hereby consents and submits to the exclusive jurisdiction of such courts (and of the appropriate appellate courts therefrom) in any such suit, action or proceeding and irrevocably waives, to the fullest extent permitted by Applicable Law, any objection which it may now or hereafter have to the laying of the venue of any such suit, action or proceeding in any such court or that any such suit, action or proceeding which is brought in any such court has been brought in an inconvenient forum.

10.8 Headings. The headings of the Articles and Sections in this Agreement are provided for convenience of reference only and shall not be deemed to constitute a part hereof.

10.9 Export Control. Each Party agrees that it will not knowingly: (a) export or re-export, directly or indirectly, any technical data (as defined by the U.S. Export Administration Regulations) provided by the other Party or (b) disclose such technical data for use in, or export or re-export directly or indirectly, any direct product of such technical data, including Software, to any destination to which such export or re-export is restricted or prohibited by United States or non-United States law, without obtaining prior authorization from the U.S. Department of Commerce and other competent Government Entities to the extent required by Applicable Laws.

10.10 Entire Agreement. This Agreement, together with its Schedules and SOWs and the agreements and instruments expressly provided for herein, including the applicable terms of the other Joint Venture Documents, constitute the entire agreement of the Parties hereto with respect to the subject matter hereof and supersede all prior agreements and understandings, oral and written, between the Parties hereto with respect to the subject matter hereof. [\*\*\*]

10.11 Severability. Should any provision of this Agreement be deemed in contradiction with the laws of any jurisdiction in which it is to be performed or unenforceable for any reason, such provision shall be deemed null and void, but this Agreement shall remain in full force in all other respects. Should any provision of this Agreement be or become ineffective because of changes in Applicable Laws or interpretations thereof, or should this Agreement fail to include a provision that is required as a matter of law, the validity of the other provisions of this Agreement shall not be affected thereby. If such circumstances arise, the Parties hereto shall negotiate in good faith appropriate modifications to this Agreement to reflect those changes that are required by Applicable Law.

10.12 Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

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

*[Signature pages follow.]*



**MICRON TECHNOLOGY, INC.**

By:           /s/ D. Mark Durcan            
Name: D. Mark Durcan  
Title: President and Chief Operating Officer

**THIS IS A SIGNATURE PAGE FOR THE JOINT DEVELOPMENT PROGRAM AND COST SHARING AGREEMENT  
ENTERED INTO BY AND BETWEEN NTC AND MICRON**

**Schedule 1**

**SOWs as of Effective Date**

\*\*\*[Redaction continues for two pages.]

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**Schedule 2**

**JDP Committee and Patent Review Committee Charter**

[\*\*\*][Redaction continues for seven pages.]

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**Schedule 3**

**Potential Deliverables for Each Stack DRAM Design Developed under a Design SOW**

[\*\*\*][Redaction continues for five pages.]

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**Schedule 4**

**Payment of SOW Cost and Reporting**

[\*\*\*][Redaction continues for six pages.]

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**Schedule 5**

[\*\*\*]

[\*\*\*]

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**Schedule 6**

**Existing Entities as of the Effective Date**

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**Schedule 7**

**JDP Potential Scope of Product Engineering**

\*\*\*[Redaction continues for three pages.]

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**Schedule 8**  
**Qualification**

\*\*\*

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**Schedule 9**  
**Process SOW Documentation and Deliverables**

[\*\*\*][Redaction continues for four pages.]

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**Schedule 10**  
**Example Staged Process Flow for Technology Transfer**

[\*\*\*][Redaction continue for two pages.]

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**Schedule 11**  
**Exit from Design SOWs**

[\*\*\*][Redaction continues for three pages.]

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**EQUITY TRANSFER AGREEMENT**

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**DATED JULY 29, 2010**

**between**

**HYNIX SEMICONDUCTOR INC.**

**and**

**NUMONYX B.V.**

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## EQUITY TRANSFER AGREEMENT

THIS EQUITY TRANSFER AGREEMENT (the “**Agreement**”) is entered into on July 29, 2010

BY and BETWEEN:

1. Hynix Semiconductor Inc., a company duly incorporated under the laws of the Republic of Korea, having its principal place of business at San 136-1, Amiri, Bubal-eup, Icheon-si, Kyunggi-do, 467-701, Republic of Korea (“**Hynix**”); and
2. Numonyx B.V., a private company with limited liability organized under the laws of The Netherlands, with its corporate seat in Amsterdam (“**Numonyx**”).

Hynix and Numonyx are referred to collectively as the “**Parties**” and individually as a “**Party**”.

### **PREAMBLE**

- (A) Hynix and STMicroelectronics N.V., a company incorporated under the laws of the Netherlands (“**ST**”), entered into a joint venture agreement dated November 16, 2004, as amended from time to time (the “**JV Agreement**”) for the incorporation and establishment of Hynix-ST Semiconductor Ltd., a joint venture company under the laws of the People’s Republic of China (the “**PRC**”), having its registered address at Land Lot K7, Wuxi Export Processing Zone, Jiangsu Province, PRC (the “**JV**”). The JV was issued its original approval certificate of foreign investment enterprise by the Ministry of Commerce of the PRC on April 19, 2005 and, subsequently, the original business license “Qi Du Su Xi Zong Zi No. 007520” (the “**Business License**”) was granted by the Wuxi Administration of Industry and Commerce (the “**Registration Authority**”) on April 26, 2005.
- (B) The registered capital of the JV was initially seven hundred fifty million US Dollars (US\$750,000,000) and was registered to be increased to one billion five hundred million dollars (US\$1,500,000,000) on October 10, 2007.
- (C) Pursuant to the equity transfer agreement dated January 14, 2008 between ST and Numonyx, Numonyx acquired from ST, and ST transferred to Numonyx, ST’s rights, title and interests to and in all of its equity interests in the JV. To reflect the equity transfer, the JV was subsequently renamed “Hynix Numonyx Semiconductor Ltd.” As such, a revised approval certificate was issued by the Ministry of Commerce of the PRC on February 15, 2008 and a revised Business License (No. 320200400012736) was granted by the Registration Authority on March 28, 2008.
- (D) Pursuant to the equity transfer agreement dated September 24, 2008 between Hynix and Numonyx, in partial exercise of its option to purchase from Hynix part of Hynix’s equity interest in the JV under the JV Agreement, Numonyx acquired from Hynix and Hynix transferred to Numonyx part of Hynix’s equity interest in the JV for a price of one hundred million US Dollars (US\$100,000,000).
- (E) Pursuant to the amended and restated JV Agreement dated as of December 1, 2008 among

Hynix, Numonyx and a new investor, Hynix Semiconductor (Wuxi) Limited, a company duly incorporated under the laws of the PRC (“**Hynix Wuxi**”), the parties thereto agreed to increase the registered capital of the JV by an amount of four hundred fifty million US Dollars (US\$450,000,000), of which (i) Hynix was entitled to subscribe an amount of two hundred sixty million US Dollars (US\$260,000,000) and (ii) Hynix Wuxi was entitled to subscribe an amount of one hundred ninety million US Dollars (US\$190,000,000), all of which Hynix Wuxi has invested in the JV. Of Hynix’s two hundred sixty million US Dollars (US\$260,000,000) subscription, Hynix invested eighty million US Dollars (US\$80,000,000) on June 21, 2010 and is scheduled to invest the following amounts on the following dates: forty million US Dollars (US\$40,000,000) on July 21, 2010, forty million US dollars (US\$40,000,000) in August 2010 and one hundred million US dollars (US\$100,000,000) in September 2010. Upon the completion of this capital increase, the registered capital of the JV shall amount to one billion nine hundred fifty million US Dollars (US\$1,950,000,000), among which, Numonyx shall hold three hundred fifty million US Dollars (US\$350,000,000). After the Call Closing, Hynix shall hold ninety point two-six percent (90.26%) of the registered capital of the JV, while Hynix Wuxi shall hold nine point seven-four percent (9.74%) of the registered capital of the JV.

- (F) Pursuant to the JV Agreement, Hynix has the option (the “**Call Option**”) to purchase all of the equity interests in the JV held by Numonyx if more than fifty percent (50%) of the outstanding voting securities of Numonyx is acquired, directly or indirectly, by any “competitor” of Hynix, as defined in the JV Agreement.
- (G) Numonyx has notified Hynix of its being acquired by Micron Technology, Inc. (“**Micron**”), a competitor of Hynix as defined in the JV Agreement, and Hynix has determined to exercise the Call Option to acquire all Equity Interests from Numonyx, as evidenced by the notice delivered by Hynix to Numonyx on May 28, 2010.
- (H) Subject to the terms and conditions of this Agreement and the JV Agreement, Numonyx shall transfer and Hynix will receive and purchase the Equity Interests.

**IT IS AGREED** as follows:

**1. DEFINITIONS**

**1.1 Definitions**

For purposes of this Agreement, the following terms shall have the meanings set forth below:

“**Affiliate**” shall mean with respect to any Person, any other Person Controlling, Controlled by or under common Control with such Person.

“**Agreement**” shall mean this Equity Transfer Agreement entered into between Hynix Semiconductor Inc. and Numonyx B.V.

“**Amended Articles**” means amended and restated articles of association of the JV executed by Hynix and Hynix Wuxi.

“**Amended JV Agreement**” means an amended and restated joint venture agreement of the JV executed by Hynix and Hynix Wuxi.

“ **Approval Authority** ” means the Jiangsu Commission of Commerce and its local counterpart.

“ **Approval Certificate** ” means the certificate to be issued by the Approval Authority approving and reflecting the Equity Transfer consistent with the terms and conditions set forth in this Agreement.

“ **Business Day** ” shall mean a day (other than Saturday and Sunday) on which banks are permitted to be open and transact business in the PRC, the Republic of Korea and Switzerland.

“ **Business License** ” shall have the meaning set forth in Preamble (A).

“ **Call Closing** ” shall have the meaning set forth in Section 4.2(a).

“ **Call Closing Balance Sheet** ” shall have the meaning set forth in Section 4.3(a).

“ **Call Closing Date** ” shall have the meaning set forth in Section 4.2(a).

“ **Call Option** ” shall have the meaning set forth in Preamble (F).

“ **Closing Date Equity Percentage** ” means the percentage obtained by dividing (i) three hundred and fifty million US Dollars (US\$350,000,000) by (ii) the paid-up capital of the JV as of the Call Closing Date as it may be increased by additional Hynix subscriptions (which are described in Preamble (E)), rounded to the nearest hundredth. As of the Execution Date, the paid-up capital of the JV is one billion eight hundred and ten million US Dollars (US\$1,810,000,000).

“ **Control** ” (including its correlative meanings, “Controlled by”, “Controlling” and “under common Control with”) shall mean possession, directly or indirectly, of the power to direct or cause the direction of management or policies (whether through ownership of securities or partnership or other ownership interests, by contract or otherwise) of a Person.

“ **Effective Date** ” shall mean the date on which the Approval Authority approves the Equity Transfer on the basis of the Submission Documents and issues the Approval Certificate.

“ **Equity Interests** ” shall mean all of the equity interests held by Numonyx in the JV corresponding to its existing capital contribution of three hundred and fifty million US Dollars (US\$350,000,000).

“ **Equity Transfer** ” shall have the meaning set forth in Article 2.

“ **Execution Date** ” shall mean the date when this Agreement is duly signed by the Parties.

“ **Governmental Entity** ” shall mean any national, regional, municipal, county or other governmental, quasi-governmental, administrative or regulatory authority, body, agency, court, tribunal, commission or other similar entity.

“ **Hynix Wuxi** ” shall have the meaning set forth in Preamble (E).

“ **Independent Accounting Firm** ” shall mean RSM China (Beijing Office).

“ **JV Agreement** ” shall have the meaning set forth in Preamble (A).

“ **JV Pre-Closing Information** ” shall mean the books, records, documents, files and correspondence in the possession or under the control of a Party (including, in the case of Hynix, the JV) to the extent relating to the business and affairs, operations, financial condition and results of operations of the JV, in each case on or prior to the Call Closing Date.

“ **Law** ” shall mean any law, treaty, statute, ordinance, rule, principle of common law or equity, code or regulation of a Governmental Entity or judgment, decree, order, writ, award, injunction or determination of an arbitrator or court or other Governmental Entity.

“ **Lien** ” shall mean any pledge, assignment, security interest, option or other agreement or arrangement having a similar effect.

“ **Net Assets** ” shall mean, as of the date of determination thereof, the positive difference, if any, between the book value of the JV’s total assets and the book value of the JV’s total liabilities as of such date.

“ **Person** ” shall mean any individual, corporation (including any non-profit corporation), association, general or limited partnership, organization, business, limited liability company, firm, Governmental Entity, joint venture, estate, trust, unincorporated organization or any other entity, association or organization.

“ **Post-Closing Adjustment Amount** ” shall have the meaning set forth in Section 4.3(d).

“ **Post-Closing Balance Sheet** ” shall have the meaning set forth in Section 4.3(d).

“ **PRC** ” shall have the meaning set forth in Preamble (A).

“ **PRC GAAP** ” shall mean generally accepted accounting principles in the PRC.

“ **Pre-Closing Balance Sheet** ” shall have the meaning set forth in Section 3.1(d).

“ **Purchase Price** ” shall have the meaning set forth in Section 3.1(a).

“ **Registration Authority** ” shall have the meaning set forth in Preamble (A).

“ **Registration Date** ” shall have the meaning set forth in Section 4.2(d).

“ **Submission** ” means the submission of the Submission Documents and any other required documents to the Approval Authority for the approval of the Equity Transfer and the Submission Documents.

“**Submission Condition**” means any condition in Section 4.1.

“**Submission Documents**” means this Agreement, the Amended JV Agreement and the



Amended Articles.

“ **Tax** ” shall mean any national, regional, local or foreign income, gross receipts, license, severance, occupation, capital gains, premium, environmental, customs, duties, profits, disability, registration, alternative or add-on minimum, estimated, withholding, payroll, employment, unemployment insurance, social security (or similar), excise, production, sales, use, value-added, occupancy, franchise, real property, personal property, business and occupation, mercantile, windfall profits, capital stock, stamp, transfer, workmen’s compensation or other tax, fee or imposition of any kind whatsoever of any Governmental Entity, including any interest, penalties, additions, assessments or deferred liability with respect thereto, and any interest in respect of such penalties, additions, assessments or deferred liability, whether disputed or not.

## 1.2 **Other Definitional Provisions**

- (a) The words “hereof”, “herein”, “hereby” and “hereunder” and words of similar import, when used in this Agreement, shall refer to this Agreement as a whole and not to any particular provision of this Agreement.
- (b) The terms defined in the singular shall have a comparable meaning when used in the plural, and vice versa.
- (c) The terms “US\$”, “dollars” and “\$” shall mean and refer to the lawful currency of the United States of America.
- (d) Unless the context otherwise requires, whenever reference is made in this Agreement to any Article or Section, such reference shall be deemed to apply to the specified Article or Section of this Agreement.
- (e) Words importing gender include both genders.
- (f) Each accounting term not otherwise defined in this Agreement has the meaning commonly applied to it in accordance with PRC GAAP.
- (g) The term “including” means “including without limitation”.

## 2. **TRANSFER OF THE EQUITY INTEREST**

At the Call Closing and subject to the terms and conditions provided herein, Numonyx shall sell, transfer and deliver to Hynix, and Hynix shall receive and purchase from Numonyx, all right, title and interest of Numonyx in and to the Equity Interests (the “ **Equity Transfer** ”), free and clear of any Liens.

## 3. **PURCHASE PRICE**

### 3.1 **Purchase Price**

- (a) As consideration for the Equity Transfer pursuant to the exercise by Hynix of its Call Option under the JV Agreement, the purchase price to be paid by Hynix for the Equity Interests (the “ **Purchase Price** ”) shall be an amount in cash (U.S. dollars) equal to the product of (x) the JV’s Net Assets as of the Call Closing Date times (y) the Closing Date Equity Percentage.

- (b) Except for any stamp duty imposed on Hynix or any other Taxes which are levied on Hynix or the JV in the PRC or elsewhere in connection with the Equity Transfer (which Taxes shall be the JV's or Hynix's responsibility), Numonyx shall be responsible for the payment of any Taxes imposed in connection with the Equity Transfer.
- (c) From the Execution Date until the date the JV delivers the Pre-Closing Balance Sheet to Hynix and Numonyx pursuant to Section 3.1(d) below, the Parties shall cause the JV to (i) prepare and deliver to each of the Parties, within ten Business Days after the end of each calendar month, a monthly balance sheet prepared in a manner consistent with the JV's past accounting practices and on the same basis on which the Pre-Closing Balance Sheet will be prepared (each such balance sheet, a "**Monthly Balance Sheet**"); and (ii) make members of its management team available, upon reasonable notice and during normal business hours, to respond to questions with respect to the Monthly Balance Sheets, including with respect to the methodology, procedures, audits and analyses undertaken in connection therewith for purposes of verification of the Monthly Balance Sheets. For the avoidance of doubt, these rights are intended to be in addition to, and not in lieu of, the information and verification rights of the Parties under the JV Agreement.
- (d) Two (2) days prior to the anticipated Call Closing Date, the JV shall prepare in good faith and deliver to Hynix (with a copy to Numonyx) a preliminary estimate of the balance sheet as well as a calculation of Net Assets as of the Call Closing Date (together, the "**Pre-Closing Balance Sheet**"), prepared (i) in a manner consistent with the JV's past accounting practices and (ii) in compliance with the provisions of Section 6.8 of the JV Agreement; provided, that in the event of a conflict between (i) and (ii), (ii) shall control. No later than ten (10) Business Days prior to the anticipated Call Closing Date, the JV shall deliver to Hynix and Numonyx a draft Pre-Closing Balance Sheet prepared (i) in a manner consistent with the JV's past accounting practices and (ii) in compliance with the provisions of Section 6.8 of the JV Agreement (provided that in the event of a conflict between (i) and (ii), (ii) shall control), and Hynix shall cause the JV to consider in good faith any written comments provided by Numonyx to Hynix and the JV within such ten (10) Business Day period.

### 3.2 Escrow Arrangements and Payment of Purchase Price

- (a) Concurrently with the execution hereof, Hynix shall deposit an amount equal to \$422,891,544.08 (the "**Initial Estimated Purchase Price**") in an escrow account (the "**Escrow Account**") with DBS Bank Ltd. in Singapore (the "**Escrow Agent**"), which shall be subject to the terms of that certain escrow agreement by and among Hynix, Numonyx and DBS Trustee Limited, dated July \_\_, 2010 (the "**Escrow Agreement**"). If the product of (x) the Net Assets amount shown on the Pre-Closing Balance Sheet multiplied by (y) the Closing Date Equity Percentage (such amount, the "**Closing Date Purchase Price**") is greater than the Initial Estimated Purchase Price, then Hynix shall deposit an additional amount of cash equal to such difference into the Escrow Account. If the Closing Date Purchase Price is less than the Initial Estimated Purchase Price, then Hynix and Numonyx shall jointly instruct the Escrow Agent to distribute to Hynix from the Escrow Account an amount of cash equal to such difference.

- (b) On the Call Closing Date, in accordance with the terms of the Escrow Agreement, each of Numonyx and Hynix shall be entitled to unilaterally instruct the Escrow Agent to release to the account or accounts designated by Numonyx all funds standing to the credit of the Escrow Account as of such date (less any interest earned on such funds, which shall be remitted to Hynix in accordance with the terms of the Escrow Agreement). Upon receipt by Hynix and Numonyx of written acknowledgement from the Escrow Agent of receipt of such unilateral notice to release funds to Numonyx, Hynix shall be deemed to have paid the Closing Date Purchase Price in full (subject to further adjustment pursuant to Section 4.3 below). Hynix and Numonyx agree that all of Numonyx's right, title and interest in and to the Equity Interests shall be transferred to and succeeded by Hynix, and Hynix shall be the owner of the Equity Interests upon the Call Closing.

#### 4. CALL CLOSING AND CONDITIONS PRECEDENT

##### 4.1 Submission Conditions

The Submission Documents shall only be filed with the Approval Authority for approval if each of the following Submission Conditions has been satisfied or waived jointly by the Parties hereto (or, in the case of Section 4.1(b) or Section 4.1(d), waived by Hynix, and, in the case of Section 4.1(c), waived by Numonyx):

- (a) The Board of Directors of the JV shall have approved the Equity Transfer;
- (b) Each of the representations and warranties made by Numonyx as of the date hereof shall be true and correct in all material respects as of the date of the Submission as if made on such date, and Numonyx shall not have breached any covenant hereunder in any material respect;
- (c) Each of the representations and warranties made by Hynix as of the date hereof shall be true and correct in all material respects as of the date of the Submission as if made on such date, and Hynix shall not have breached any covenant hereunder in any material respect; and
- (d) Numonyx shall have (a) taken such actions as are required by applicable Law and by the JV Agreement to remove each director and supervisor of the JV appointed by Numonyx from his or her position effective as of the issuance of the Approval Certificate, and (b) used its commercially reasonable efforts to obtain the resignation of each officer of the JV nominated by Numonyx, effective as of the issuance of the Approval Certificate.

##### 4.2 Call Closing and Registration

- (a) Upon the terms and subject to the conditions of this Agreement, the Equity Transfer shall take place at a closing (the “**Call Closing**”) on the fifth Business Day following the date on which the Approval Authority issues the Approval Certificate, at 10:00 a.m., local time at the offices of the Escrow Agent in Singapore; provided, that in the event that Hynix has not delivered to Numonyx a correct and complete copy of the Approval Certificate pursuant to Section 4.2 (b) below, the date of the Call Closing shall be extended until such time as Numonyx has received such copy of the Approval Certificate from Hynix. Such date, including as it may be extended pursuant to the proviso of the immediately preceding sentence, the (“**Call Closing Date**”).

- (b) On the Call Closing Date, Numonyx shall deliver to Hynix such documentation as Hynix may reasonably request to evidence delivery to Hynix of the Equity Interests, and (unless previously delivered by Hynix to Numonyx) Hynix shall deliver to Numonyx a correct and complete copy of the Approval Certificate.
- (c) Hynix agrees that it shall not be entitled to, and shall not permit the JV to, submit any documentation to the Registration Authority in respect of the Equity Transfer unless and until the Call Closing shall have occurred. Subject to the preceding sentence, within thirty (30) days of the Effective Date, Hynix shall use its commercially reasonable efforts to procure that the JV submits to the Registration Authority all necessary documents to enable the Equity Transfer to be duly registered pursuant to the applicable PRC regulations; provided, that if this Agreement is terminated in accordance with its terms, Hynix shall not, and Hynix shall take all necessary actions to ensure that the JV does not, submit any documentation to the Registration Authority in respect of the Equity Transfer. Without limiting the foregoing, each Party agrees to use its commercially reasonable efforts to procure the registration of the Equity Transfer following the Call Closing, including by responding to any comments or requests for information issued by the Registration Authority in respect of the registration of the Equity Transfer.
- (d) The day when the Registration Authority duly registers the Equity Transfer and issues the revised Business License reflecting the Equity Transfer is the “**Registration Date**”.

#### 4.3 Adjustment of Purchase Price

The Closing Date Purchase Price shall be subject to the adjustment determined as follows:

- (a) Within sixty (60) days after the Call Closing Date, Hynix shall prepare in good faith and deliver to Numonyx an audited balance sheet and its own calculation of Net Assets (together, the “**Call Closing Balance Sheet**”), prepared in a manner (i) consistent with the JV’s past accounting practices (through the Call Closing Date), including the JV’s accounting practices used to prepare the Pre-Closing Balance Sheet, and (ii) in compliance with the provisions of Section 6.8 of the JV Agreement; provided, that in the event of a conflict between (i) and (ii), (ii) shall control.
- (b) Numonyx may dispute any amounts reflected on the Call Closing Balance Sheet, but only on the basis that the Call Closing Balance Sheet (i) was not prepared or determined (x) in a manner consistent with the JV’s past accounting practices (through the Call Closing Date), including the JV’s past accounting practices used to prepare the Pre-Closing Balance Sheet, or (y) in compliance with the provisions of Section 6.8 of the JV Agreement, or (ii) contains arithmetic computational errors; provided, however, that Numonyx shall notify Hynix in writing of each disputed amount, and specify the amount thereof in dispute and the reasons therefore, within thirty (30) days of the receipt of the Call Closing Balance Sheet by Numonyx. During such 30-day period, Hynix shall give Numonyx and the accountants and authorized representatives of Numonyx reasonable access at all reasonable times to the personnel, accountants and books, records, documents, working papers (subject to execution of a customary accountant’s access letter) of Hynix and the JV, and other information related to the preparation of the Call Closing Balance Sheet, including any description of the methodology, procedures, audits and analyses undertaken in connection therewith for purposes of preparing, reviewing and resolving any disputes with respect thereto.

- (c) In the event of a dispute with respect to the Call Closing Balance Sheet, the Parties shall attempt to reconcile their differences and any resolution by them as to any disputed amounts shall be final, binding and conclusive on the Parties. If the Parties are unable to reach a resolution to such effect of all disputed amounts within thirty (30) days of receipt of the written notice of dispute sent by Numonyx to Hynix, the Parties shall submit the amount remaining in dispute for resolution to the Independent Accounting Firm, which shall, within thirty (30) days after such submission, determine and report to the Parties upon such remaining disputed amounts, and such report shall be final, binding and conclusive on the Parties with respect to the amounts disputed. The Independent Accounting Firm shall limit the scope of its review to that portion of the disputed amounts from the notice of dispute sent by Numonyx that the Parties have failed to resolve. The fees and disbursements of the Independent Accounting Firm shall be born equally by the Parties.
- (d) Once the Call Closing Balance Sheet has been finally determined (the “ **Post-Closing Balance Sheet** ”), the Closing Date Purchase Price shall be adjusted by the difference between Net Assets as of the Call Closing Date as determined from the Pre-Closing Balance Sheet and Net Assets as of the Call Closing Date as determined from the Post-Closing Balance Sheet (the “ **Post-Closing Adjustment Amount** ”). If the Post-Closing Adjustment Amount is negative ( *i.e.* , the amount of Net Assets determined from the Pre-Closing Balance Sheet is more than the amount of Net Assets determined from the Post-Closing Balance Sheet), then Numonyx shall pay Hynix the Post-Closing Adjustment Amount in cash by wire transfer within ten (10) Business Days after the Post-Closing Adjustment Amount has been finally determined, without interest. If the Post-Closing Adjustment Amount is positive ( *i.e.* , the amount of Net Assets determined from the Pre-Closing Balance Sheet is less than the amount of Net Assets determined from the Post-Closing Balance Sheet), then Hynix shall pay Numonyx the Post-Closing Adjustment Amount in cash by wire transfer within ten (10) Business Days after the Post-Closing Adjustment Amount has been finally determined, without interest.

## 5. REPRESENTATIONS AND WARRANTIES OF HYNIX

Hynix hereby represents and warrants to Numonyx as follows:

### 5.1 Organization

Hynix is duly organized and validly existing under the laws of the Republic of Korea. Hynix has the requisite corporate power and authority to execute and deliver this Agreement and the Escrow Agreement and to consummate the transactions contemplated hereby and thereby.

## **5.2 Corporate Authority**

- (a) This Agreement and the Escrow Agreement and the consummation of the transactions contemplated hereby and thereby have been duly authorized by Hynix by all requisite corporate action prior to the Submission and no other corporate or similar proceedings on the part of Hynix or its stockholders are necessary for Hynix to authorize the execution or delivery of this Agreement or the Escrow Agreement or to perform any of their obligations hereunder or thereunder. This Agreement and the Escrow Agreement have been duly executed and delivered by Hynix, and each of this Agreement and the Escrow Agreement constitute a valid and legally binding obligation of Hynix, enforceable against it, as the case may be, in accordance with its terms, except as enforceability may be affected by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar Laws relating to or affecting creditors' rights generally, and general equitable principles (whether considered in a proceeding in equity or at law).
- (b) The execution and delivery of this Agreement and the Escrow Agreement by Hynix, the performance by Hynix of its obligations hereunder and thereunder and the consummation by Hynix of the transactions contemplated hereby and thereby do not and will not (A) violate or conflict with any provision of the respective certificate of incorporation or by laws of Hynix, (B) result in any material violation or material breach of, or constitute any material default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, cancellation or acceleration of any material obligation or a loss of a material benefit under, or result in the creation of any Lien under any material contract, indenture, mortgage, lease, note or other agreement or instrument to which Hynix is subject or is a party or to which any assets of Hynix are subject, or (C) materially violate, conflict with or result in any breach under any provision of any material Law applicable to Hynix or any of its properties or assets.

## **5.3 No Litigation**

Hynix is not aware of any pending or threatened claim, action, suit, arbitration, investigation or any other legal proceedings against it, nor it is subject to any governmental order, provisions, determination, decree, judgment, injunction or order which could affect the legality, validity or enforceability of this Agreement, the Escrow Agreement or the consummation of the transactions contemplated hereby or thereby.

## **5.4 No Other Representations and Warranties**

Except for the representations and warranties contained in this Article 5, Numonyx acknowledges and agrees that neither Hynix nor any other Person makes any other express, implied or statutory representation or warranty with respect to Hynix.

## **6. REPRESENTATIONS AND WARRANTIES OF NUMONYX**

Numonyx hereby represents and warrants to Hynix as follows:

### **6.1 Organization**

Numonyx is duly organized and validly existing under the laws of The Netherlands. Numonyx has the requisite corporate power and authority to execute and deliver this Agreement and the Escrow Agreement and to consummate the transactions contemplated hereby and thereby.

## **6.2 Corporate Authority**

- (a) This Agreement and the Escrow Agreement and the consummation of the transactions contemplated hereby and thereby have been duly authorized by Numonyx by all requisite corporate action prior to the Submission and no other corporate or similar proceedings on the part of Numonyx or its stockholders are necessary for Numonyx to authorize the execution or delivery of this Agreement or the Escrow Agreement or to perform any of their obligations hereunder or thereunder. This Agreement and the Escrow Agreement have been duly executed and delivered by Numonyx, and each of this Agreement and the Escrow Agreement constitute a valid and legally binding obligation of Numonyx, enforceable against it, as the case may be, in accordance with its terms, except as enforceability may be affected by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar Laws relating to or affecting creditors' rights generally, and general equitable principles (whether considered in a proceeding in equity or at law).
- (b) The execution and delivery of this Agreement and the Escrow Agreement by Numonyx, the performance by Numonyx of its obligations hereunder and thereunder and the consummation by Numonyx of the transactions contemplated hereby and thereby do not and will not (A) violate or conflict with any provision of the respective certificate of incorporation or by laws of Numonyx, (B) result in any material violation or material breach of, or constitute any material default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, cancellation or acceleration of any material obligation or a loss of a material benefit under, or result in the creation of any Lien under any material contract, indenture, mortgage, lease, note or other agreement or instrument to which Numonyx is subject or is a party or to which any assets of Numonyx are subject, or (C) materially violate, conflict with or result in any breach under any provision of any material Law applicable to Numonyx or any of its properties or assets.

## **6.3 No Litigation**

Numonyx is not aware of any pending or threatened claim, action, suit, arbitration, investigation or any other legal proceedings against it, nor it is subject to any governmental order, provisions, determination, decree, judgment, injunction or order which could affect the legality, validity or enforceability of this Agreement, the Escrow Agreement or the consummation of the transactions contemplated hereby or thereby.

## **6.4 No Encumbrance**

Numonyx is the sole legal and registered owner of the Equity Interests, and the Equity Interests are free and clear of any Liens.

## **6.5 No Other Representations and Warranties**

Except for the representations and warranties contained in this Article 6, Hynix acknowledges and agrees that neither Numonyx nor any other Person makes any other express, implied or statutory representation or warranty with respect to Numonyx or the JV.

## **7. COVENANTS OF THE PARTIES**

### **7.1 Execution and Delivery of Documents**

Subject to Section 4.1, on or as soon as possible after the date hereof, each Party shall deliver to the other Party, or procure to deliver to the other Party, to the extent doing so is reasonably within such Party's control, all necessary copies of all duly executed documents, including the Submission Documents, in the mutually agreed language and in a form corresponding to the formal requirements of PRC law so as to enable the Parties or the JV, as the case may be, to carry out all formalities and take all necessary actions to consummate the transactions contemplated hereunder, including the approval and the registration of the Equity Transfer.

### **7.2 [RESERVED]**

### **7.3 Commercially Reasonable Efforts and Other Covenants**

- (a) Between the date hereof and the Call Closing Date, each Party shall use its commercially reasonable efforts to cause the JV to conduct its operations in the ordinary course of business in a manner consistent with past practices, in compliance in all material respects with all applicable Laws and all material agreements to which the JV is subject, and in compliance in all material respects with the Strategic Direction Plan last approved by the JV's Board of Directors prior to the Execution Date; provided, however, that this Section 7.3 shall not require either Party to take any action that such Party is prohibited from taking pursuant to the terms of any agreement with a non-affiliated third party to which it is a Party as of the date hereof. Notwithstanding the immediately preceding proviso, from the date hereof until the Call Closing Date, neither Party shall take any action that would result in a change to the accounting practices or policies of the JV, except to the extent expressly required by PRC GAAP. Hynix agrees that it shall not willfully and in bad faith cause the JV to take any action, or refrain from taking any action, with the primary purpose of impairing Net Asset Value.
- (b) Hynix agrees that, from the issuance of the Approval Certificate until the Call Closing Date, it shall not, without the prior written consent of Numonyx, permit the JV to take any action that would have required the unanimous approval of the Board of Directors of the JV as constituted as of the date hereof.

### **7.4 Public Communication**

Each Party agrees and understands that any public communication concerning this Agreement and the discussions with respect hereto not made in accordance with the terms hereof may cause serious harm to each Party and that, as a result, the press release announcing the execution of this Agreement (in the form previously agreed upon by Hynix and Numonyx) shall be released jointly by Hynix and Numonyx promptly following the execution hereof, and each of Hynix and Numonyx shall obtain the prior consent of the other Party prior to issuing any press releases or otherwise making public announcements with respect to the transactions contemplated herein, and shall consult with each other prior to making any filing with any Governmental Entity or with any securities exchange with respect thereto, in each case except as may be required by Law or by obligations pursuant to any listing agreement with or rules of any securities exchange.



## 7.5 Notification

Between the Execution Date and the Call Closing Date, each Party shall promptly notify the other Party in writing if such Party becomes aware of any fact or condition that causes or constitutes a breach of any of such Party's representations and warranties and covenants hereunder, or if such Party becomes aware of the occurrence of any fact or condition that could reasonably be expected to cause or constitute a breach of any such representation or warranty or covenants. Each Party shall promptly notify the other Party of the occurrence of any event that may make the satisfaction of the conditions in Articles 4.1 and 4.2 impossible or not reasonably likely.

## 7.6 Expenses

Except as otherwise expressly provided herein, all costs and expenses incurred in connection with this Agreement and the transactions contemplated hereunder shall be paid by the Party incurring such expense. Without limiting the generality of the foregoing, each of Hynix and Numonyx shall pay all legal, accounting and investment banking fees and other fees to consultants and advisors incurred by it relating to this Agreement and the transactions contemplated hereunder.

## 7.7 Access to Records and Personnel

- (a) Exchange of Information. After the Call Closing, each Party agrees to provide, or cause to be provided, to each other, as soon as reasonably practicable after written request therefor and at the requesting Party's sole expense, reasonable access (including using commercially reasonable efforts to procure access to third parties possessing information, including auditors), during normal business hours, to such Party's JV Pre-Closing Information, and to make members of its management team (or that of the JV) available, upon reasonable notice and during normal business hours, to respond to questions with respect to such information, in each case to the extent the requesting Party reasonably needs such information (i) to comply with reporting, disclosure, filing or other requirements imposed on the requesting Party or its stockholders (including under applicable securities Laws) by a Governmental Entity having jurisdiction over the requesting Party or its stockholders, (ii) for use in any other judicial, regulatory, administrative or other proceeding or in order to satisfy Tax, audit, accounting, claims, regulatory or other similar requirements or (iii) to comply with its obligations under this Agreement; provided, however, that no Party shall be required to provide access to or disclose information where such access or disclosure would violate any Law or agreement, or waive any attorney client or other similar privilege, and each Party may redact information regarding itself or its subsidiaries (other than the JV, in the case of Hynix) or otherwise not relating to the requesting Party and its subsidiaries (other than the JV, in the case of Hynix), and, in the event such provision of information could reasonably be expected to violate any Law or agreement or waive any attorney client or other similar privilege, the Parties shall take all reasonable measures to permit the compliance with such obligations in a manner that avoids any such harm or consequence.

- (b) Ownership of Information. Any information owned by a Party that is provided to a requesting Party pursuant to this Section 7.7 shall be deemed to remain the property of the providing Party. Unless specifically set forth herein, nothing contained in this Agreement shall be construed as granting or conferring rights of license or otherwise in any such information.
- (c) Confidential Information. Nothing in this Section 7.7 shall require either Party or any of its subsidiaries to violate any agreement with any third party regarding the confidentiality of confidential and proprietary information; provided, however, that in the event that either Party is required under this Section 7.7 to disclose any such information, that Party shall use all commercially reasonable efforts to seek to obtain such third party's consent to the disclosure of such information and implement requisite procedures to enable the disclosure of such information.

## **8. TERMINATION**

### **8.1 Grounds for Termination**

This Agreement and the transactions contemplated hereby may be terminated at any time before the Call Closing Date:

- (a) by mutual written agreement of the Parties;
- (b) by Numonyx, if Hynix has breached any representation, warranty, covenant or agreement contained in this Agreement in any material respect, which breach cannot reasonably be cured within twenty (20) Business Days or such breach, if curable, is not cured within twenty (20) Business Days; or
- (c) by Hynix, if Numonyx has breached any representation, warranty, covenant or agreement contained in this Agreement in any material respect, which breach cannot reasonably be cured within twenty (20) Business Days or such breach, if curable, is not cured within twenty (20) Business Days.

### **8.2 Procedure and Effect of Termination**

Upon termination of this Agreement under Article 8.1, written notice thereof shall forthwith be given to the other Party, and this Agreement (other than the provisions of Article 7.4 (Public Communication), Article 7.6 (Expenses), Article 9 (Governing Law) and Article 10 (Dispute Resolution) and this Article 8) shall terminate with immediate effect. If this Agreement is terminated in accordance with the terms hereof on or after the date of submission of the Submission Documents to the Approval Authority, the Parties shall cooperate, and shall cause the JV to cooperate, in notifying the Approval Authority of such termination and, if such termination occurs on or after the Effective Date, requesting that the Approval Authority revoke the Approval Certificate.

## **9. GOVERNING LAW**

This Agreement shall be governed by and construed in accordance with the laws of the PRC which are published and publicly available.

**10. DISPUTE RESOLUTION**

- (a) All disputes arising out of, relating to or in connection with this Agreement shall be resolved by binding arbitration, and each Party hereby waives any right it may otherwise have to such a resolution of any dispute within the scope of this Article 10 by any means other than arbitration pursuant to this Article 10. Notwithstanding the foregoing, each of Hynix and Numonyx shall be entitled to seek temporary and preliminary injunctive relief in a court of competent jurisdiction for any violation by the other Party or any of its Affiliates of the provisions of this Agreement.
- (b) The place of arbitration shall be New York, New York, USA. The arbitration shall be held in the English language in accordance with the Rules of Arbitration of the International Chamber of Commerce (the “ **Rules** ”) and shall be heard by three (3) arbitrators appointed under the Rules; provided, however, that each arbitrator shall be an attorney or former judicial officer admitted to practice law in New York. Any award of the arbitral tribunal must be rendered in writing, must state the grounds on which it was based and will be final and binding on the Parties hereto. The administrative costs and fees of arbitration shall as an initial matter be borne equally by the Parties to such arbitration, but the arbitral tribunal shall have the authority to award the administrative costs and fees of arbitration.
- (c) Judgment upon any arbitral award rendered under the preceding paragraph may be entered in any competent court, and either Party may apply to such court for judicial recognition of that award and an order of enforcement as the law of such jurisdiction may require and allow. Each Party hereby agrees that any judgment upon an arbitral award rendered against it hereunder may be executed against its assets in any jurisdiction. Each of the Parties hereby irrevocably submits to the exclusive jurisdiction of the federal and state courts located in the city and county of New York in any action, suit or proceeding with respect to the enforcement of the arbitration provisions of this Agreement. Each Party agrees that service of process upon such Party at the address so provided in Article 11.3 or through publication as permitted under applicable Law shall be deemed in every respect effective service of process upon such Party in any such action, suit or proceeding.
- (d) The arbitrators shall have no authority to award punitive or exemplary damages. Neither shall any Party be entitled to recover, nor shall the arbitrators have any power to award, any incidental or consequential damages, including but not limited to any claim for lost profits. Each Party shall bear its own attorneys’ fees, but the arbitrators shall have the authority to award attorneys’ fees, in whole or in part, to any Party.
- (e) Any matter expressed in this Agreement to be a matter for review, consultation, consent, decision or agreement by the Parties or any of them shall not, in the event of failure of decision or agreement, constitute a dispute or difference to be referred to or settled by arbitration proceedings.

**11. NOTICES**

- 11.1 Any communication in connection with this Agreement must be in writing and may be given in person, by an international courier or may be, in the case of facsimile and post, confirmed by registered letter with notice of receipt (or any equivalent proof of delivery generally accepted for international courier).
- 11.2 Any communication in connection with this Agreement shall be deemed to be delivered on the date of receipt (or, in the case of a registered letter with notice receipt, on the date of first presentation).
- 11.3 The contact details of each Party for all communication in connection with this Agreement are as follows:

For Hynix :

**Hynix Semiconductor Inc.**

Daechi Tower, 891, Daechi-dong  
Kangnam-gu, Seoul, 135-738, Korea  
Attn: Keum Sun Ma  
Phone: +82-2-3459-3630  
Fax: +82-31-645-8174

For Numonyx :

**Numonyx B.V.**

A-ONE Biz Center  
Route de l'Etraz Rolle 1180  
Switzerland  
Attention: General Counsel  
Fax: +41-21-822-3703

with a copy (which shall not constitute notice) to:

Micron Technology, Inc.  
8000 South Federal Way  
Boise, Idaho 83716-9632  
Attn: General Counsel  
Fax: +1-208-363-1309

with a copy (which shall not constitute notice) to:

Wilson Sonsini Goodrich & Rosati  
650 Page Mill Road  
Palo Alto, CA 94304  
Attn: John A. Fore, Esq.  
Fax: +1-650-493-6811

Either Party may change its address for notices upon giving ten (10) days written notice of such change to the other Party in the manner provided above.

**12. MISCELLANEOUS**

**12.1 Assignments; Successors; No Third Party Rights.**

No Party may assign any of its rights under this Agreement (including by merger or other operation of law) without the prior written consent of the other Party, and any attempted or purported such assignment without such consent or without strict compliance with this Agreement shall be void. Subject to the foregoing, this Agreement and all of the provisions hereof shall apply to, be binding upon, and inure to the benefit of the Parties and their successors and permitted assigns. Nothing in this Agreement, express or implied, is intended to confer upon any Person other than the Parties any rights or remedies of any nature whatsoever under or by reason of this Agreement or any provision of this Agreement. This Agreement and all of its provisions and conditions are for the sole and exclusive benefit of the Parties and their successors and permitted assigns.

## **12.2 Entire Agreement**

This Agreement, the JV Agreement, the Escrow Agreement and any other written agreement entered into by the Parties on the date hereof related to the subject matter hereof constitute the final and complete expression of the agreement and understanding between the Parties with respect to the subject matter herein and supersede all previous agreements, undertakings and covenants between the Parties with respect to the subject matter herein. If any provision of this Agreement is found to conflict with any provision of the JV Agreement, this Agreement shall control.

## **12.3 Amendment or Modification**

This Agreement may be amended or modified only by a written instrument signed by each of the Parties.

## **12.4 Severability**

In the event that any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable in any respect, such provision or provisions shall be ineffective only to the extent of such invalidity, illegality or unenforceability, without invalidating the remainder of such provision or provisions or the remaining provisions of this Agreement, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision or provisions had never been contained herein, unless such a construction would be unreasonable.

## **12.5 Waiver**

To the extent permitted by applicable Law: (i) no claim or right arising out of this Agreement or the documents referred to in this Agreement can be discharged by one Party, in whole or in part, by a waiver or renunciation of the claim or right unless in writing signed by the other Party; (ii) no waiver that may be given by a Party will be applicable except in the specific instance for which it is given; and (iii) no notice to or demand on one Party will be deemed to be a waiver of any obligation of such Party or of the right of the Party giving such notice or demand to take further action without notice or demand as provided in this Agreement or the documents referred to in this Agreement.

## **12.6 Descriptive Headings; Construction**

The descriptive headings herein are inserted for convenience of reference only and are not intended to be part of, or to affect the meaning, construction or interpretation of, this Agreement.

**12.7 Counterparts**

For the convenience of the Parties, this Agreement may be executed in any number of counterparts, each such counterpart being deemed to be an original instrument, and all such counterparts shall together constitute one and the same agreement.

**12.8 Language**

This Agreement is written in both the English language and the Chinese language. Both versions have equal effect in law, it being acknowledged by the Parties that these versions are consistent in all material respects. Any translations of this Agreement into any other languages shall be only for the convenience of a party and shall in no way affect the interpretation or enforcement of any of the provisions of this Agreement.

**12.9 Effectiveness**

Except for Sections 2, 3.1(a), 3.1(b), 3.2(b), 4.2(a), 4.2(b) and 4.3 of this Agreement, which shall only become effective on the Effective Date, this Agreement shall become effective upon execution hereof by the parties hereto.

*[No Text Below, Followed by Signature Pages]*

IN WITNESS WHEREOF , the Parties have caused this Equity Transfer Agreement to be duly executed as of the date first above written.

**Hynix Semiconductor Inc.**

/s/ O.C. Kwon

Name: Oh Chul Kwon

Title: Chief Executive Officer

**Numonyx B.V.**

/s/ Thomas S. Laws

Name: Thomas S. Laws

Title: Director

/s/ Jan Sebastien Donner

Name: Jan Sebastien Donner

Title: Director

*[SIGNATURE PAGE TO EQUITY TRANSFER AGREEMENT]*

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

Dated 31 August 2010

**NUMONYX B.V.**  
as Chargor

and

**DBS BANK LTD.**  
as Original Lender

**GUARANTEE,  
CHARGE AND DEPOSIT DOCUMENT**

**ALLEN & GLEDHILL LLP**  
ONE MARINA BOULEVARD #28-00  
SINGAPORE 018989

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THIS DEED is made on 31 August 2010 between:

- (1) **Numonyx B.V.**, a company incorporated under the laws of The Netherlands, as chargor (the "**Chargor**"); and
- (2) **DBS Bank Ltd.** (the "**Original Lender**").

IT IS AGREED as follows:

WHEREAS:

- (A) By a US\$250,000,000 facility agreement dated 24 August 2006 (the "**Facility Agreement**") made between (1) Hynix-ST Semiconductor Inc (the "**Borrower**"), as borrower, (2) DBS Bank Ltd., as arranger, (3) the Original Lender, as original lender, (4) DBS Bank Ltd. (the "**Agent**"), as agent and (5) DBS Bank Ltd., as security agent, the Original Lender has agreed to make available to the Borrower a term loan facility of US\$250,000,000 (the "**Facility**") upon the terms and subject to the conditions of the Facility Agreement.
- (B) As one of the conditions for the grant of the Facility, STMicroelectronics N.V. ("**STMicroelectronics**") had entered into a Guarantee, Charge and Deposit Document dated 21 September 2006 (the "**STMicroelectronics GCDD**") with the Original Lender.
- (C) Pursuant to a Master Agreement dated 8 February 2010 (the "**Master Agreement**") made between the Chargor, STMicroelectronics and the Original Lender, the Chargor and the Original Lender have agreed to enter into this Deed.
- (D) The Chargor has (after giving due consideration to the terms and conditions of the Facility Agreement and satisfying itself that there are reasonable grounds for believing that the execution by it of this Deed will benefit it) decided in good faith and for the purposes of its business to enter into this Deed.
- (E) This Deed provides security for the Borrower's obligations under the Facility Agreement.

IT IS AGREED as follows:

## 1. INTERPRETATION

### 1.1 Definitions

Terms defined in the Facility Agreement have the same meaning in this Deed, except to the extent that the context requires otherwise and, in addition:

"**Account**" means the US Dollar denominated account number [\*\*\*] in the name of the Chargor established and maintained with the Account Bank, and any sub-accounts of that account and any other bank account opened by the Chargor with the Account Bank in place of that account.

"**Account Bank**" means DBS Bank Ltd.

"**Act**" means the Conveyancing and Law of Property Act, Chapter 61 of Singapore.

" **Amended and Restated STMicroelectronics GCDD** " means the amended and restated STMicroelectronics GCDD made or to be made between STMicroelectronics and the Original Lender pursuant to the Master Agreement.

" **Charged Assets** " means the assets from time to time subject, or expressed to be subject, to the Charges or any part of those assets.

" **Charges** " means all or any of the Security created or expressed to be created by or pursuant to this Deed.

" **Currency of Account** " means the currency in which the relevant indebtedness is denominated or, if different, is payable.

" **DBS Instruction Letter** " means the side letter dated 23 December 2009 made between STMicroelectronics and the Original Lender with reference to the STMicroelectronics GCDD.

" **Default Notice** " has the meaning ascribed to it in Clause 7.4 ( *Chargor's Option* ).

" **Delegate** " means a delegate or sub-delegate appointed under Clause 8.2 ( *Delegation* ).

" **Deposit** " means each amount deposited or to be deposited by the Chargor in accordance with Clause 4 . 6 ( *Requirement to make deposits into the Account* ) or, as the case may be, the aggregate amount of the principal amount of all such deposits for the time being.

" **Deposit Date** " means, in relation to a Deposit, the date that it is made.

" **Deposit Period** " means a period determined in accordance with paragraph (a) of Clause 4.7 ( *Interest* ).

" **Deposit Rate** " means, in relation to any Deposit for any particular time period for which such Deposit is placed, the rate per annum as agreed between the Chargor and the Account Bank at which interest is to accrue on such Deposit during such period.

" **Guarantee** " means the guarantee and indemnity in Clause 2 ( *Guarantee and indemnity* ).

" **Guaranteed Liabilities** " means all present and future moneys, debts and liabilities due, owing or incurred by the Borrower to the Original Lender under or in connection with the Facility Agreement and/or this Deed (in each case, whether alone or jointly, or jointly and severally, with any other person, whether actually or contingently and whether as principal, surety or otherwise).

" **Interest Account** " means the US Dollar denominated account number [\*\*\*] in the name of the Chargor established and maintained with the Account Bank for the purpose of depositing interest payments on the Deposits.

" **Interest Payment Date** " means the last day of an Interest Period under the Facility Agreement.

" **Liabilities** " means:

- (a) all present and future moneys, debts and liabilities (including the Guaranteed Liabilities) due, owing or incurred by the Borrower and/or the Chargor to the Original Lender under or in connection with the Facility Agreement and/or this Deed (in each case, whether alone or jointly, or jointly and severally, with any other person, whether actually or contingently and whether as principal, surety or otherwise); and
- (b) all amounts owing by STMicroelectronics to the Original Lender under Clause 7.4 ( *Chargor's Option* ) of the STMicroelectronics GCDD or, as the case may be, the Amended and Restated STMicroelectronics GCDD, following the delivery of an Election Notice made by STMicroelectronics under that Clause.

" **Material Adverse Effect** " means a material adverse effect:

- (a) on the Borrower's ability to continue to proceed with the Project;
- (b) on the ability of the Borrower to perform and comply with its respective obligations under any Finance Document;
- (c) on the ability of the Chargor to perform and comply with its respective obligations under this Deed;
- (d) that would cause the repudiation of the Borrower's obligation under any Finance Documents to which it is a party ;
- (e) that would cause the repudiation of the Chargor's obligation under this Deed;
- (f) on the validity, legality, binding effect or enforceability of any Finance Document; or
- (g) on the validity, legality , binding effect or enforceability of this Deed,

provided however that paragraphs (a), (b), (d) and (f) above shall not apply if the Chargor is not (directly or indirectly) a shareholder of the Borrower.

" **Party** " means a party to this Deed and includes its successors in title, permitted assigns and permitted transferees.

[\*\*\*]

" **STMicroelectronics Account** " means the Account as defined in the STMicroelectronics GCDD or, as the case may be, the Amended and Restated STMicroelectronics GCDD.

" **Winding-up** " means winding-up, amalgamation, reconstruction, judicial management, dissolution, liquidation, merger or consolidation or any analogous procedure in any jurisdiction.

## 1.2 Construction

References construed in the Facility Agreement (including the construction of references to the Facility Agreement) have the same meaning and construction in this Deed, except to the extent that the context requires otherwise and, in addition:

- (a) this " **Deed** ", the " **Facility Agreement** " or any other agreement or instrument includes this Deed, the Facility Agreement or other agreement or instrument as from time to time amended, supplemented, novated, restated or replaced and any document which amends, supplements, novates, restates or replaces this Deed, the Facility Agreement or other agreement or instrument, provided however that any such amendment, supplement, novation, restatement or replacement has been previously approved by the Chargor in writing;
- (b) the " **Borrower** ", the " **Chargor** ", the " **Original Lender** " or either " **Party** " shall be construed so as to include its successors in title, permitted assigns, personal representatives and permitted transferees; and
- (c) any " **obligation** " of any person under this Deed or any other agreement or document shall be construed as a reference to an obligation expressed to be assumed by or imposed on it under this Deed or, as the case may be, that other agreement or document (and " **due** ", " **owing** ", " **payable** " and " **receivable** " shall be similarly construed).

### 1.3 **Headings and Clauses**

The headings in this Deed are inserted for convenience only and shall be ignored in construing this Deed. Unless the context otherwise requires, words denoting the singular number only shall include the plural and *vice versa* . References to a statute shall be deemed to be references to that statute as from time to time amended or re-enacted. Save where otherwise indicated, references to " **Clauses** " and " **Schedules** " are to be construed as references to clauses of, and the schedules to, this Deed.

### 1.4 **Acknowledgement of Chargor**

The Chargor irrevocably and unconditionally acknowledges and confirms to the Original Lender (including all its branches), its officers, employees, agents and professional advisers, that in entering into this Deed and in otherwise complying with the provisions of this Deed and related documents, it has been and will continue to be, solely responsible for making its own independent appraisal and investigation of this Deed, the Finance Documents and matters (including Tax matters) contemplated by this Deed, the Finance Documents and related documents and all risks arising under or in connection with this Deed, the Finance Documents and related documents. Any third party referred to in this Clause 1.4 may enjoy the benefit of or enforce the terms of this Clause 1.4 in accordance with the provisions of the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore.

### 1.5 **Contracts (Rights of Third Parties) Act**

- (a) Unless expressly provided to the contrary, a person who is not a party to this Deed has no right under The Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore to enforce or enjoy the benefit of any term of this Deed.

- (b) Notwithstanding any terms of this Deed, the consent of any third party is not required for any variation (including any release or compromise of any liability under) or termination of this Deed.

## 2. GUARANTEE AND INDEMNITY

The Chargor irrevocably and unconditionally:

- (a) guarantees to the Original Lender punctual payment by the Borrower of all the Guaranteed Liabilities;
- (b) undertakes with the Original Lender that whenever the Borrower does not pay any amount when due under or in connection with any Guaranteed Liability, the Chargor shall immediately on demand pay that amount as if it was the principal obligor; and
- (c) indemnifies the Original Lender immediately on demand against any cost, loss or liability suffered by it if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal. The amount of the cost, loss or liability shall be equal to the amount which the Original Lender would otherwise have been entitled to recover,

provided that (without prejudice to the nature of the Charges as continuing security for the full amount of all Liabilities) the aggregate amount recoverable from the Chargor under this Deed (other than (i) Clauses 7.4 ( *Chargor's Option* ), 7.5 ( *Perfection of Security* ) and 20.5 ( *Amendments and Waivers of Facility Agreement* ) and (ii) Clauses 15 ( *Expenses* ), 17 ( *Tax Gross Up and Indemnities* ) and 18.1 ( *Currency Indemnity* ) but only to the extent that each of Clauses 15 ( *Expenses* ), 17 ( *Tax Gross Up and Indemnities* ) and 18.1 ( *Currency Indemnity* ) relates to any amounts payable under Clauses 7.4 ( *Chargor's Option* ), 7.5 ( *Perfection of Security* ) and/or 20.5 ( *Amendments and Waivers of Facility Agreement* )) shall be limited to the aggregate amount recoverable from the enforcement of the Charges.

## 3. ACCOUNT CHARGE

The Chargor, as beneficial owner and as a continuing security for the payment of all Liabilities, charges and agrees to charge in favour of the Original Lender by way of first fixed charge and assigns and agrees to assign absolutely to the Original Lender, free from all liens, charges and other encumbrances, the Account, all its present and future right, title and interest in or to the Account and all amounts (including interest) now or in the future standing to the credit of or accrued or accruing on the Account.

## 4. RESTRICTIONS AND FURTHER ASSURANCE

### 4.1 Security

The Chargor shall not create or permit to subsist any Security over the Charged Assets except for the Charges.

#### **4.2 Disposal**

The Chargor shall not (nor agree to) enter into a single transaction or a series of transactions (whether related or not and whether voluntary or involuntary) to transfer, assign or otherwise dispose of any Charged Asset except as required by Clause 4.5 (*Further assurance*).

#### **4.3 Withdrawals**

Except as provided in the Master Agreement, the Original Lender shall not be required to pay to the Chargor any amounts standing to the credit of the Account until the Original Lender has executed a formal release in accordance with Clause 14.1 (*Final Redemption*), and then shall only be required to pay any balance then remaining after making all withdrawals, debits, applications and set-offs and exercising all other rights which the Original Lender is expressed to be entitled to make or exercise under this Deed.

#### **4.4 Documents**

The Chargor shall promptly execute and/or deliver to the Original Lender such documents relating to the Account as the Original Lender requires.

#### **4.5 Further assurance**

The Chargor shall promptly do whatever the Original Lender requires:

- (a) to perfect or protect the Charges or the priority of the Charges; or
- (b) to facilitate the realisation of the Charged Assets or the exercise of any rights vested in the Original Lender or any Delegate,

including executing any transfer, charge, assignment or assurance of the Charged Assets (whether to the Original Lender or its nominees or otherwise), making any registration and giving any notice, order or direction.

#### **4.6 Requirement to make deposits into the Account**

- (a) The Chargor shall, in accordance with the provisions of this Deed and the Master Agreement, place with the Original Lender the Deposits in US Dollars to be held by the Original Lender on the terms and subject to the conditions of this Deed.
- (b) As soon as practicable following the making by the Chargor of a Deposit with the Original Lender for credit to the Account, the Chargor shall deliver to the Original Lender a certified copy of a MT 103 from its remitting bank evidencing the payment of that Deposit.

#### **4.7 Interest**

- (a) Subject to compliance by the Borrower with all its payment obligations under the Finance Documents and the compliance by the Chargor with all its obligations under this Deed, the Original Lender shall procure that the Account Bank shall pay to the Chargor interest on each Deposit for the period for which such Deposit is placed by reference to successive Deposit Periods at the Deposit Rate on that Deposit and otherwise in accordance with this Clause 4.7. Each Deposit Period for the purposes of calculating interest on each Deposit shall be of six Months duration, provided that:

- (i) the first Deposit Period for each Deposit shall commence on the Deposit Date of that Deposit and end on the next Interest Payment Date;
  - (ii) each Deposit Period after the first such Deposit Period shall start on the last day of the preceding Deposit Period; and
  - (iii) a Deposit Period shall not extend beyond a Repayment Date or the Termination Date.
- (b) Any interest accruing on a Deposit during each Deposit Period (the “ **Deposit Interest** ”) shall not form any part of that Deposit, and shall be paid to the Interest Account or (if so requested by the Chargor) in accordance with paragraph (b) of Clause 16.2 ( *Payments* ) within two Business Days after the later of (i) the last day of such Deposit Period and (ii) the date falling after the last day of such Deposit Period on which the Original Lender has actually received the interest payable under the Facility Agreement with respect to the Loans (the “ **Loan Interest** ”) on the last day of such Interest Period having the same last day as such Deposit Period, together with such amount of interest, if any, payable by the Account Bank on such Deposit Interest as determined pursuant to paragraph (c) below but less any amount of interest payable by the Chargor to the Account Bank as determined in accordance with paragraph (d) below.
- (c) If, in respect of the Deposit Interest accruing on a Deposit for any Deposit Period, the Original Lender has actually received from the Borrower the Loan Interest accruing for the Interest Period having the same last day as such Deposit Period, the Original Lender shall procure that the Account Bank shall pay to the Chargor interest on such Deposit Interest accruing for such Deposit Period under paragraph (a) above from the day that the Original Lender actually receives the Loan Interest until the day such Deposit Interest is paid to the Interest Account or (as the case may be) to the Chargor in accordance with paragraph (b) above, by reference to successive "overnight" periods beginning on one Business Day and ending on the next. The rate of interest for a particular "overnight" period shall be the rate per annum equal to the rate quoted by the Account Bank as the rate at which it is offering "overnight" deposits in US Dollars for that period in an amount comparable to such Deposit Interest.
- (d) If, in respect of the Deposit Interest accruing on a Deposit for any Deposit Period, the Original Lender does not actually receive from the Borrower the Loan Interest accruing for the Interest Period having the same last day as such Deposit Period on the last day of such Interest Period, the Chargor shall pay to the Account Bank interest on such amount of Loan Interest from the day such Loan Interest falls due until the earlier of (i) the day on which the Borrower actually pays, and the Original Lender actually receives, the same and (ii) the date on which the Chargor pays the Payoff Amount in full, at such rate at which the Original Lender extends overdraft facilities.
- (e) For the avoidance of doubt, the Account Bank shall not be obliged to pay any Deposit Interest in respect of any Deposit Period if the Original Lender has not actually received the Loan Interest accruing for the Interest Period having the same last day as such Deposit Period.



- (f) Without prejudice to the Original Lender's rights with respect thereto, the Original Lender agrees that so long as no Default has occurred and is continuing, the Chargor may withdraw any amount from the Interest Account.
- (g) The Original Lender shall procure that interest shall accrue on any amounts deposited or maintained in the Interest Account from day to day and shall be calculated by reference to successive deposit periods relating thereto, each such deposit period to be of one month's duration or such other duration as the Account Bank and the Chargor may from time to time agree. The rate of interest applicable to an amount deposited in the Interest Account during a deposit period relating thereto shall be the rate per annum equal to the rate at which the Account Bank generally offers to take deposits of the relevant currency and amount and for a period equal to such deposit period from corporate customers in Singapore at 12:00 p.m. (Singapore time) two Business Days' prior to the start of such deposit period. Any interest accruing on an amount so deposited in the Interest Account shall be credited to the Interest Account.
- (h) If, at any time, the aggregate of the amounts standing to the credit of the Account and the STMicroelectronics Account exceeds the aggregate amount of the outstanding Loans under the Facility Agreement at such time, the Original Lender is irrevocably authorised by the Chargor to transfer, and shall transfer, an amount up to such excess amount (the "**Excess Amount** "):
- (i) in the event and to the extent that the Excess Amount arises from a Deposit by the Chargor, from:
    - (A) first, the STMicroelectronics Account for payment into the STMicroelectronics Interest Account; and
    - (B) second, the Account for payment into the Interest Account; and
  - (ii) in the event and to the extent that the Excess Amount arises from a repayment of any amount of the Loans under the Facility Agreement by the Borrower or in any other case, from:
    - (A) the STMicroelectronics Account, STMicroelectronics' Pro Rata Share of the Excess Amount for payment into the STMicroelectronics Interest Account; and
    - (B) the Account, Numonyx's Pro Rata Share of the Excess Amount for payment into the Interest Account,

such that after such transfer(s), the aggregate of the amounts standing to the credit of the Account and the STMicroelectronics Account shall not exceed the aggregate amount of the outstanding Loans under the Facility Agreement. The Original Lender shall, as soon as practicable after effecting a transfer pursuant to this Clause, notify the Chargor. Notwithstanding any provision in this Deed, the Amended and Restated STMicroelectronics GCDD, the Finance Documents or any other document, no interest shall accrue on any Excess Amount.

For the purpose of this paragraph (h):

“ **Numonyx’s Pro Rata Share** ” means, at the time of determination, the percentage equal to (x) the amount standing to the credit of the Account *divided by* (y) the sum of (A) the amount standing to the credit of the Account *plus* (B) the amount standing to the credit of the STMICROELECTRONICS Account.

“ **STMICROELECTRONICS Account** ” means the Account as defined in the STMICROELECTRONICS GCDD or, as the case may be, the Amended and Restated STMICROELECTRONICS GCDD.

“ **STMICROELECTRONICS Interest Account** ” means the Interest Account as defined in the STMICROELECTRONICS GCDD or, as the case may be, the Amended and Restated STMICROELECTRONICS GCDD.

“ **STMICROELECTRONICS’ Pro Rata Share** ” means 100% *minus* Numonyx’s Pro Rata Share.

#### **4.8 Term**

- (a) In the event that the Borrower does not make payment of any part of the Guaranteed Liabilities by the time, on the date and otherwise in the manner specified in the Facility Agreement (whether on the normal due date, on acceleration or otherwise), the Chargor hereby irrevocably authorises the Original Lender to instruct the Account Bank to terminate the placement of all or part of any Deposit in an amount not exceeding such part of the Guaranteed Liabilities by giving three Business Days’ notice in writing to the Account Bank and the Chargor. Upon the termination of the placement of all or such part of a Deposit, no further interest will accrue thereon on and from the date of such termination.
- (b) The Chargor hereby irrevocably authorises the Original Lender to instruct the Account Bank, by giving one Business Day’s notice in writing to the Account Bank and the Chargor, to terminate the placement of all or part of any Deposit in an aggregate amount equivalent to the amount of the Original Lender’s participation in all or part of any Loan assigned or transferred (by novation or otherwise) to a New Lender pursuant to Clause 20 ( *Changes to the Lenders* ) of the Facility Agreement. The Chargor irrevocably authorises the Original Lender to transfer all or such part of any Deposit to that New Lender and the Chargor shall execute an agreement substantially similar to this Deed to create Security over its rights, title and interest in the amount so transferred and placed with that New Lender in favour of that New Lender, and shall execute all other documents and take all other action as may be reasonably required by the Original Lender for the purposes of perfecting such Security. The Original Lender shall procure that the New Lender will assume the same obligations under this Deed, the STMICROELECTRONICS GCDD, the DBS Instruction Letter, the Amended and Restated STMICROELECTRONICS GCDD, the Master Agreement and any other documents entered into in connection with or pursuant to such agreement as it would have been if it was the Original Lender.

#### **4.9 Notices**

The Chargor shall, forthwith upon the execution of this Deed, give to the Account Bank a notice of the charge and assignment under Clause 3 (*Account Charge*) substantially in the form of Schedule 2 (*Form of Notice of Charge and Assignment*) (or in such other form as the Original Lender may reasonably require) and procure that the Account Bank delivers to the Original Lender an acknowledgment of such notice.

#### **5. GENERAL UNDERTAKINGS**

The undertakings in this Clause 5 remain in force from the date of this Deed for so long as the Security constituted by or pursuant to this Deed subsists.

##### **5.1 Authorisations**

(a) The Chargor shall promptly:

- (i) obtain, comply with and do all that is necessary to maintain in full force and effect; and
- (ii) supply certified copies to the Original Lender of,

any Authorisation required under any law or regulation of its jurisdiction of incorporation to enable it to perform its obligations under this Deed and to ensure the legality, validity, enforceability or admissibility in evidence in its jurisdiction of incorporation of this Deed.

(b) The Chargor shall promptly make the registrations specified (if any) at the end of Clause 6.5 (*Validity and Admissibility in Evidence*).

##### **5.2 Compliance with laws**

The Chargor shall comply in all respects with all laws to which it may be subject, if failure so to comply would materially impair its ability to perform its obligations under this Deed.

##### **5.3 Change of business**

The Chargor shall procure that no substantial change is made to the general nature of its business from that carried on at the date of this Deed.

##### **5.4 Account**

The Chargor shall at all times:

- (a) maintain the Account with the Account Bank; and
- (b) operate the Account in accordance and in a manner consistent with this Deed.

##### **5.5 No prejudicial conduct**

The Chargor shall not do, or permit to be done, anything which could prejudice the Charges.

**5.6 Information**

- (a) The Chargor shall supply (or cause to be supplied) to the Original Lender all documents dispatched by the Borrower to its shareholders (or any class of them) or the creditors of the Borrower generally at the same time as they are dispatched.
- (b) Paragraph (a) above shall not apply if the Chargor is not (directly or indirectly) a shareholder of the Borrower.

**5.7 Further Assurance**

The Chargor will from time to time on request by the Original Lender do or procure the doing of all such acts and will execute or procure the execution of all such documents as the Original Lender may reasonably consider necessary for giving full effect to this Deed or securing to the Original Lender the full benefits of all rights, powers and remedies conferred upon the Original Lender in this Deed.

**6. REPRESENTATIONS AND WARRANTIES**

The Chargor makes the representations and warranties set out in this Clause 6 to the Original Lender on the date of this Deed.

**6.1 Status**

- (a) It is a corporation, duly incorporated and validly existing under the law of its jurisdiction of incorporation.
- (b) It has the power to own its assets and carry on its business as it is being conducted.

**6.2 Binding obligations**

The obligations expressed to be assumed by it in this Deed are legal, valid, binding and enforceable, subject to:

- (a) limitations on enforceability caused by bankruptcy, insolvency, liquidation, reorganisation and other similar laws of general application affecting the rights of creditors and applicable general principles of equity; and
- (b) in the case of this Deed, the requirements specified (if any) at the end of Clause 6.5 ( *Validity and admissibility in evidence* ).

**6.3 Non-conflict with other obligations**

The entry into and performance by it of, and the transactions contemplated by, this Deed do not and will not conflict with:

- (a) any law or regulation applicable to it;
- (b) its constitutional documents; or
- (c) any agreement or instrument binding upon it or any of its assets,

nor (except as provided in this Deed) result in the existence of, or oblige it to create, any Security over any of its assets.

**6.4 Power and authority**

It has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, this Deed and the transactions contemplated by this Deed.

**6.5 Validity and admissibility in evidence**

All Authorisations required or desirable:

- (a) to enable it lawfully to enter into, exercise its rights and comply with its obligations in this Deed;
- (b) to make this Deed admissible in evidence in its jurisdiction of incorporation; and
- (c) to enable it to create the Security to be created by it pursuant to this Deed and to ensure that such Security has the priority and ranking it is expressed to have,

have been obtained or effected and are in full force and effect.

**6.6 Governing law and enforcement**

- (a) The choice of Singapore law as the governing law of this Deed will be recognised and enforced in its jurisdiction of incorporation.
- (b) Subject to any qualifications which are specifically referred to in any legal opinion delivered pursuant to Clause 2.1 ( *Deliveries to the Original Lender* ) of the Master Agreement, any judgment obtained in Singapore in relation to this Deed will be recognised and enforced in its jurisdiction of incorporation.

**6.7 Deduction of Tax**

Subject to any qualifications which are specifically referred to in any legal opinion delivered pursuant to Clause 2.1 ( *Deliveries to the Original Lender* ) of the Master Agreement, it is not required under the law of its jurisdiction of incorporation to make any deduction for or on account of Tax from any payment it may make under or pursuant to this Deed.

**6.8 No filing or stamp taxes**

Save as contemplated in Clause 6.5 ( *Validity and admissibility in evidence* ) under the law of its jurisdiction of incorporation it is not necessary that this Deed be filed, recorded or enrolled with any court or other authority in that jurisdiction or that any stamp, registration or similar tax be paid on or in relation to this Deed or the transactions contemplated by this Deed.

**6.9 No default**

No event or circumstance is outstanding which constitutes a default under any other agreement or instrument which is binding on it or to which its assets are subject which might have a Material Adverse Effect.

**6.10 No misleading information**

- (a) Any factual information provided by or on behalf of the Chargor in relation to this Deed was true and accurate in all material respects as at the date it was provided or as at the date (if any) at which it is stated.
- (b) Nothing has occurred or been omitted from the factual information referred to in paragraph (a) above and no information has been given or withheld that results in that information being untrue or misleading in any material respect.

**6.11 Winding-up**

No meeting has been convened for its Winding-up or for the appointment of a receiver, trustee, judicial manager, administrator, administrative receiver, compulsory manager or other similar officer of it or any of its assets, no such step is intended by it and, so far as it is aware, no petition, application or the like is outstanding for its Winding-up or for the appointment of a receiver, trustee, judicial manager, administrator, administrative receiver, compulsory manager or other similar officer of it or any of its assets.

**6.12 Immunity**

Neither it nor any of its assets is entitled to immunity from suit, execution, attachment or other legal process and in any proceedings taken in Singapore or elsewhere in relation to this Deed, it will not be entitled to claim immunity for itself or any of its assets arising from suit, execution or other legal process.

**6.13 Security**

- (a) Subject to the requirements specified at the end of Clause 6.5 (*Validity and admissibility in evidence*), this Deed creates (or, once entered into, will create) in favour of the Original Lender the Security which it is expressed to create fully perfected and with the ranking and priority it is expressed to have.
- (b) Without limiting paragraph (a) above, its payment obligations under this Deed rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law applying to companies generally.

**6.14 Beneficial Owner of the Charged Assets**

Except as provided in this Deed, the Chargor has not assigned, transferred or otherwise disposed of the Charged Assets (or its right, title and interest to or in the Charged Assets), either in whole or in part, nor agreed to do so, and will not at any time do so or agree to do so. The Chargor is and will at all times be the sole, absolute, legal and beneficial owner of the Charged Assets.

**6.15 No proceedings pending or threatened**

No litigation, arbitration or administrative proceedings of or before any court, arbitral body or agency which, if adversely determined, might reasonably be expected to have a Material Adverse Effect have (to the best of its knowledge and belief) been started or threatened against it or any of its Subsidiaries.

**6.16 No existing Security**

Except for the Charges, no Security exists on or over the Charged Assets.

**6.17 Repetition**

Each of the representations and warranties in Clauses 6.1 (*Status*) to 6.4 (*Power and authority*), 6.6 (*Governing law and enforcement*), 6.9 (*No default*) and 6.11 (*Winding-up*) to 6.15 (*No proceedings pending or threatened*) are deemed to be made by the Chargor by reference to the facts then existing at all times during the continuance of this Security.

**7. ENFORCEMENT**

**7.1 Consolidation**

Section 21 of the Act shall not apply to the Security created by this Deed.

**7.2 Section 25 of the Act**

The Original Lender may exercise the power of sale conferred on mortgages by the Act (as varied and extended by this Deed) free from the restrictions imposed by Section 25 of the Act thereof.

**7.3 Enforceability of Security**

The Security created by this Deed shall become immediately enforceable and the power of sale and other powers conferred by Section 24 of the Act (as varied and extended by this Deed) and all the other powers conferred on the Original Lender by this Deed shall be immediately exercisable at any time after the Chargor shall have failed to pay or satisfy when due any Liability.

**7.4 Chargor's Option**

- (a) Subject to there being, in the reasonable opinion of the Original Lender, no breach of any provision of this Deed by the Chargor (including without limitation, that the representations and warranties set out in Clause 6 are and will remain true and correct in all respects when made or deemed repeated) and subject to the terms of the Master Agreement, prior to the Original Lender exercising any remedy under Clause 7.3 (*Enforceability of Security*) or Clause 8 (*Original Lender's Rights*), the Original Lender shall deliver a notice in writing (the "**Default Notice**") to the Chargor offering the Chargor the right to purchase any and all claims that the Original Lender may have against the Borrower under or in relation to the Finance Documents (the "**Credit Claims**") for the Payoff Amount (as defined below). For the avoidance of doubt, any breach by STMicroelectronics of any provision of the STMicroelectronics GCDD or, as the case may be, the Amended and Restated STMicroelectronics GCDD, shall not be construed as a breach by the Chargor of any provision of this Deed.
- (b) Notwithstanding paragraph (a) above, the Original Lender may at its sole discretion, from time to time following the occurrence of an Event of Default under the Facility Agreement, deliver a Default Notice to the Chargor.

- (c) On or before the expiry of the period of five Business Days from its receipt of a Default Notice (the “ **Election Period** ”), the Chargor may notify the Original Lender in writing (the “ **Election Notice** ”) of its election to purchase the Credit Claims for an amount equal to the outstanding payment obligations of the Borrower due or owing to the Original Lender (including accrued interest, indemnity amounts, default interest and fees) under the Finance Documents up to and including the date on which the payment is received by the Original Lender (the “ **Payoff Amount** ”). If the Chargor fails to deliver an Election Notice within the Election Period, the Chargor shall be deemed not to have exercised its election and the Original Lender shall be entitled to exercise any remedies it may have under or pursuant to this Deed.
- (d) The Chargor hereby irrevocably authorises the Original Lender to apply any and all sums in the Account towards the payment of the Payoff Amount in the event that the Chargor issues the Election Notice to the Original Lender.
- (e) Upon receipt by the Original Lender of an Election Notice and the Payoff Amount, at the Chargor’s option, the Original Lender shall (i) assign to the Chargor, without recourse, representation or warranty of any kind, all of the Original Lender’s right, title and interest in and to the Finance Documents and all Credit Claims and/or (ii) duly complete a Transfer Certificate.
- (f) The Chargor’ rights under paragraph (e) above shall terminate if the Chargor shall fail to pay the Original Lender the Payoff Amount during the Election Period, whereupon the Original Lender shall be entitled to exercise any remedies it may have under or pursuant to this Deed.
- (g) [\*\*\*]
- (h) Notwithstanding anything in this Clause 7.4, the Original Lender shall be entitled to exercise any remedies it may have under or pursuant this Deed for the purposes of complying with any applicable laws.
- (i) Subject to receipt by the Original Lender of the Payoff Amount, the Original Lender shall pay to the Chargor any amount so received by the Original Lender under the Finance Documents or otherwise in relation to the Loans (after payment of any expenses incurred by the Original Lender in its collection), provided however that if a payment of Deposit Interest in respect of a Deposit Period has been made under paragraph (b) of Clause 4.7 ( *Interest* ) by the Account Bank, the Original Lender shall not be obligated to make a payment under this Clause 7.4 in relation to the Loan Interest payable with respect to the Loans outstanding under the Facility Agreement on the last day of the Interest Period having the same last day as such Deposit Period.
- (j) All payment or deposits by the Original Lender to the Chargor under this Clause 7.4 shall be made to the account of the Chargor at the particulars set out below (or such other account as the Chargor may from time to time designate):

Numonyx B.V.  
Address: A-One Business Center



Vers la Pièce  
Route de l'Etraz  
1180 Rolle  
Switzerland  
Account with Citibank London  
Bank Address: Citigroup Center  
33 Canada Square, Canary Warf  
E14 5LB London GB  
SWIFT: CITIGB2L  
IBAN: [\*\*\*]  
Currency: USD

- (k) Where the Original Lender's obligation to make a payment under this Clause 7.4 arises from receipt or recovery of an amount pursuant to the Finance Documents, the Original Lender shall make the payment in the currency and funds in which those monies were received or recovered and, if that currency is not the currency of the country where the designated account of the Chargor is located, the Original Lender shall notify the Chargor of that currency and make the payment in that currency to the account of the Chargor in the principal financial centre of the country of that currency specified by the Chargor.
- (l) All payments by the Original Lender under this Clause 7.4 shall be made net of any deduction or withholding required to be made from such payments by any law, regulation or practice. If any such deduction or withholding is made:
  - (i) the Chargor shall bear the risk of such deduction or withholding and shall be deemed to have received the amount that it would have received if such deduction or withholding had not been made; and
  - (ii) the Original Lender shall, as soon as practicable upon the Chargor's request, provide to the Chargor a certificate from the Singapore tax authority confirming its tax residence and provide evidence of the remittance of any such amount to the relevant governmental authority.
- (m) Where the obligation of the Original Lender to make a payment to the Chargor under this Clause 7.4 arises as a result of its having received an amount, the Original Lender is not obliged to make that payment until the Original Lender has established that it has actually received the appropriate amount.
- (n) If the Original Lender makes a payment to the Chargor and it proves to be the case that the Original Lender had not actually received all or part of the amount on which that payment was conditional or if the Original Lender is obligated by law to refund such amount, the Chargor shall forthwith on demand of the Original Lender refund the amount paid to the Chargor or the relevant portion of the amount together with interest on that amount from the date of payment to the date of refund, calculated at a rate reasonably determined by the Original Lender to reflect its costs of funds.

- (o) For the avoidance of doubt, paragraphs (g) to (n) above shall not apply unless the Chargor has delivered an Election Notice within the Election Period and made the payment of the Payoff Amount in accordance with paragraph (c) above.

## **7.5 Perfection of Security**

- (a) The Original Lender shall, at the reasonable request of the Chargor, use reasonable endeavours to perfect or protect the Security created by or pursuant to, or made available pursuant to the Security Documents.
- (b) The Chargor shall indemnify the Original Lender for all losses, damages, costs, expenses and liabilities incurred by the Original Lender (including any cost or liability suffered for or on account of Tax) in connection with the steps taken by the Original Lender under this Clause 7.5.
- (c) The Original Lender is not obliged to take any steps under this Clause 7.5 if, in the opinion of the Original Lender (acting reasonably), to do so might be prejudicial to it.

## **7.6 Exercise of STMicroelectronics Option**

- (a) The Chargor hereby irrevocably authorises the Original Lender to apply any and all sums in the Account towards the payment of the Payoff Amount (as defined in the Amended and Restated STMicroelectronics GCDD) on behalf of STMicroelectronics, in the event that STMicroelectronics issues the Election Notice (as defined in the Amended and Restated STMicroelectronics GCDD) to the Original Lender pursuant to Clause 7.4 ( *Chargor's Option* ) of the Amended and Restated STMicroelectronics GCDD.

## **8. ORIGINAL LENDER'S RIGHTS**

### **8.1 Rights of Original Lender**

At any time after the Charges become enforceable, the Original Lender shall have the rights set out in Schedule 1 ( *Rights of Original Lender* ) and in addition, immediately upon the Chargor failing to pay or satisfy when due any Liability, the Original Lender shall have the right, without further notice or restriction, to appropriate, transfer or set-off all or any part of the monies in the Account in or towards the payment or discharge of the Chargor's payment obligations under this Deed in the manner referred to in Clause 9 ( *Order of Distributions* ) and, for this purpose, the Original Lender may, at the expense of the Chargor, convert all or any part of such monies into such other currencies as the Original Lender may deem necessary. The provisions of this Clause 8.1 shall apply notwithstanding that any monies deposited in the Account may have been deposited for a fixed period or be subject to a period of notice or that the fixed period or period of notice may not have expired or that notice or sufficient notice may not have been given.

### **8.2 Delegation**

The Original Lender may delegate in any manner to any person any rights exercisable by the Original Lender under this Deed. Any such delegation may be made upon such terms and conditions (including power to sub-delegate) as the Original Lender thinks fit.

**9. ORDER OF DISTRIBUTIONS**

**9.1 Application of proceeds**

All amounts received or recovered by the Original Lender or Delegate in exercise of their rights under this Deed shall be applied in the order provided in Clause 9.2 ( *Order of distributions* ).

**9.2 Order of distributions**

The order referred to in Clause 9.1 ( *Application of proceeds* ) is:

- (a) in or towards the payment of all costs, losses, liabilities and expenses of and incidental to the appointment of any Delegate and the exercise of any of his rights, including his remuneration and all outgoings paid by him;
- (b) in or towards the payment of the Liabilities in such order as the Original Lender thinks fit; and
- (c) in payment of any surplus to the Chargor or other person entitled to it.

**10. LIABILITY OF ORIGINAL LENDER AND DELEGATES**

**10.1 No Liability for Account Bank**

Notwithstanding any provision in any Finance Document or any other document, the Account Bank shall not be liable to the Chargor or any other person for any costs, losses, liabilities or expenses relating to the termination of any of the Deposits before the end of a Deposit Period.

**10.2 No Liability for Original Lender or Delegate**

Neither the Original Lender nor any Delegate shall (either by reason of taking possession of the Charged Assets or for any other reason and whether as mortgagee in possession or otherwise) be liable to the Chargor relating to the realisation of any Charged Assets or from any act, default, omission or misconduct of the Original Lender, any Delegate or their respective officers, employees or agents in relation to the Charged Assets or in connection with this Deed except to the extent caused by its or his own gross negligence or wilful misconduct.

**10.3 Third Party Rights**

Any third party referred to in this Clause 10 may enjoy the benefit of or enforce the terms of this Clause 10 in accordance with the provisions of the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore.

**11. POWER OF ATTORNEY**

**11.1 Appointment**

The Chargor by way of security irrevocably appoints the Original Lender and every Delegate severally its attorney (with full power of substitution), on its behalf and in its name or otherwise, at such time and in such manner as the attorney thinks fit:

- (a) to do anything which the Chargor is obliged to do (but has not done) under this Deed (including to execute charges over, transfers, conveyances, assignments and assurances of, and other instruments, notices, orders and directions relating to, the Charged Assets); and
- (b) to exercise any of the rights conferred on the Original Lender or any Delegate in relation to the Charged Assets or under this Deed or any laws or regulations.

## **11.2 Ratification**

- (a) The Chargor ratifies and confirms and agrees to ratify and confirm whatever any such attorney shall lawfully and properly do in the exercise or purported exercise of the power of attorney granted by it in Clause 11.1 ( *Appointment* ).
- (b) Any Delegate referred to in this Clause 11 may enjoy the benefit of or enforce the terms of this Clause in accordance with the provisions of the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore.

## **12. PROTECTION OF THIRD PARTIES**

No person dealing with the Original Lender or any Delegate shall be concerned to enquire:

- (a) whether the rights conferred by or pursuant to this Deed are exercisable;
- (b) whether any consents, regulations, restrictions or directions relating to such rights have been obtained or complied with;
- (c) otherwise as to the propriety or regularity of acts purporting or intended to be in exercise of any such rights; or
- (d) as to the application of any money borrowed or raised.

## **13. SAVING PROVISIONS**

### **13.1 Continuing security**

Subject to Clause 14 ( *Discharge of Security* ), the Charges and the Guarantee are continuing security and will extend to the ultimate balance of the Liabilities and the Guaranteed Liabilities respectively, regardless of any intermediate payment or discharge in whole or in part.

### **13.2 Reinstatement**

If any payment by the Chargor or any discharge given by the Original Lender (whether in respect of the obligations of the Chargor or any Security for those obligations or otherwise) is avoided or reduced as a result of insolvency or any similar event:

- (a) the liability of the Chargor and the Charges and the Guarantee shall all continue as if the payment, discharge, avoidance or reduction had not occurred; and
- (b) the Original Lender shall be entitled to recover the value or amount of that Security or payment from the Chargor, as if the payment, discharge, avoidance or reduction had not occurred.

### **13.3 Waiver of defences**

None of the obligations of the Chargor under this Deed, or any of the Charges, or the Guarantee will be affected by an act, omission, matter or thing which, but for this Clause, would reduce, release or prejudice any of its obligations under this Deed or any of the Charges or the Guarantee (without limitation and whether or not known to it) including:

- (a) any time, waiver or consent granted to, or composition with, the Borrower or any other person;
- (b) the release of the Borrower, the Chargor (except to the extent that all or any part of the Charged Assets are released pursuant to this Deed), or any other person under the terms of any composition or arrangement with any creditor of the Borrower, the Chargor or any such person;
- (c) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce any rights against, or Security over assets of, the Borrower or other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any Security;
- (d) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of the Borrower or any other person;
- (e) any amendment (however fundamental) or replacement of a Finance Document or any other document, guarantee or Security;
- (f) any unenforceability, illegality or invalidity of any obligation of any person under any Finance Document or any other document, guarantee or Security; or
- (g) any insolvency or similar proceedings.

### **13.4 Immediate recourse**

The Chargor waives any right it may have of first requiring the Original Lender (or any trustee or agent on its behalf) to proceed against or enforce any other rights or Security or claim payment from any person before claiming from the Chargor under this Deed. This waiver applies irrespective of any law or any provision of a Finance Document to the contrary.

### **13.5 Appropriations**

Until the Liabilities have been irrevocably paid in full and all facilities which might give rise to Liabilities have terminated, the Original Lender (or any trustee or agent on its behalf) may:

- (a) refrain from applying or enforcing any other moneys, Security or rights held or received by the Original Lender (or any trustee or agent on its behalf) in respect of those amounts, or apply and enforce the same in such manner and order as it sees fit (whether against those amounts or otherwise) and the Chargor shall not be entitled to the benefit of the same; and

- (b) hold in an interest-bearing suspense account any moneys received from the Chargor or on account of the Chargor's liability under this Deed.

### **13.6 Deferral of the Chargor's rights**

Until all the Liabilities have been irrevocably paid in full and all facilities which might give rise to Liabilities have terminated and unless the Original Lender otherwise directs, the Chargor will not exercise any rights which it may have by reason of performance by it of its obligations under this Deed:

- (a) to be indemnified by any person other than STMicroelectronics;
- (b) to claim any contribution from any person other than STMicroelectronics; and/or
- (c) to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Original Lender under the Finance Documents or of any guarantee or other Security taken pursuant to, or in connection with, the Finance Documents by the Original Lender unless the Payoff Amount has been paid in full to the Original Lender.

### **13.7 Additional Security**

The Charges and the Guarantee are in addition to and are not in any way prejudiced by any other Guarantees or Security now or subsequently held by the Original Lender.

## **14. DISCHARGE OF SECURITY**

### **14.1 Final redemption**

Subject to Clause 14.2 ( *Retention of Security* ), if the Original Lender is satisfied that all the Liabilities have been irrevocably paid in full and that all facilities which might give rise to Liabilities have terminated, the Original Lender shall at the request and cost of the Chargor release the Guarantee and release, reassign or discharge (as appropriate) the Charged Assets from the Charges.

### **14.2 Retention of Security**

If the Original Lender considers that any amount paid or credited to the Original Lender under any Finance Document is capable of being avoided or otherwise set aside on the Winding-up of the Chargor or any other person, or otherwise, that amount shall not be considered to have been paid for the purposes of determining whether all the Liabilities have been irrevocably paid.

## **15. EXPENSES**

### **15.1 Expenses**

The Chargor shall, within three Business Days of demand, pay to the Original Lender the amount of all costs, liabilities and expenses (including legal fees) incurred by the Original Lender or any Delegate in relation to this Deed and the Finance Documents (including the administration, protection, realisation, enforcement or preservation of any rights under or in connection with this Deed or any Finance Document, or any consideration by the Original Lender as to whether to realise or enforce the same, and/or any amendment, waiver, consent or release of this Deed, any Finance Document and any other document referred to in this Deed or any Finance Document).

**15.2 Stamp taxes**

The Chargor shall pay and, within three Business Days of demand, indemnify the Original Lender against any cost, loss or liability the Original Lender incurs in relation to all stamp duty, registration and other similar Taxes payable in respect of this Deed.

**15.3 Goods and Services Tax**

The Chargor shall pay to the Original Lender on demand, in addition to any amount payable by the Chargor under this Deed, any goods and services or other similar Tax in respect of that amount (and references in this Deed to that amount shall be deemed to include any such Taxes payable in addition to it).

**16. PAYMENTS**

**16.1 Demands**

Any demand for payment made under this Deed by the Original Lender shall be valid and effective even if it contains no statement of the relevant Liabilities or an inaccurate or incomplete statement of them.

**16.2 Payments**

- (a) All payments by the Chargor under this Deed (including damages for its breach) shall be made in the Currency of Account and to such account, with such financial institution and in such other manner as the Original Lender may direct.
- (b) Other than payments made pursuant to Clause 4.7 ( *Interest* ) and unless otherwise stated to the contrary, any payments to be made by the Account Bank to the Chargor hereunder shall be made in US Dollars and in such funds as the Original Lender may determine as being customary for settlement of transactions in US Dollars to the Chargor's account at the particulars set out below (or such other account as the Chargor may from time to time designate):

Numonyx B.V.  
Address: A-One Business Center  
Vers la Pièce  
Route de l'Etraz  
1180 Rolle  
Switzerland  
Account with Citibank London  
Bank Address: Citigroup Center  
33 Canada Square, Canary Warf  
E14 5LB London GB

SWIFT: CITIGB2L  
IBAN: [\*\*\*]  
Currency: USD

### 16.3 Continuation of accounts

At any time after:

- (a) the receipt by the Original Lender of notice (either actual or otherwise) of any subsequent Charge affecting the Charged Assets; or
- (b) any step is taken in relation to the Winding-up of the Chargor,

the Original Lender may open a new account in the name of the Chargor with itself (whether or not it permits any existing account to continue). If the Original Lender does not open such a new account, it shall nevertheless be treated as if it had done so when the relevant event occurred. No moneys paid into any account, whether new or continuing, after that event shall discharge or reduce the amount recoverable pursuant to this Deed.

## 17. TAX GROSS UP AND INDEMNITIES

### 17.1 Definitions

- (a) In this Deed:

" **Tax Credit** " means a credit against, relief or remission for, or repayment of any Tax.

" **Tax Deduction** " means a deduction or withholding for or on account of Tax from a payment under this Deed.

" **Tax Payment** " means an increased payment made by the Chargor to the Original Lender under Clause 17.2 ( *Tax gross-up* ) or a payment under Clause 17.3 ( *Tax indemnity* ).

- (b) Unless a contrary indication appears, in this Clause 17 a reference to "determines" or "determined" means a determination made in the absolute discretion of the person making the determination.

### 17.2 Tax gross-up

- (a) The Chargor shall make all payments to be made by it without any Tax Deduction, unless a Tax Deduction is required by law.
- (b) The Chargor shall promptly upon becoming aware that it must make a Tax Deduction (or that there is any change in the rate or the basis of a Tax Deduction) notify the Original Lender accordingly. Similarly, the Original Lender shall notify the Chargor on becoming so aware in respect of a payment payable to it.
- (c) If a Tax Deduction is required by law to be made by the Chargor, the amount of the payment due from the Chargor shall be increased to an amount which (after making any Tax Deduction) leaves an amount equal to the payment which would have been due if no Tax Deduction had been required.



- (d) If the Chargor is required to make a Tax Deduction, the Chargor shall make that Tax Deduction and any payment required in connection with that Tax Deduction within the time allowed and in the minimum amount required by law.
- (e) Within 30 days of making either a Tax Deduction or any payment required in connection with that Tax Deduction, the Chargor shall deliver to the Original Lender evidence reasonably satisfactory to the Original Lender that the Tax Deduction has been made or (as applicable) any appropriate payment paid to the relevant taxing authority.

### **17.3 Tax indemnity**

- (a) The Chargor shall (within three Business Days of demand by the Original Lender) pay to the Original Lender and any Delegate an amount equal to the loss, liability or cost which the Original Lender determines will be or has been (directly or indirectly) suffered for or on account of Tax by it in respect of this Deed.
- (b) Paragraph (a) above shall not apply:
  - (i) with respect to any Tax assessed on the Original Lender:
    - (A) under the law of the jurisdiction in which the Original Lender is incorporated or, if different, the jurisdiction (or jurisdictions) in which the Original Lender is treated as resident for tax purposes; or
    - (B) under the law of the jurisdiction in which the Original Lender's office through which it is acting in connection with this Deed is located in respect of amounts received or receivable in that jurisdiction,  
  
if that Tax is imposed on or calculated by reference to the net income received or receivable (but not any sum deemed to be received or receivable) by the Original Lender; or
  - (ii) to the extent a loss liability or cost is compensated for by an increased payment under Clause 17.2 ( *Tax gross-up* ).

### **17.4 Tax Credit**

If the Chargor makes a Tax Payment and the Original Lender determines that:

- (a) a Tax Credit is attributable to that Tax Payment; and
- (b) the Original Lender has obtained, utilised and retained that Tax Credit,

the Original Lender shall pay an amount to the Chargor which the Original Lender determines will leave it (after that payment) in the same after-tax position as it would have been in had the Tax Payment not been required to be made by the Chargor.

## **18. GENERAL INDEMNITIES**

### **18.1 Currency indemnity**

- (a) If any sum due from the Chargor under this Deed (a " **Sum** "), or any order, judgment or award given or made in relation to a Sum, has to be converted from the currency (the " **First Currency** ") in which that Sum is payable into another currency (the " **Second Currency** ") for the purpose of:

- (i) making or filing a claim or proof against the Chargor;
- (ii) obtaining or enforcing an order, judgment or award in relation to any litigation or arbitration proceedings,

the Chargor shall as an independent obligation, within three Business Days of demand, indemnify the Original Lender against any cost, loss or liability arising out of or as a result of the conversion including any discrepancy between (A) the rate of exchange used to convert that Sum from the First Currency into the Second Currency and (B) the rate or rates of exchange available to the Original Lender at the time of its receipt of that Sum.

- (b) The Chargor waives any right it may have in any jurisdiction to pay any amount under this Deed in a currency or currency unit other than that in which it is expressed to be payable.

## **18.2 Other Indemnities**

The Original Lender shall be indemnified by the Chargor from and against all actions, losses, claims, proceedings, costs, demands and liabilities which may be suffered by the Original Lender by reason of the transactions contemplated by this Deed and/or the Finance Documents.

## **18.3 Indemnities separate**

Each indemnity in this Deed shall:

- (a) constitute a separate and independent obligation from the other obligations in this Deed;
- (b) give rise to a separate and independent cause of action;
- (c) apply irrespective of any indulgence granted by the Original Lender;
- (d) continue in full force and effect despite any judgment, order, claim or proof for a liquidated amount in respect of any part of the Liabilities or the Guaranteed Liabilities or any other judgment or order; and
- (e) apply whether or not any claim under it relates to any matter disclosed by the Chargor or otherwise known to the Original Lender.

## **19. SET-OFF**

### **19.1 Right of Set-Off**

The Original Lender may not set-off any sum due from the Chargor under this Deed and unpaid against any obligation owed by the Original Lender to the Chargor, regardless of the place of payment, booking branch or currency of either obligation and regardless of whether the Original Lender's obligation is then matured or not.

**19.2 Additional Rights**

The provisions of this Clause and Clause 8.1 (*Rights of Original Lender*) shall be without prejudice, but shall be in addition, to any right of set-off, combination of accounts, lien or other right to which the Original Lender is at any time otherwise entitled (whether by operation of law, contract or otherwise).

**19.3 Statement Conclusive**

A statement signed by any one of the officers of the Original Lender as to the amount constituting the Liabilities or Guaranteed Liabilities for the time being due (including all amounts contingently due) or owing to the Original Lender shall, in the absence of manifest error, be final and conclusive evidence against the Chargor for all purposes.

**19.4 Continuing Right**

The rights of set-off of the Original Lender in this Deed shall not be prejudiced by, or prejudice, any other Security which may now or hereafter be provided by the Chargor or any other person and shall be in addition to any such Security.

**20. RIGHTS, WAIVERS, AMENDMENTS AND DETERMINATIONS**

**20.1 Ambiguity**

Where there is any ambiguity or conflict between the rights conferred by law and those conferred by or pursuant to this Deed, the terms of this Deed shall prevail.

**20.2 Exercise of rights**

No failure to exercise, nor any delay in exercising, on the part of the Original Lender or Delegate, any right or remedy under this Deed shall operate as a waiver, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in this Deed are cumulative and not exclusive of any rights or remedies provided by law.

**20.3 Amendments and waivers of this Deed**

Any term of this Deed may be amended or waived only with the written consent of the Original Lender and the Chargor.

**20.4 Determinations**

Any determination by or certificate of the Original Lender or Delegate under this Deed is, in the absence of manifest error, conclusive evidence of the matters to which it relates.

20.5 [\*\*\*]

**20.6 Information**

To the extent that it is lawfully able to do so without breaching any duty of confidentiality or other obligation owed to any person, the Original Lender shall as soon as practicable provide the Chargor with a copy of any notice of Default, any request for a waiver or amendment, or any document which the Borrower has provided to its creditors generally that it receives under the Facility Agreement or any other Finance Document.

**21. BENEFIT OF SECURITY**

**21.1 Benefit and Burden**

This Deed shall be binding upon and enure to the benefit of each party to this Deed and its successors and assigns.

**21.2 The Chargor**

The Chargor may not assign any of its rights or transfer any of its rights or obligations under this Deed without the prior consent in writing of the Original Lender.

**21.3 The Original Lender**

- (a) The Original Lender may assign and/or transfer all or any parts of its rights and/or obligations under or in respect of this Deed to any person from time to time and the Chargor agrees to execute all documents and take all action that may be required by the Original Lender in respect of any assignment or transfer, or proposed assignment or transfer. Any such assignee or transferee shall be and be treated as a party for all purposes of this Deed and shall be entitled to the full benefit of this Deed to the same extent as if it were an original party in respect of the rights or obligations assigned or transferred to it.
- (b) The Original Lender shall give to the Chargor not less than five days' prior notice of an assignment or transfer of its rights or obligations under the Finance Documents.

**21.4 Disclosure of information**

The Original Lender and any of its officers (as defined in the Banking Act, Chapter 19 of Singapore (the "**Banking Act**")) may disclose to any of its Affiliates and any other person:

- (a) to (or through) whom the Original Lender assigns or transfers (or may potentially assign or transfer) all or any of its rights and obligations under this Deed;
- (b) to (or through) whom the Original Lender enters into (or may potentially enter into) any sub-participation in relation to, or any other transaction under which payments are to be made by reference to, this Deed or the Chargor;
- (c) to whom, and to the extent that, information is required to be disclosed by any applicable law or regulation;
- (d) to whom the Original Lender is under a duty to disclose; or
- (e) who is a person, or who belongs to a class of persons, specified in the second column of the Third Schedule to the Banking Act,

any customer information (as defined in the Banking Act) or any other information about the Chargor and this Deed as the Original Lender shall consider appropriate.

This Clause 21.4 is not, and shall not be deemed to constitute, an express or implied agreement by the Original Lender with the Chargor for a higher degree of confidentiality than that prescribed in Section 47 of the Banking Act and in the Third Schedule to the Banking Act.

**22. PARTIAL INVALIDITY**

The illegality, invalidity or unenforceability of any provision of this Deed under the law of any jurisdiction shall not affect its legality, validity or enforceability under the law of any other jurisdiction nor the legality, validity or enforceability of any other provision.

**23. COMMUNICATIONS**

**23.1 Communications in writing**

Any communication to be made under or in connection with this Deed shall be made in writing and, unless otherwise stated, may be made by fax or letter.

**23.2 Addresses**

The address and fax number (and the department or officer, if any, for whose attention the communication is to be made) of each Party for any communication or document to be made or delivered under or in connection with this Deed is that identified with its name below, or any substitute address, fax number or department or officer as the Party may notify to the other by not less than five Business Days' notice.

**23.3 Delivery**

(a) Any communication or document made or delivered to the Chargor under or in connection with this Deed will only be effective:

- (i) if by way of fax, when received in legible form; or
- (ii) if by way of letter, when it has been left at the relevant address or two Business Days after being deposited in the post postage prepaid in an envelope addressed to it at that address,

and, if a particular department or officer is specified as part of its address details provided under Clause 23.2 ( *Addresses* ), if addressed to that department or officer.

(b) Any communication or document to be made or delivered to the Original Lender will be effective only when actually received by the Original Lender and then only if it is expressly marked for the attention of the department or officer identified with the Original Lender's signature below (or any substitute department or officer as the Original Lender shall specify for this purpose).

**23.4 English language**

(a) Any notice given under or in connection with this Deed must be in English.

(b) All other documents provided under or in connection with this Deed must be:

- (i) in English; or

- (ii) if not in English, and if so required by the Original Lender, accompanied by a certified English translation and, in this case, the English translation will prevail unless the document is a constitutional, statutory or other official document.

## **24. GOVERNING LAW**

This Deed shall be governed by, and construed in accordance with, the laws of Singapore.

## **25. JURISDICTION**

### **25.1 Jurisdiction of Singapore courts**

The courts of Singapore have jurisdiction to settle any dispute arising out of or in connection with this Deed (including a dispute regarding the existence, validity or termination of this Deed) (a " **Dispute** ").

### **25.2 Venue**

The Parties agree that the courts of Singapore are the most appropriate and convenient courts to settle Disputes and accordingly neither Party will argue to the contrary.

### **25.3 Other competent jurisdiction**

This Clause 25 is for the benefit of the Original Lender. As a result, the Original Lender shall not be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Original Lender may take concurrent proceedings in any number of jurisdictions.

### **25.4 Service of process**

Without prejudice to any other mode of service allowed under any relevant law, the Chargor:

- (a) irrevocably appoints Micron Semiconductor Asia Pte. Ltd. of 900 Bendemeer Road, MS 9-990, Singapore 339942 (Telephone no.: +65 6290-3355, Fax no.: 65 6290-3690, Attention to Jen Kwong Hwa, Managing Director, E-mail address: [khjen@micron.com](mailto:khjen@micron.com)) as its agent for service of process in relation to any proceedings before the Singapore courts in connection with this Deed; and
- (b) agrees that failure by a process agent to notify the Chargor of the process will not invalidate the proceedings concerned.

## **26. COUNTERPARTS**

This Deed may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Deed.

**SCHEDULE 1**  
**RIGHTS OF ORIGINAL LENDER**

The Original Lender shall have the right, either in its own name or in the name of the Chargor or otherwise and in such manner and upon such terms and conditions as the Original Lender thinks fit, and either alone or jointly with any other person:

**(a) Take possession**

to take possession of, get in and collect the Charged Assets;

**(b) Deal with Charged Assets**

to sell, transfer, assign, exchange or otherwise dispose of or realise the Charged Assets to any person either by public offer or auction, tender or private contract and for a consideration of any kind (which may be payable or delivered in one amount or by instalments spread over a period or deferred);

**(c) Rights of ownership**

to manage and use the Charged Assets and to exercise and do (or permit the Chargor or any nominee of it to exercise and do) all such rights and things as the Original Lender would be capable of exercising or doing if it were the absolute beneficial owner of the Charged Assets;

**(d) Claims**

to settle, adjust, compromise and arrange any claims, accounts, disputes, questions and demands with or by any person who is or claims to be a creditor of the Chargor relating to the Charged Assets;

**(e) Legal actions**

to bring, prosecute, enforce, defend and abandon actions, suits and proceedings in relation to the Charged Assets in the name of the Chargor and/or the Original Lender;

**(f) Redemption of Security**

to redeem any Security (whether or not having priority to the Charges) over the Charged Assets and to settle the accounts of any person with an interest in the Charged Assets; and

**(g) Other powers**

to do anything else it may think fit for the realisation of the Charged Assets or incidental to the exercise of any of the rights conferred on the Original Lender under or by virtue of this Deed or any laws or regulations.

**SCHEDULE 2**  
**FORM OF NOTICE OF CHARGE AND ASSIGNMENT**

To: DBS Bank Ltd.

Address: [\_\_\_\_\_]

1. DBS Bank Ltd. (the "**Original Lender**") and Numonyx B.V. (the "**Chargor**") give notice that, by a charge contained in a Guarantee, Charge and Deposit Document dated [•] between the Chargor and the Original Lender, the Chargor has charged in favour of the Original Lender, by way of first fixed charge, and assigned to the Original Lender (subject to a provision for re-assignment) all its present and future right, title and interest in and to the account with you specified below (the "**Charged Account**") including all moneys which may at any time be standing to the credit of or accrued or accruing on the Charged Account.

Name of Account

Account Number

•

•

2. Accordingly, until you receive instructions from the Original Lender to the contrary:
- (a) all rights, powers and discretions of the Chargor in relation to the Charged Account shall be exercisable solely by the Original Lender;
  - (b) no moneys may be released from the Charged Account without the prior written consent of the Original Lender; and
  - (c) you should apply any amount standing to the credit of or accrued or accruing on the Charged Account as directed from time to time by the Original Lender.
3. You are hereby authorised by the Chargor to and pursuant to such authorisation you hereby agree to disclose to the Original Lender such information relating to the Charged Account as the Original Lender may from time to time request.
4. You agree that you do not have and will not claim or exercise any Security interest in, set-off, counterclaim or other rights in respect of, the Charged Account.
5. This authority and instruction is irrevocable without the prior written consent of the Original Lender.



Please acknowledge receipt of this Notice of Charge and Assignment, and confirm that you will pay all moneys as directed by or pursuant to this Notice of Charge and Assignment and will comply with the other provisions of this Notice of Charge and Assignment, by signing the acknowledgment on the attached copy of this Notice of Charge and Assignment and returning that copy to the Original Lender at [•], marked for the attention of [•].

\_\_\_\_\_  
For and on behalf of  
DBS BANK LTD.  
as Original Lender

\_\_\_\_\_  
For and on behalf of  
Numonyx B.V.  
as Chargor

[On duplicate]

We acknowledge receipt of the Notice of Charge and Assignment of which this is a copy and agree to comply with its terms. We confirm that we have not received any other notice of assignment or notice that any other person claims any rights in respect of the Charged Account. In addition we:

- (a) irrevocably and unconditionally agree not to claim or exercise any security interest in, set-off, counterclaim or other rights in respect of the Charged Account; and
- (b) agree to pay interest on the moneys deposited in the Charged Account in accordance with Clause 4.7 (*Interest*) of the Guarantee, Charge and Deposit Document referred to in the Notice of Charge and Assignment or otherwise as agreed between yourselves and ourselves.

\_\_\_\_\_  
For and on behalf of  
DBS BANK LTD.

Date: \_\_\_\_\_

In witness whereof the parties hereto have executed this Deed on the date stated at the beginning.

**The Chargor**

SIGNED, SEALED AND DELIVERED

by Tonnie Beier  
and Jan Sebastiaan Donner  
as attorneys for and on behalf of

**Numonyx B.V.**  
in the presence of:

/s/ Tonnie Beier  
\_\_\_\_\_  
Signature of attorney  
attorney for Tom Laws under a power  
of attorney dated 24 August 2010

/s/ Jan Sebastiaan Donner  
\_\_\_\_\_  
Signature of attorney  
Director B

/s/ Tjalling Huisman  
\_\_\_\_\_  
Signature of Witness  
Name: Tjalling Huisman

Address: A-ONE Biz Center, Route de l'Etraz, Rolle 1180, Switzerland  
Fax no.: +41 21 822 3703  
Attention: General Counsel

**The Original Lender**

SIGNED, SEALED AND DELIVERED

by Stephen Ho Chiming  
as attorney for and on behalf of

**DBS Bank Ltd.**

in the presence of:

/s/ Stephen Ho Chiming  
Signature of attorney

/s/ Soon Su Long

Signature of Witness

Name: Soon Su Long

Correspondence Details for DBS Bank Ltd.:

Address: 6 Shenton Way #38-00  
DBS Building Tower One  
Singapore 068809

Fax no.: +65 6323 5410

Attention: Mr Soon Su Long / Ms Vivien Lee / Ms Lynn Ng  
Institutional Banking Group  
Communications, Media and Technology

For Structured Finance contact/correspondence details, please use:

Address: 6 Shenton Way  
DBS Building Tower Two  
Level 34  
Singapore 068809

Attention: Mr Simon Tan / Mr Colin Chen  
Structured Debt Solutions  
Global Financial Markets

For Corporate Advisory contact/correspondence details, please use:

Address: 6 Shenton Way  
DBS Building Tower Two  
Level 34  
Singapore 068809

Attention: Ms Rebekah Chay/Mr Teo Kang Heng  
Corporate Advisory  
Global Financial Markets

## **EMPLOYMENT AGREEMENT**

between

Mr. Mario Licciardello

(hereinafter referred to as the “Executive”)

and

Numonyx B.V., a private company with limited liability organized under the laws of The Netherlands, with corporate seat in Amsterdam, The Netherlands;

(hereinafter referred to as “Numonyx”)

WHEREAS, Intel Corporation, a Delaware corporation (“Intel”), STMicroelectronics N.V., a limited liability company organized under the laws of The Netherlands, with corporate seat in Amsterdam, The Netherlands (“ST”), Redwood Blocker S.A.R.L., a limited liability company organized under the laws of The Grand-Duchy of Luxembourg (“FP”), and Francisco Partners II (Cayman) L.P., an exempt limited partnership organized under the laws of the Cayman Islands, have entered into a Master Agreement, dated as of May 22, 2007, such agreement may be amended from time to time, (the “Master Agreement”), pursuant to which such parties have agreed to for Numonyx Holdings B.V. (“Holdings”) and its Subsidiaries.

WHEREAS, Intel will transfer, and will cause certain of its Subsidiaries to transfer to Holdings and its Subsidiaries, the Intel Transferred Assets in consideration for the issuance by Holdings of the Intel Holdings Shares, the payment by Holdings or its Subsidiaries of the Intel Cash Consideration, and the assumption by Holdings or its Subsidiaries of the Intel Transferred Liabilities, all on the terms and conditions set forth in the Intel Asset Transfer Agreement.

WHEREAS, ST will transfer, and will cause certain of its Affiliates to transfer to Numonyx and its Subsidiaries, the ST Transferred Asset in consideration for the issuance by Numonyx of the ST Numonyx Shares, the payment by Numonyx of the ST Cash Consideration, and the assumption by Numonyx and its Subsidiaries of the ST Transferred Liabilities, all on the terms and conditions set forth in the ST Asset Contribution Agreement and the ST Ancillary Agreements.

WHEREAS, at Closing, ST will immediately contribute the ST Numonyx Shares to Holdings in consideration for the issuance by Holdings of the ST Holdings Shares and the ST Notes on the terms and conditions set forth in the ST Asset Contribution Agreement and the No Agreement.

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WHEREAS, FP and an Affiliate of FP will invest in Holdings and its Affiliates by purchasing and accepting the FP Holdings Shares, on the terms and conditions set forth in the Share Purchase Agreement.

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## **Article 1**

### **Job Title, Reporting and Employment Duties**

#### **1.1 Title**

Numonyx shall employ the Executive as Chief Operating Officer.

The Executive shall also serve as Chief Operating Officer of Holdings.

#### **1.2 Reporting**

The Executive shall report to the Chief Executive Officer of Numonyx.

#### **1.3 Employment Duties**

The Executive shall have duties and responsibilities normally associated with the position of Chief Operating Officer and such other duties and responsibilities commensurate with his position and consistent with the foregoing as may be assigned to him from time to time by the Chief Executive Officer of Numonyx.

The Executive shall serve Numonyx, Holdings and their Affiliates on a full-time basis, act at all times in good faith and further the best interests of Numonyx, Holdings and their Affiliates, in each case, to the best of his ability.

During the Employment Period (as defined in Section 2.2 below), the Executive shall not, directly or indirectly, render services to any other person or organization without the consent of Numonyx pursuant to authority granted by a resolution of the Supervisor; Board of Holdings (the "Supervisory Board") or otherwise engage in activities that would materially interfere with the performance of his duties and responsibilities hereunder.

## **Article 2**

### **Duration**

#### **2.1 Effectiveness**

This Agreement shall become effective as of the Closing Date, which, for purposes of this Agreement, is hereinafter referred to as the "Commencement Date;" provided that the Executive shall be given a period of not fewer than 15 business days following the Commencement Date to review and consider the terms of this Agreement and to

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consult with his advisors with respect to this Agreement. The Compensation Committee of the Supervisory Board (the "Compensation Committee") and the Executive hereby agree to negotiate in good faith any amendments to this Agreement that the Executive may reasonably request as a result of the aforementioned review.

In the event that the transactions contemplated by the Master Agreement are not consummated, this Agreement shall be automatically null and void.

## **2.2 Duration**

The Executive's employment under this Agreement shall commence as of the Commencement Date and shall continue for an indefinite period of time unless terminated in accordance with the provisions of Article 11. The period from the Commencement Date until the termination of the Executive's employment under this Agreement is referred to as the "Employment Period"; and the Executive's last day of employment with Numonyx is referred to as the "Date of Termination."

The Executive hereby understands and agrees that it may be necessary, for the sole purpose of making the Executive an employee of Numonyx as soon as possible, for the Executive to be provided with his salary and benefits through an Affiliate of Numonyx located in Italy for a limited period of time during the Employment Period until such time as Numonyx has the capacity to provide the Executive with such salary and benefits through a Swiss Affiliate. Notwithstanding anything to the contrary in this Agreement, the Executive hereby agrees that such provision of salary and benefits by such Italian Affiliate shall not constitute a breach of this Agreement or any other agreement between the Executive and Numonyx or any of its Affiliates.

### **Article 3**

#### **Place of Work**

During the Employment Period, the Executive's duties shall be carried out in the principal offices of the Company in the Canton of Vaud, Switzerland. The Executive nevertheless agrees that he may be subject to travel requirements from time to time for reasonable business purposes. Travel arrangements shall be as per standards customarily used by Numonyx and its Affiliates.

### **Article 4**

#### **Reimbursement of Expenses**

Reimbursement of business expenses incurred by the Executive in the conduct of his duties hereunder shall be made by Numonyx promptly following the presentation of appropriate justifications in accordance with Numonyx's policies as may be in effect from time to time.

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## **Article 5**

### **Working Time**

Normal working time is 40 hours per week. Due to his position and responsibilities, the Executive understands and accepts that he may have to perform overtime work to fulfill his duties. Compensation of any overtime work performed by the Executive is included in the compensation granted to the Executive in accordance with the provisions of Article 6 of this Agreement.

## **Article 6**

### **Compensation**

#### **6.1 Salary**

During the Employment Period, the Executive shall receive a gross base salary of CHF 490,000 per annum (such base salary, as increased from time to time, the "Base Salary"), subject to statutory deductions, payable in 12 equal monthly installments by bank transfer to a bank account designated by the Executive; provided that the Base Salary shall be prorated for any partial calendar year of Numonyx during the Employment Period. Numonyx will provide the Executive with a monthly written salary statement including all salary deductions.

During the Employment Period, the Base Salary shall be reviewed and adjusted (but not downward) by the Supervisory Board in good faith, based upon the Executive's performance.

#### **6.2 Performance Bonus**

For each calendar year during the Employment Period, in addition to the Base Salary, the Executive shall have the opportunity to earn an annual cash bonus (the "Performance Bonus") as reasonably determined by Supervisory Board after consultation with the Executive, provided the Executive is employed through the end of the calendar year. Any amount payable in respect of the Performance Bonus shall be paid in a lump sum in February of the year next following the year for which the amount is earned or awarded.

The Performance Bonus for calendar years 2008 and 2009 shall be based on the achievement of the performance goals and in accordance with the methodology, in each case, as determined by the Compensation Committee in consultation with the Executive at the first meeting thereof immediately following the Closing Date; provided that in each of calendar years 2008 and 2009 the target amount of such Performance Bonus shall be CHF 466,000 (the "Target Performance Bonus"), the minimum amount of such Performance Bonus shall be CHF 330,000 (the "Minimum Performance Bonus") and the maximum amount of such Performance Bonus shall be CHF 650,000 (the "Maximum Performance Bonus"); provided further that the Performance Bonus for calendar year 2008 shall not be prorated to reflect the portion of the calendar year that elapsed prior to the Commencement Date.

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### **6.3 Car Allowance**

During the Employment Period, Numonyx shall provide the Executive with a car and provide for the reasonable maintenance thereof in accordance with the applicable Numonyx policies and procedures of as in effect from time to time.

### **6.4 Housing Allowance and Relocation**

During the Employment Period, the Executive shall be entitled to a housing allowance in the amount of CHF 6,000 per month in accordance with the applicable policies and procedures of Numonyx as in effect from time to time.

If, during the Employment Period, the Executive relocates from Italy at the request of Numonyx, and as agreed by the Executive Numonyx shall pay or reimburse the Executive the reasonable costs of such relocation in accordance with the applicable procedure of Numonyx as in effect from time to time.

### **6.5 Indemnification**

The Executive shall be indemnified in accordance with Section 6.10 of the Securityholders' Agreement (and the Indemnification Agreement referenced therein).

## **Article 7**

### **Social Security**

#### **7.1 Deduction for Social Security**

Numonyx shall deduct from the Executive's Base Salary and Bonus his legal share for contribution to the statutory Swiss social security scheme as required by applicable law.

#### **7.2 Accident Insurance**

During the Employment Period, the Executive shall be insured in case of both occupational and non-occupational accidents in accordance with programs provided by Numonyx as may be in effect from time to time.

#### **7.3 Loss of Salary Insurance**

During the Employment Period, the Executive shall also be entitled to benefits from a loss of salary insurance in case of inability to work due to illness or disability in accordance with programs provided by Numonyx as may be in effect from time to time.

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#### **7.4 Pension Plan**

During the Employment Period, the Executive shall be enrolled in the Numonyx pension plan applicable to Numonyx senior executives as may be in effect from time to time. A copy of the rules of the pension plan shall be made available to the Executive.

#### **7.5 Welfare Benefits**

During the Employment Period, the Executive shall be eligible to participate in and shall receive all benefits under Numonyx's welfare benefit plans and programs generally applicable to other Numonyx senior executives, in accordance with the terms of the plans and programs, as may be amended from time to time.

### **Article 8**

#### **Holidays and Vacation Days**

During the Employment Period, the Executive shall be entitled to 30 vacation days per year in addition to the ordinary statutory holidays observed in the Canton of Vaud. Vacation shall accrue on a *pro rata* basis over the year, from 1 January to 31 December. Any unused vacation days in any year shall be carried forward to the following year in accordance with Numonyx's policies as may be in effect from time to time.

### **Article 9**

#### **Sickness, Absence, Special Leave**

Except in isolated incidents of short duration, if the Executive is unable to work as a result of illness, injury, accident or other incapacity or other circumstances beyond his control, he shall promptly inform the Human Resource Department of the reason for his absence. If the Executive's absence is due to illness, injury or accident, Numonyx may request that the Executive provide a medical certificate.

### **Article 10**

#### **Data Protection**

##### **10.1 Personal Data**

The Executive agrees to the storage of his personal data by Numonyx. In case of transmission of personal data within the Numonyx Group, the recipients of such data shall keep them confidential and not transmit them to third parties without the Executive's prior written approval.

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## **10.2 Right of Consultation**

The Employee may consult his personal data at any time and request the immediate correction of any incorrect data.

## **Article 11**

### **Termination**

#### **11.1 Ordinary Termination**

Unless otherwise provided in this Agreement, the Executive's employment hereunder may be terminated at any time by either party giving 30 days' written notice to the other party.

#### **11.2 Death**

The Executive's employment hereunder shall terminate without notice on the date of the Executive's death.

#### **11.3 Termination for Cause**

The Executive's employment hereunder may be terminated without prior notice and with immediate effect by either party for any valid reasons within the meaning of Art. 337 of the Swiss Code of Obligations.

#### **11.4 Resignation from Directorships and Officerships**

The termination of the Executive's employment hereunder for any reason shall constitute the Executive's resignation from (i) any director, officer or employee position the Executive has with Numonyx and any Affiliate of Numonyx (the "Numonyx Group") and (ii) all fiduciary positions (including as a trustee) the Executive holds with respect to any employee benefit plans or trusts established by Numonyx. The Executive agrees that this Agreement shall serve as written notice of resignation in this circumstance.

## **Article 12**

### **Confidentiality**

#### **12.1 Confidential Information**

Subject to Section 12.2, the Executive shall, other than as may be required in the ordinary course of the performance of his duties during the Employment Period, keep confidential at all times, even after the end of the Employment Period, and shall not reveal without the prior written consent of Numonyx, all matters deemed to be confidential by any member of the Numonyx Group ("Confidential Information") concerning the assets, liabilities, employees, goodwill, business affairs of, including

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the names and the addresses of past, present or prospective clients, confidential commercial concessions, manufacturing processes marketing data or any other confidential information concerning, useful to or used by any member of the Numonyx Group that he has acquired in connection with his employment by Numonyx; provided that "Confidential Information" shall not include information that is known to the public (other than due to the Executive's violation of this Section 12.1).

## **12.2 Compelled Disclosure**

In the event that the Executive becomes legally compelled by a court or other governmental authority to disclose any Confidential Information, the Executive shall provide Numonyx with prompt written notice so that the Company may seek a protective order or other appropriate remedy. In the event that such protective order or other remedy is not obtained, the Executive shall exercise his reasonable efforts to furnish only that portion of such Confidential Information or to take only such action as is legally required by a binding order of such court or other governmental authority and shall exercise his reasonable efforts to obtain reliable assurance that confidential treatment shall be accorded any such Confidential Information.

## **12.3 Exclusive Property**

The Executive confirms that all Confidential Information is and shall remain the exclusive property of the Numonyx Group. All business records, papers and documents kept or made by the Executive relating to the business of the Numonyx Group shall be and remain the property of the Numonyx Group. Upon the request and at the expense of the Numonyx Group, the Executive shall promptly make all disclosures, execute all instruments and papers and perform all acts reasonably necessary to vest and confirm in the Numonyx Group, fully and completely, all rights created or contemplated by this Article 12. Anything to the contrary notwithstanding, the Executive shall be entitled to retain (i) papers and other materials of a personal nature, including, but not limited to, photographs, non-business related correspondence, personal diaries, rolodexes, calendars, personal files and phonebooks (ii) information showing his compensation or relating to the reimbursement of expenses; and (iii) copies of employee benefit plans programs and agreements relating to his employment or termination thereof with Numonyx.

## **Article 13**

### **Non Compete/Non Solicit/Non Disparagement**

#### **13.1 Non Compete**

The Executive agrees that during the Employment Period and for the 12-month period following the Date of Termination (such period of time being the "Restricted Period"), the Executive shall not, without the prior written consent of Numonyx, directly or indirectly, and whether as principal or investor or as an employee, officer, director, manager, partner, consultant, agent or otherwise alone or in association with any other person, firm, corporation or other business organization, carry on a Competing

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Business (as hereinafter defined) in any geographic area in which the Numonyx Group has engaged, or in which the Supervisor Board contemplates that a member of the Numonyx Group will engage, during such period, in a Competing Business. For purpose of this Article 13, carrying on a "Competing Business" means to engage in the Numonyx Business or any other business engaged in by the Numonyx within 12 months of termination of employment; provided, however, that nothing herein shall limit the Executive's right to (i) own not more than 1% of any of the debt or equity securities of any business organization (a) that is then filing report with the Securities and Exchange Commission pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended or (b) that has securities listed on the London Stock Exchange or EURONEXT Paris exchanges or (ii) return to work as an employee of Intel and/or any of its subsidiaries, provided that the Executive does not provide services to a subsidiary, division, business unit or affiliate of Intel that is carrying on a Competing Business.

### **13.2 Non Solicit**

The Executive agrees that, during the Restricted Period, the Executive shall not, without the prior written consent of Holdings directly or indirectly, (i) interfere with or attempt to interfere with the relationship between any person who is, or was during the then most recent six-month period, an employee, officer, representative or agent of the Numonyx Group and any member of the Numonyx Group, or solicit, induce or attempt to solicit or induce any of them to leave the employ of any member of the Numonyx Group or violate the terms of their respective contracts, or any employment arrangements, with such entities; or (ii) induce or attempt to induce any customer, client, supplier, licensee or other business relation of any member of the Numonyx Group to cease doing business with any member of the Numonyx Group, or in any way interfere with the relationship between any member of the Numonyx Group and any customer, client, supplier, licensee or other business relation of any member of the Numonyx Group. As used herein, the term "indirectly" shall include the Executive's permitting the use of the Executive's name by any competitor of any member of the Numonyx Group to induce or interfere with any employee or business relationship of any member of the Numonyx Group.

### **13.3 Non Disparagement**

The Executive agrees that at no time during the Restricted Period or thereafter shall he make, or cause or assist any other person to make, any statement or other communication to any third party or to any general public media in any form (including books, article or writings of any other kind, as well as film, videotape, audio tape, computer/internet format or any other medium) which disparages, or is otherwise critical of, the reputation, business or character of any member of the Numonyx Group or any of its respective directors, officers or employees.

Numonyx agrees that during the Restricted Period and thereafter it shall require its directors, officers and employees, and the directors, officers and employees of the members of the Numonyx Group, to refrain from making or causing or assisting any other person to make, any statement or other communication to any third party or to any general public media in any form (including books, articles or writings of any other kind, as well as film, videotape, audio tape, computer/internet format or any

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other medium) which disparages, or is otherwise critical of, the reputation, business or character of the Executive.

Notwithstanding the foregoing, nothing in this Section 13.3 shall prevent any person from (i) responding publicly to incorrect, disparaging or derogatory public statements to the extent reasonably necessary to correct or refute such public statement or (ii) making any truthful statement to the extent (x) necessary with respect to any litigation, arbitration or mediation involving this Agreement, including, but not limited to, the enforcement of this Agreement, or (y) required by law or by any court, arbitrator, mediator or administrative or legislative body (including any committee thereof) with apparent jurisdiction over such person.

#### **13.4 Reasonableness of the Restrictions**

The restrictions contained in this clause are considered by the parties to be reasonable in all circumstances. Each subclause constitutes an entirely separate and independent restriction and the duration, extent and application of each of the restrictions are no greater than is necessary for the protection of the interests of Numonyx.

### **Article 14**

#### **Injunctive Relief**

Without intending to limit the remedies available to Numonyx, the Executive agrees that a breach of any of the covenants contained in Articles 12 and 13 of this Agreement may result in material and irreparable injury to the Numonyx Group for which there is no adequate remedy at law, that it will not be possible to measure damages for such injuries precisely and that, in the event of such a breach or threat thereof, any member of the Numonyx Group shall be entitled to seek a temporary restraining order or a preliminary or permanent injunction, or both, without bond or other security, restraining the Executive from engaging in activities prohibited by the covenants contained in Articles 12 and 13 of this Agreement or such other relief as may be required specifically to enforce any of the covenants contained in this Agreement. Such injunctive relief in any court shall be available to the Numonyx Group in lieu of, or prior to or pending determination in, any court proceeding.

Without intending to limit the remedies available to the Executive, Numonyx agrees that a breach of the covenant contained in Article 13.3 of this Agreement may result in material and irreparable injury to the Executive for which there is no adequate remedy at law, that it will not be possible to measure damages for such injuries precisely and that, in the event of such a breach or threat thereof, the Executive shall be entitled to seek a temporary restraining order or a preliminary or permanent injunction, or both, without bond or other security, restraining any member of the Numonyx Group from engaging in activities prohibited by the covenant contained in Article 13.3 of this Agreement or such other relief as may be required specifically to enforce the covenant contained in Article 13.3 of this Agreement. Such injunctive relief in any court shall be available to the Executive in lieu of, or prior to or pending determination in, any court proceeding.

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## Article 15

### Assignment of Developments

#### 15.1 Generally

The Executive acknowledges that all developments, including the creation of new products, conferences, training/seminars publications, programs, methods of organizing information, inventions, discoveries, concepts, ideas, improvements, patents trademarks, trade names, copyrights, trade secrets, designs, works, reports, computer software or systems, flow charts, diagrams procedures, data, documentation and writings and applications thereof, relating to the business or future business of Numonyx that the Executive, alone or jointly with others, has discovered, suggested, conceived, created, made, developed, reduced to practice, or acquired during the Executive's employment with or as a result of the Executive's employment with Numonyx (collectively "Developments"), are works made for hire and shall remain the sole and exclusive property of Numonyx, free of any reserved right or other rights of any kind on the Executive's part.

The Executive hereby assigns to Numonyx all of his rights, titles and interest in and to all such Developments, if any. The Executive agrees to disclose to Numonyx promptly and fully all future Developments and, at any time upon the reasonable request and at the expense of Numonyx, to execute, acknowledge and deliver to Numonyx all instruments that Numonyx shall prepare, to give evidence and to take any and all other actions (including, among other things, the execution and delivery under oath of patent or copyright applications and instruments of assignment) that are necessary or desirable in the reasonable opinion of Numonyx to enable Numonyx to file and prosecute applications for, and to acquire, maintain and enforce, all letters patent, trademark registrations or copyrights covering the Developments in all countries in which the same are deemed necessary by Numonyx. All data, memoranda, notes, lists, drawings, records, files, investor and client/customer lists, supplier lists and other documentation (and all copies thereof) made or compiled by the Executive or made available to the Executive concerning the Developments or otherwise concerning the past, present or planned business of Numonyx are the property of Numonyx. Any such Developments that are in the possession or control of the Executive will be delivered to Numonyx immediately upon the termination of the Executive's employment with Numonyx.

#### 15.2 Patent Applications

If a patent application or copyright registration is filed by the Executive or on the Executive's behalf during the Executive's employment with Numonyx or within one year after the Date of Termination, describing a Development within the scope of the Executive's work for Numonyx or which otherwise relates to a portion of the business of the Company of which the Executive has knowledge during his employment with Numonyx, it is to be conclusively presumed that the Development was conceived by the Executive during the period of such employment.

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## Article 16

### Miscellaneous

#### 16.1 No Conflicting Agreement

The Executive represents and warrants to Numonyx that (i) the Executive has not taken, and/or will return or (with the consent of his former employer) destroy without retaining copies, all proprietary and confidential materials of his former employer (other than that which pertains to the business of the Numonyx Group); (ii) the Executive has not used, without the consent of his prior employer, any confidential, proprietary or trade secret information in violation of any contractual or common law obligation to his former employer; (iii) except as previously disclosed to Numonyx in writing, the Executive is not party to any agreement, whether written or oral, that would prevent or restrict him from engaging in activities competitive with the activities of his former employer, from directly or indirectly soliciting any employee, client or customer to leave the employ of, or transfer its business away from, his former employer or, if the Executive is subject to such an agreement or policy, he has complied with it; and (iv) the Executive is not a party to any agreement, whether written or oral, that would be breached by or would prevent or interfere with the execution by the Executive of this Agreement or the fulfillment by the Executive of the his obligations hereunder.

#### 16.2 Defense of Claims

The Executive agrees that, during his employment, and for a period of five years after the Date of Termination, upon written request from Numonyx, the Executive will cooperate with Numonyx in the defense of any claims or actions that may be made by or against the Company that affect the Executive's prior areas of responsibility, except if the Executive's reasonable interests are adverse to Numonyx in such claim or action. Any request for the Executive's cooperation pursuant to this Section 16.2 shall take into account the Executive's other personal and business commitments at the time of such request. Numonyx agrees to promptly reimburse the Executive for all of the Executive's reasonable travel and other direct expenses incurred, or to advance such expense as will be reasonably incurred, to comply with the Executive's obligations under this Section 16.2.

#### 16.3 Amendments

This Agreement cannot be amended or waived in any way, in whole or in part, except by an instrument in writing signed by the parties hereto.

#### 16.4 Assignment; Binding Agreement

This Agreement and any and all rights, duties, obligations or interests hereunder shall not be assignable or delegable by the Executive. This Agreement and all of Numonyx's rights and obligations hereunder shall not be assignable by Numonyx

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except as incident to a reorganization, merger or consolidation, or transfer of all or substantially all of Numonyx's assets; provided that the assignee or transferee is the successor to all or substantially all of the assets of Numonyx and assumes the liabilities obligations and duties of Numonyx under this Agreement, either contractually or by operation of law. This Agreement shall be binding upon, and inure to the benefit of, the parties hereto, any successors to or assigns of Numonyx and the Executive's heirs and the personal representatives of the Executive's estate.

#### **16.5 Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of Switzerland.

#### **16.6 Jurisdiction**

Any disputes arising out of or in connection with this Agreement shall be submitted to the competent courts of the Canton of Vaud.

#### **16.7 Survival of Certain Provisions**

The rights and obligations set forth in Sections 6.5, 16.2, 16.5 and 16.6 and Articles 12 through 15 shall survive any termination or expiration of the Employment Period.

#### **16.8 Definitions**

Except as stated herein, capitalized terms used in this Agreement that are not defined herein shall have the meaning ascribed to such terms in the Master Agreement.

#### **16.9 Exhibits**

Any Exhibits attached to the Agreement shall form an integral part hereof.

#### **16.10 Notices**

Any notices to be given under this Agreement to the Executive shall be served either personally or via registered mail sent to the Executive's home address as recorded in the records of Numonyx. Any notices to be given under this Agreement to Numonyx shall be served via registered mail to Numonyx B.V., A-ONE Biz Center, Z.A. Vers la Piece, Rte. De l'Etraz, 1180 Rolle, Switzerland Attention: General Counsel. Notices and other communication hereunder shall be effective upon receipt.

#### **16.11 Prior Agreements**

This Agreement supersedes any prior written or oral agreement between the parties with respect to the matters covered herein.

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**16.12 Tax and Legal Fees**

Numonyx shall, at or promptly following the Commencement Date, reimburse the Executive, on a tax-protected basis, upon presentation of appropriate documentation, for all legal fees and expenses, including tax advice, reasonably incurred by the Executive in connection with the preparation and negotiation of this Agreement; provided that such reimbursement shall not exceed 10,000 euros.

In addition, Numonyx shall reimburse the Executive for expenses related to tax advice and preparation services for a period of two years following the Commencement Date, subject to a maximum amount of CHF 10,000.

**16.13 Counterparts**

This Agreement may be executed by either of the parties hereto in counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same instrument.

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Executed in two copies, in \_\_\_\_\_ o n 30 March, 2008:

**NUMONYX B.V.**

By \_\_\_\_\_/s/ Kevin M. Fillo

**Name:**

**THE EXECUTIVE**

\_\_\_\_\_  
**Mario Licciardello**

[Signature Page to COO Employment Agreement for Mario Licciardello]

---

Executed in two copies, in \_\_\_\_\_ o n 30 March, 2008:

**NUMONYX B.V.**

By \_\_\_\_\_  
Name:

**THE EXECUTIVE**

/s/ Mario Licciardello  
Mario Licciardello

[Signature Page to COO Employment Agreement for Mario Licciardello]

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numonyx B.V.  
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 Z.A. Vers la Pièce  
 Rte de l'Etraz  
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 Switzerland  
 Tel +41 21 822 37 00

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numonyx™

March 26, 2009

Mario Licciardello

**Re: Your Employment with Numonyx B.V. (Swiss Branch)**

Dear Mario:

This letter is to set out our agreement regarding the changes to the employment agreement between Numonyx B.V. (Swiss Branch) ( **Numonyx** ) and you signed on 30 March 2008 ( **Employment Agreement** ), and the severance agreement between you and Numonyx dated 30 March 2008 ( **Severance Agreement** ). As you know, the amendments are necessary because the Employment Agreement and the Severance Agreement were never implemented. Accordingly, the Employment Agreement and the Severance Agreement will be amended as follows:

**Employment Agreement**

1. For the avoidance of doubt, the full name of your employer is Numonyx B.V. (Swiss Branch), A-ONE Business Center, Z.A. Vers la Piece, Rte de l'Etraz, 1180 Rolle.
2. Article 1.1 will be amended by deleting the second paragraph of Article 1.1 [ *'The Executive shall also serve as Chief Operating Officer of Holdings'* ].
3. Article 2.1 will be deleted and replaced with the following:

**'2.1 Commencement Date**

This Agreement shall become effective as of 1 April 2009 (the "Commencement Date").'

4. Article 2.2 will be amended by deleting the second paragraph of Article 2.2 [ *'The Executive hereby ... or any of its Affiliates'* ].
5. Articles 6.1 and 6.2 will be deleted and replaced with the following, subject to paragraph 14 of this letter:

**'6.1 Salary**

Effective from the Commencement Date, the Executive's gross salary (without bonus) amounts to CHF525,000 per year (such salary, as amended from time to time, being referred to as the "Base Salary"), payable in 12 monthly instalments. In accordance with Article 5, this salary shall compensate for all overtime, if any.

Numonyx B.V., Amsterdam, Rolle branch

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Despite the above, from the Commencement Date to 31 December 2009 ("Reduction Period"), the Base Salary will be temporarily reduced to a monthly rate of CHF39,375 per month. Effective 1 January 2010, the Base Salary will be restored to an annual rate of CHF525,000. Depending on the circumstances at the time, Numonyx may ask the Executive to agree to an extension of the Reduction Period (and thus an extension of the period of time during which the Executive will receive a reduced monthly salary). Any payment, benefit or entitlement calculated by reference to the Base Salary for the Reduction Period (including but not limited to leave payments, pension contributions etc.) will be calculated based on the Executive's reduced Base Salary. However, any discretionary employee bonus or commission targets which apply to the Executive will not be affected by the reduction in the Base Salary.

## 6.2. Bonus Plan

Numonyx currently operates a discretionary annual bonus plan and, in the Executive's current position, a target annual bonus of CHF 650,000 may be payable to the Executive at the sole discretion of Numonyx for calendar year 2009, provided that the minimum bonus payable will be CHF 330,000. The Executive must be employed through the end of the calendar year in order to be eligible to receive any bonus. Any amount payable in respect of any bonus shall be paid in a lump sum in the first quarter of the year next following the year for which the amount is awarded. The terms and conditions governing eligibility for, the amount of and the payment of any bonus are determined by Numonyx's relevant bonus plan as amended or replaced from time to time at Numonyx's discretion and, in particular, Numonyx does not guarantee any particular target or minimum bonus for calendar years 2010 and onwards.'

6. Article 6.4 will be deleted and replaced with the following:

### '6.4 Housing Allowance and Relocation

The Executive shall be entitled to a housing allowance of up to CHF 6,000, net of tax and social security contributions per month, payable in accordance with the applicable policies and procedures of Numonyx as in effect from time to time. The actual amount of the housing allowance will be equal to the monthly rent payable by the Executive (up to the cap of CHF 6,000) and will be grossed up to account for tax and social security contributions. The Executive must notify Numonyx if his monthly rent changes.

The Executive shall be entitled to relocation assistance as described in Annexure A' [of this letter].

7. Article 6.5 will be deleted.

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8. Article 7.4 will be deleted and will be replaced with the following:

**'7.4 Pension Plan**

The Executive is ineligible to participate in the Numonyx pension plan. Numonyx will pay the Executive a gross monthly allowance of CHF 1,250 in lieu of participation in such plan.'

9. A new Article 7. 6 will be added as follows:

**'7.6 Death Benefits**

Numonyx will use reasonable endeavors to obtain, at its cost, life insurance for the Executive from a third-party of Numonyx's choice, with maximum benefits equal to 6 times the Executive's base salary, capped at a maximum of CHF 2,250,000. The Executive's participation and benefits in and under such insurance will be subject to the terms and conditions of the relevant insurance.'

10. Article 11.1 will be amended by replacing the phrase "30 days" with the phrase "one month's"

11. Articles 13.1 - 13.4 will be deleted and will be replaced with the following:

**'13.1 Non Compete**

The Executive agrees that, in his function as employee and/or shareholder of Numonyx, for the 12-month period following the Date of Termination (such period of time being the "Restricted Period"), the Executive shall not:

(i) in any country in or for which, in the 12 months prior to the Date of Termination, the Executive: carried out duties for; and/or was involved in the development of business for; and/or had in other ways an insight into customer or business data of, a member of the Numonyx Group; and

(ii) whether alone or in association with any other person, firm, corporation or other business organization,

participate, assist or otherwise be directly or indirectly involved as a: influencing shareholder or financier; director; consultant; adviser; contractor; principal; agent; manager; employee; partner; or associate, in any activity or business which is the same as, or is otherwise potentially competitive with, part or parts of the business which the Executive developed or in which the Executive was involved for any member of the

Numonyx Group (“Competitive Business”) as at the Date of Termination or in the 12 months prior to such date.

The Executive shall be deemed to be an influencing shareholder or financier if he owns 1% or more of the equity securities or debt in a Competitive Business.

### **13.2 Non Solicit**

The Executive agrees that, during the Restricted Period, the Executive shall not, without the prior written consent of Numonyx, directly or indirectly, (i) interfere with or attempt to interfere with the relationship between any member of the Numonyx Group and any person who is, or was during the then most recent six-month period, an employee, officer, representative or agent of a member of the Numonyx Group, or solicit, induce or attempt to solicit or induce any such person to leave the employ (where relevant) of any member of the Numonyx Group or violate the terms of their respective contracts, or any employment arrangements, with such entities; or (ii) induce or attempt to induce any customer, client, supplier, licensee or other business relation of any member of the Numonyx Group to cease doing business with any member of the Numonyx Group; or (iii) in any way interfere with the relationship between any member of the Numonyx Group and any customer, client, supplier, licensee or other business relation of any member of the Numonyx Group. As used herein, the term “indirectly” shall include the Executive’s permitting the use of the Executive’s name by any competitor of any member of the Numonyx Group to do any of the things which the Executive is prohibited from doing under this Section 13.2.

### **13.3 Non Disparagement**

The Executive agrees that at no time during the Restricted Period or thereafter shall he make, or cause or assist any other person to make, any statement or other communication to any third party or to any general public media in any form (including books, articles or writings of any other kind, as well as film, videotape, audio tape, computer/internet format or any other medium) which disparages, or is otherwise critical of, the reputation, business or character of any member of the Numonyx Group or any of its respective directors, officers or employees.

Numonyx agrees that during the Restricted Period and thereafter it shall require its directors, officers and employees, and the directors, officers and employees of the members of the Numonyx Group, to refrain from making or causing or assisting any other person to make, any statement or other communication to any third party or to any general public media in any form (including books, articles or writings of any other kind, as well as film, videotape, audio tape, computer/internet format or any other medium) which disparages, or is otherwise critical of, the reputation, business or character of the Executive.

Notwithstanding the foregoing, nothing in this Section 13.3 shall prevent any person from (i) responding publicly to incorrect, disparaging or derogatory public statements to the extent reasonably necessary to correct or refute such public statement or (ii) making any truthful statement to the extent (x) necessary with respect to any litigation, arbitration or mediation involving this Agreement, including, but not limited to, the enforcement of this Agreement, or (y) required by law or by any court, arbitrator, mediator or administrative or legislative body (including any committee thereof) with apparent jurisdiction over such person.

#### 13.4 Reasonableness of the Restrictions

The restrictions contained in this clause are considered by the parties to be reasonable in all circumstances. Each subclause constitutes an entirely separate and independent restriction and the duration, extent and application of each of the restrictions are no greater than is necessary for the protection of the interests of Numonyx.'

12. Article 16.11 will be amended by replacing the phrase "matters covered herein" with the word "employment".

13. Article 16.12 will be deleted.

#### Severance Agreement

14. The Severance Agreement will be terminated and is declared to be null and void. It will be replaced with the agreement attached as Annexure B to this letter. Despite paragraph 5 of this letter, if the Executive becomes entitled to a payment under such agreement of a 'Severance Amount' (as defined in the agreement) during the Reduction Period, the base salary used in the calculation of such Severance Amount will be CHF525,000.

#### Miscellaneous

15. Any reference to the Employment Agreement in any other document will be taken to be a reference to the Employment Agreement as amended by this letter. Any reference to the Severance Agreement in any other document will be taken to be a reference to the agreement attached as Annexure B to this letter.

16. Words and phrases defined in an amendment to the Employment Agreement described above will have the same meaning in any part of the Employment Agreement which is not amended by this letter. Words and phrases used in another document which have the meaning given to that word or phrase in the Employment Agreement will have the meaning given to that word or phrase in the Employment Agreement as amended by this letter. A capitalized word or phrase which is not defined in this letter will have the



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meaning given to that word or phrase in the Employment Agreement prior to the amendments set out in this letter.

17. The amendments described in this letter:

- (a) are conditional upon the approval of the supervisory board of Numonyx Holdings B.V.; and
- (b) subject to such approval, will be effective as of 30 March 2008.

Please indicate your acceptance and agreement to the above by signing in the space indicated below.

Yours sincerely,

**Numonyx B.V. (Swiss Branch)**

*/s/ Kenneth Lever*

\_\_\_\_\_  
Kenneth Lever, CFO

*/s/ Kevin M. Fillo*

\_\_\_\_\_  
Kevin Fillo, Vice President and General  
Counsel

I agree to the above amendments:

*/s/ Mario Licciardello*

\_\_\_\_\_  
Mario Licciardello

*26/3/2009*

\_\_\_\_\_  
Date

Numonyx B.V., Amsterdam, Rolle branch

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**ANNEXURE A TO AN EMPLOYMENT AGREEMENT BETWEEN NUMONYX B.V.  
(SWISS BRANCH) AND MARIO LICCIARDELLO DATED 30 MARCH 2008, AS  
AMENDED BY A LETTER AGREEMENT BETWEEN THE PARTIES  
DATED 26 MARCH 2009**

Numonyx will provide the Executive with the following relocation assistance:

**1. Passport, Visas and Work Permits**

Numonyx will arrange and pay the costs of any necessary visas/work permits required to permit the Executive to live and work, and to permit his spouse to live, in Switzerland. The Executive must provide all assistance required by Numonyx or its third-party service-providers in order to assist them obtain such visas/work permits.

**2. Familiarization Trip**

Numonyx will pay for the costs of destination services support (being the fees to arrange for service-providers to provide local area orientation, accompanied home-finding, lease co-ordination and negotiation and settling-in services).

**3. Medical Exams**

If any medical exams are necessary for the purposes of obtaining visas/work permits for the Executive and/or his spouse, the Executive and/or his spouse must seek reimbursement of the fees for such exams under the health insurance made available by the Executive's existing employer. If such fees are not reimbursed in part or in full by this health insurance, then Numonyx will reimburse the difference.

**4. Enroute Travel**

Numonyx will pay for the cost of a one-way economy class air ticket for the Executive and his spouse from Milan to Geneva, plus the one-way costs of land transport from his residence in Italy to Milan airport and from Geneva airport to his apartment in Lausanne. Alternatively, if the Executive chooses to drive from his residence in Italy to his apartment in Lausanne when moving Numonyx will reimburse him the costs of petrol for one trip only. Alternatively, if the Executive chooses to travel by train when moving to Switzerland Numonyx will reimburse the costs of such travel, subject to the prior approval of Numonyx HR to the route chosen and the costs involved.

Numonyx B.V., Amsterdam, Rolle branch

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**5. Transport of Household Goods**

Numonyx will arrange and pay up to CHF 7,000 for the transport of the Executive's household goods from his residence in Italy to his residence in Lausanne, provided such transport is completed by 31 July 2009.

**6. Settling-In Allowance**

Numonyx will pay the Executive a one-time settling in allowance of CHF 20,000, which will be grossed up for taxes and social security contributions.

**7. Tax Support**

Numonyx will identify a designated service provider to prepare and file Swiss and, if necessary, Italian income tax returns for the Executive for any Swiss and Italian tax year that falls within calendar year 2009. The Executive must provide all assistance required by Numonyx or its designated service provider in order to prepare and file such income tax returns. It will be the Executive's responsibility to file timely income tax returns and pay in any tax shortfall on his income tax return to avoid penalties. Any penalties or interest incurred as a result of the Executive's delinquency to timely file and pay taxes will be at the Executive's expense.

**8. Temporary Transportation**

Numonyx will provide a rental car for the Executive's use until he receives the company car referred to in Article 6.3 of his employment agreement.

## SEVERANCE AGREEMENT

SEVERANCE AGREEMENT, dated as of 26 March 2009 (this "Severance Agreement"), by and between Numonyx B.V., (Swiss Branch), A-ONE Business Center, Z.A. Vers la Piece, Rte de l'Etraz, 1180 Rolle ("Numonyx"), and Mario Licciardello (the "Executive").

WHEREAS, Numonyx and the Executive have entered into an employment agreement dated 30 March 2008, as amended by a letter agreement between Numonyx and the Executive dated 26 March 2009 (together, the "Employment Agreement"), pursuant to which the Executive is employed by Numonyx effective as of the Commencement Date (as defined in the Employment Agreement); and

WHEREAS, Numonyx and the Executive intend that this Severance Agreement shall set forth the payments to be received on a termination of the Executive's employment, pursuant to Articles 11.1 or 11.3 of the Employment Agreement, during the Protection Period (as defined below).

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

1. Duration.

(a) Effectiveness. This Severance Agreement shall become effective as of the Commencement Date.

(b) Term. The term of this Severance Agreement (the "Protection Period") shall commence on the Commencement Date and shall terminate on 31 March 2010 (the "End Date"); provided, however, that in the event a Change of Control (as defined below) occurs prior to the End Date, the Protection Period shall expire on the later of (i) the End Date and (ii) the first anniversary of the Change of Control.

(c) Applicability. The terms and conditions of this Severance Agreement shall apply only in the event of a termination of the Executive's employment pursuant to Articles 11.1 or 11.3 of the Employment Agreement during the Protection Period.

---

2. Termination of Employment. In the event that, during the Protection Period, the Executive's employment with Numonyx is terminated pursuant to, and in accordance with the requirements of, Articles 11.1 or 11.3 of the Employment Agreement, the following terms and conditions set out below in Section 2(a) through 2(d) shall apply:

(a) Termination for Severance Cause; Resignation Without Good Reason.

(i) If Numonyx terminates the Executive's employment under circumstances constituting Severance Cause, as defined in Section 2(a)(ii), or if the Executive resigns from employment with Numonyx under circumstances that do not constitute Good Reason, as defined in Section 2(a)(iii), the Executive shall only be entitled to payment of: (A) unpaid Base Salary through and including the date the Executive's employment terminates (the "Date of Termination"); (B) any bonus declared as payable to the Executive by the Supervisory Board of Numonyx Holdings B.V. ("Holdings", and the Supervisory Board of Holdings being referred to in this Severance Agreement as the "Supervisory Board") or its designee for the year prior to the year in which the Date of Termination occurs which has not been paid as at the Date of Termination; (C) any reimbursement of expenses not yet reimbursed by Numonyx in accordance with Numonyx's policies then in effect; and (D) any other amounts or benefits required to be paid or provided by law or under any plan, program, policy or practice of Numonyx or Holdings (including, without limitation, under the Holdings Equity Incentive Plan (the "Equity Plan")) (all such amounts described in (A), (B), (C), and (D) being the "Other Accrued Compensation and Benefits"). The Executive shall have no further right to receive any other compensation or benefits after such termination or resignation of employment under this Severance Agreement or under the Employment Agreement.

(ii) Termination for "Severance Cause" shall mean termination of the Executive's employment because of:

(A) any act or omission that constitutes a material breach by the Executive of any of his obligations under the Employment Agreement;

(B) the willful and continued failure or refusal of the Executive to conduct the duties reasonably required of him under the Employment Agreement;

(C) the Executive's conviction of (x) any violent crime or (y) any other crime involving dishonesty, fraud, corruption or moral turpitude;

(D) the Executive's engaging in any misconduct or neglect that is materially injurious to the financial condition or business reputation of any member of Numonyx Group;

(E) the Executive's breach of a written policy of Numonyx or a published regulation of any governmental or regulatory body applicable to Numonyx, in any case, which breach is materially injurious to the financial condition or business reputation of any member of Numonyx Group; or

(F) the Executive's refusal to follow the reasonable directions of the Supervisory Board or the person to whom he reports, provided that, if requested by the Executive, such directions shall be in writing;

provided, however, that no event or condition described in clauses (A) through (F) shall constitute Severance Cause unless (x) the circumstances giving rise to such event or condition cannot be corrected; OR (y) the circumstances giving rise to such event or condition can be corrected AND; (G) Numonyx first gives the Executive written notice of its intention to terminate his employment for Severance Cause and the grounds for such termination; and (H) such grounds for termination are not corrected by the Executive within 30 days of his receipt of such notice (or, in the event that such grounds cannot be corrected within such 30-day period, the Executive has not taken all reasonable steps within such 30-day period to correct such grounds as promptly as practicable thereafter).

(iii) Resignation for "Good Reason" shall mean termination of employment by the Executive because of the occurrence of any of the following events without the Executive's prior written consent: (A) a decrease in the Executive's Base Salary, or a failure by Numonyx to pay material compensation or provide material benefits due and payable to the Executive under his Employment Agreement; (B) a material diminution of the authority, duties or responsibilities of the Executive from those set forth in his Employment Agreement; (C) Numonyx's requiring the Executive to be based at any office or location more than 60 miles from Canton of Vaud, Switzerland; (D) a material breach by Numonyx of any term or provision

of the Executive's Employment Agreement; or (E) the failure of Numonyx to cause the transferee or successor to all or substantially all of the assets of Numonyx to assume by operation of law or contractually Numonyx's obligations hereunder; provided, however, that no event or condition described in clauses (A) through (E) shall constitute Good Reason unless (x) the Executive gives Numonyx written notice of the circumstances constituting Good Reason and the grounds for such termination within 30 days of the Executive's learning of the initial occurrence of the event or condition constituting Good Reason and (y) such grounds for termination (if susceptible to correction) are not corrected by Numonyx within 30 days of its receipt of such notice (or, in the event that such grounds cannot be corrected within such 30-day period, Numonyx has not taken all reasonable steps within such 30-day period to correct such grounds as promptly as practicable thereafter).

(b) Termination without Severance Cause; Resignation for Good Reason.

(i) If the Executive's employment is terminated by Numonyx under circumstances that do not constitute Severance Cause, or if the Executive resigns from employment with Numonyx under circumstances constituting Good Reason, Numonyx shall pay the Executive the Other Accrued Compensation and Benefits within 30 days following the Date of Termination, except as otherwise provided under the terms of the applicable plan, program or policy, and, subject to the terms of this Severance Agreement, a cash amount (the "Severance Amount") equal to the sum of (A) the Executive's annual rate of Base Salary (determined prior to any decrease therein constituting Good Reason) and (B) the amount, if any, equal to the greater of the Executive's minimum performance bonus (if any) and 50% of the Executive's annual target bonus for the year in which the termination of employment occurs, such sum payable in 12 equal monthly installments, commencing, subject to Section 2(b)(iii) on the 33rd day following the Date of Termination. In addition, in the event the Executive's employment terminates pursuant to this Section 2(b)(i), any unvested equity-based compensation awards previously granted or awarded to the Executive in the form of stock options or otherwise under any equity-based compensation plan of Numonyx or Holdings, including, without limitation, under the Equity Plan (the "Equity Awards") shall continue to vest in accordance with their terms until the first anniversary of the Date of Termination and shall remain exercisable (to the

extent exercisable) until the earlier to occur of (C) the day after the first anniversary of the Date of Termination and (D) the original expiration date of the Equity Award. The Executive shall have no further rights under this Severance Agreement or otherwise to receive any other compensation or benefits after such termination or resignation of employment.

(ii) In the event that the Executive's employment terminates pursuant to this Section 2(b) either (X) at the request of a third party who has taken steps reasonably calculated to effect a Change of Control (as defined herein) or (Y) after a Change of Control, and the Date of Termination occurs prior to the first anniversary of such Change of Control: (A) Numonyx shall provide and pay the Executive the benefits and amounts set forth in (and at the times set forth in) Sections 2(b)(i) above, provided that the Severance Amount shall be two times the Severance Amount payable pursuant to Section 2(b)(i) above; (B) the Restricted Period for purposes of Article 13 of the Employment Agreement shall be the 24-month period following the Date of Termination; and (C) all unvested Equity Awards shall fully and immediately vest (and to the extent exercisable, shall become exercisable) and shall remain exercisable until the earlier to occur of (i) the first anniversary of the Date of Termination and (ii) the original expiration date of the Equity Award. For purposes of this Severance Agreement, a "Change of Control" shall be deemed to have occurred if (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the United States Securities Exchange Act of 1934, as amended), other than a trustee or other fiduciary holding securities under an employee benefit plan of Holdings or a corporation owned directly or indirectly by the shareholders of Holdings in substantially the same proportions as their ownership of shares of Holdings, is or becomes the "Beneficial Owner" (as defined in Rule 13d-3 under said Securities Exchange Act), directly or indirectly, of securities of Holdings representing 20% or more of the total voting power represented by the then outstanding Voting Securities ("Voting Securities" being any securities of Holdings that vote generally in the election of Supervisory Board members), or (ii) during any period of two consecutive years, individuals who at the beginning of such period constitute the Supervisory Board and any new Supervisory Board member whose election to the Supervisory Board or nomination for election by Holdings' shareholders was approved by a vote of at least two-thirds (2/3) of the Supervisory Board members then still in office who either were Supervisory Board members at the beginning of the period or whose election or nomination for election was previously so approved or was approved by Holdings' shareholders pursuant to Article II of the Securityholders' Agreement



(the “ Securityholders’ Agreement being the securityholders’ agreement dated as of March 30, 2008, by and among STMicroelectronics N.V., Intel Corporation, Intel Technology Asia Pte Ltd, Redwood Blocker S.a.r.l., a limited liability company organized under the laws of The Grand- Duchy of Luxembourg, PK Flash, LLC, a Delaware limited liability company, Francisco Partners II (Cayman) L.P., an exempted limited partnership organized under the laws of the Cayman Islands, Francisco Partners Parallel Fund II, L.P., a Delaware limited liability company and Holdings), cease for any reason to constitute a majority thereof, or (iii) the shareholders of Holdings approve a merger or consolidation of Holdings with any other entity, other than a merger or consolidation that would result in the Voting Securities outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least 80% of the total voting power represented by the Voting Securities or those of such surviving entity outstanding immediately after such merger or consolidation, or the shareholders of Holdings approve a plan of complete liquidation of Holdings or an agreement for the sale or disposition by Holdings (in one transaction or a series of transactions) of all or substantially all of Holdings’ assets.

(iii) Numonyx shall not be required to make the payments of the Severance Amount provided for under this Section 2(b), unless, on the 32<sup>nd</sup> day after the Date of Termination, the Executive executes and delivers to Numonyx a release and waiver of claims in a form provided by Numonyx and the release has become effective and irrevocable in its entirety.

(iv) In no event shall the Executive be obligated to seek other employment or take any other employment or take any other action by way of mitigation of the amounts payable to the Executive under any provision of this Severance Agreement.

(c) Termination Due to Disability. In the event of termination of the Executive’s employment by reason of the Executive’s disability, (i) Numonyx shall pay and provide to the Executive within 30 days of the Date of Termination (in the case of payments) (A) the Other Accrued Compensation and Benefits and (B) a pro rata portion of the amount, if any, equal to the greater of the Executive’s minimum performance bonus (if any) and 50% of the Executive’s annual target bonus for the year in which the termination of employment occurs, and

(ii) notwithstanding the terms of the Equity Plan or otherwise, all Equity Awards which are vested and are exercisable as of the Date of Termination shall remain exercisable until the earlier to occur of (A) the first anniversary of the Date of Termination and (B) the original expiration date of the Equity Award. For purposes of this Severance Agreement, “disability” shall have the meaning set forth in Numonyx’s long-term disability plan generally applicable to Numonyx’s senior executives as may be in effect from time to time, and, if Numonyx does not maintain such a plan, then such meaning as may be determined by the Supervisory Board acting in good faith.

(d) Source of Payments. All payments provided under this Severance Agreement, other than payments made pursuant to a plan which provides otherwise, shall be paid in cash from the general funds of Numonyx, and no special or separate fund shall be established, and no other segregation of assets shall be made, to assure payment. The Executive shall have no right, title or interest whatsoever in or to any investments that Numonyx may make to aid Numonyx in meeting its obligations hereunder. To the extent that any person acquires a right to receive payments from Numonyx hereunder, such right shall be no greater than the right of an unsecured creditor of Numonyx.

3. Certain Remedies.

(a) Forfeiture/Payment Obligations. In the event the Executive fails to comply with any of the covenants set forth in Articles 12, 13, 15 and 16.2 of the Employment Agreement, other than any isolated, insubstantial or inadvertent failure that is not in bad faith, the Executive agrees that he will:

(i) forfeit any Severance Amount not already paid, as of the date of the breach of such covenant, pursuant to Section 2(b) of this Agreement; and

(ii) forfeit all options, restricted shares and other equity-based compensation awarded by Numonyx or Holdings (x) that have not vested as of the date of the breach of such covenant or (y) that have not been exercised (in the case of options or other awards with features similar to exercise) at the date of a determination by a court or arbitrator that the Executive failed to comply with such covenant.

The Executive will pay Numonyx any amount forfeited under this Section 3(a) within 10 days of a determination by a court or arbitrator that the Executive failed to comply with such covenants contained in his Employment Agreement. The obligations under this Section 3(a) are full recourse obligations. The Executive hereby represents that his economic means and circumstances are such that such provisions will not prevent the Executive from providing for himself and his family on a basis satisfactory to the Executive.

(b) Injunctive Relief. Without intending to limit the remedies available to Numonyx, including, but not limited to, those set forth in Section 3(a) of this Severance Agreement, the Executive agrees that a breach of any of the covenants contained in Articles 12, 13, 15 and 16.2 of the Employment Agreement, may result in material and irreparable injury to Numonyx for which there is no adequate remedy at law, that it will not be possible to measure damages for such injuries precisely and that, in the event of such a breach or threat thereof, Numonyx shall be entitled to seek a temporary restraining order or a preliminary or permanent injunction, or both, without bond or other security, restraining the Executive from engaging in activities prohibited by such covenants contained in his Employment Agreement or such other relief as may be required specifically to enforce any of such covenants.

4. Severability Clause. In the event any provision or part of this Severance Agreement is found to be invalid or unenforceable, only that particular provision or part so found, and not the entire Severance Agreement, will be inoperative.

5. Nonassignability; Binding Agreement.

(a) By the Executive. This Severance Agreement and any and all rights, duties, obligations or interests hereunder shall not be assignable or delegable by the Executive.

(b) By Numonyx. This Severance Agreement and all of Numonyx's rights and obligations hereunder shall not be assignable or delegable by Numonyx except as incident to a reorganization, merger or consolidation, or transfer of all or substantially all of Numonyx's assets.

(c) Binding Effect. This Severance Agreement shall be binding upon, and inure to the benefit of, the parties hereto, any successors to or assigns of Numonyx and the Executive's heirs and the personal representatives of the Executive's estate.

(d) Condition Precedent. This Severance Agreement is contingent upon the approval of this Severance Agreement by the Supervisory Board (or its designee) and will not, irrespective of its execution by the parties, become binding upon Numonyx unless and until such approval is given. Numonyx will make reasonable efforts to present this Severance Agreement for approval by the Supervisory Board at the next Supervisory Board meeting following the Executive's execution of this Severance Agreement.

6. Definitions. Capitalized terms used in this Severance Agreement that are not defined herein shall have the meaning ascribed to such terms in the Employment Agreement.

7. Withholding. Any payments made or benefits provided to the Executive under this Severance Agreement shall be reduced by any applicable withholding taxes or other amounts required to be withheld by law or contract.

8. Amendment; Waiver. This Severance Agreement may not be modified, amended or waived in any manner, except by an instrument in writing signed by both parties hereto. The waiver by either party of compliance with any provision of this Severance Agreement by the other party shall not operate or be construed as a waiver of any other provision of this Severance Agreement, or of any subsequent breach by such party of a provision of this Severance Agreement.

9. Entire Agreement; Supersedes Previous Agreements. This Severance Agreement and the Employment Agreement contain the entire agreement and understanding of the parties hereto with respect to the matters covered herein, and supersede all prior negotiations, commitments, agreements and writings with respect to the subject matter hereof (including, without limitation, the severance agreement between the parties dated 30 March 2008), all such other negotiations, commitments, agreements and writings shall have no further force or effect, and the parties to any such other negotiation, commitment, agreement or writing shall have no

further rights or obligations thereunder. In the event of any inconsistency between any provision of this Severance Agreement and any provision of any plan, program, policy, arrangement or other agreement of Numonyx, the provisions of this Severance Agreement shall control.

10. Counterparts. This Severance Agreement may be executed by either of the parties hereto in counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same instrument.

11. Headings. The headings of sections herein are included solely for convenience of reference and shall not control the meaning or interpretation of any of the provisions of this Severance Agreement.

12. Notices. Any notices to be given under this Agreement to the Executive shall be served either personally or via registered mail sent to the Executive's home address as recorded in the records of Numonyx. Any notices to be given under this Agreement to Numonyx shall be served via registered mail to Numonyx B.V., A-ONE Biz Center, Z.A. Vers la Piece, Rte. de l'Etraz, 1180 Rolle, Switzerland, Attention: General Counsel. Notices and other communications hereunder shall be effective upon receipt.

13. Governing Law. All matters affecting this Severance Agreement, including the validity thereof, are to be governed by, and interpreted and construed in accordance with, the laws of Switzerland and any disputes arising out of or in connection with this Agreement shall be submitted to the competent courts of the Canton of Vaud. To the extent that the Executive is entitled to receive any other severance, payments in lieu of notice or similar payments as a result of the Executive's termination of employment for any reason whatsoever, such payments shall be offset against any obligation that Numonyx may have to pay the Executive the Severance Amount pursuant to the terms of this Severance Agreement.

IN WITNESS WHEREOF, Numonyx has caused this Severance Agreement to be signed by its officer pursuant to the authority of its Supervisory Board, and the Executive has executed this Severance Agreement, as of the day and year first written above.

NUMONYX B.V. (SWISS BRANCH)

**By** /s/ Kenneth Lever  
**Name:** Kenneth Lever,  
Chief Financial Officer

**By** /s/ Kevin M. Fillo  
**Name:** Kevin Fillo,  
Vice President and General Counsel

THE EXECUTIVE

/s/ Mario Licciardello  
Mario Licciardello

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**Numonyx B.V.**  
 A-ONE Business Center  
 Z.A. Vers la Piece  
 Rte de l'Etraz  
 1180 Rolle  
 Switzerland

**numonyx.com**

**numonyx**™

9 February 2010

**Amendment to the Severance Agreement dated 26 March 2009**

between

Mario Licciardello

and

Numonyx B.V. (Swiss Branch)  
 A-ONE Business Center, Z.A. Vers la Piece, Rte de l'Etraz, 1180 Rolle

**Re: Changes to Your Severance Agreement**

Dear Mario:

We are writing to follow up the recent communications about the proposed changes to the severance agreement dated 26 March 2009 between your employer, Numonyx B.V., Swiss Branch, and yourself ( '**Severance Agreement**' ). We confirm that:

1. Section 1(b) of this Severance Agreement will be deleted and replaced with the following:

“(b) Term. The term of this Severance Agreement (the “ Protection Period ”) shall commence on the Commencement Date and shall terminate on 31 March 2010 (the “ End Date ”); provided, however, that in the event a stock purchase agreement, memorandum of understanding, or any other agreement reasonably calculated to effect a Change of Control (as defined below) is executed prior to the End Date, the Protection Period shall expire on the later of (i) the End Date and (ii) the first anniversary of the closing of any Change of Control which results from any such stock purchase agreement, memorandum of understanding, or any other agreement”.

2. With regard to Section 2(b)(i)(B) and Section 2(c)(i)(B) of the Severance Agreement, the following language shall be deleted: “the greater of the Executive’s minimum performance bonus (if any) and 50% of”. As so amended, these Sections shall read in pertinent part as follows:

[Section 2(b)(i)(B)]: “. . . (B) the amount, if any, equal to the Executive’s annual target bonus for the year in which the termination of employment occurs. . . .”

[Section 2(c)(i)(B)]: “. . . (B) a pro rata portion of the amount, if any, equal to the Executive’s annual target bonus for the year in which the termination of employment occurs . . . .”

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Please let us know if you have any questions. Otherwise, we would be grateful if you could confirm your consent to the above by signing in the space indicated below and returning the original signed letter to Kevin Fillo (please keep a copy for yourself).

All changes to this amendment must be in writing and this amendment is subject to Swiss substantive law (with the explicit exclusion of Swiss international private law). All clauses and covenants of the Severance Agreement, other than as set forth explicitly in this amendment, remain unchanged.

Yours sincerely,

/s/ Brian Harrison  
Brian Harrison  
Chief Executive Officer

/s/ Kevin M. Fillo  
Kevin Fillo  
Vice President and General Counsel

I confirm that I have read and understand the above, and that I consent to the change set out above.

/s/ Mario Licciardello  
Mario Licciardello

28/06/2010  
Date

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**MICRON TECHNOLOGY, INC.**  
**SUBSIDIARIES OF THE REGISTRANT**

<b>Name</b>	<b>State (or Jurisdiction) in which Organized</b>
IM Flash Technologies, LLC	Delaware
IM Flash Singapore, LLP	Singapore
Lexar Media, Inc.	Delaware
Micron Japan, Ltd.	Japan
Micron Semiconductor Asia Pte. Ltd. Also does business as Lexar Media	Singapore
Micron Semiconductor B.V.	Netherlands
Micron Semiconductor Products, Inc. Also does business as Crucial Technology	Idaho
Micron Semiconductor (Xi'an) Co., Ltd.	China
Micron Technology Italia S.r.l.	Italy
Numonyx Asia Pacific Pte. Ltd.	Singapore
Numonyx B.V.	Netherlands
Numonyx Israel Ltd.	Israel
Numonyx Pte. Ltd.	Singapore
Numonyx Sdn. Bhd.	Malaysia
TECH Semiconductor Singapore Pte. Ltd.	Singapore

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (File Nos. 333-71620, 333-143026, 333-158473) and S-8 (File Nos. 33-148357, 33-27078, 33-65050, 333-17073, 333-50353, 333-71249, 333-82549, 333-102545, 333-103341, 333-111170, 333-120620, 333-120620, 333-133667, 333-135459, 333-140091, 333-159711, 333-167536) of Micron Technology, Inc. of our report dated October 26, 2010 relating to the financial statements, financial statement schedule and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

PricewaterhouseCoopers LLP  
San Jose, CA  
October 26, 2010

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**RULE 13a-14(a) CERTIFICATION OF  
CHIEF EXECUTIVE OFFICER**

I, Steven R. Appleton, certify that:

1. I have reviewed this annual report on Form 10-K of Micron Technology, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 26, 2010

/s/ Steven R. Appleton

Steven R. Appleton  
Chairman and Chief Executive Officer

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

I, Ronald C. Foster, certify that:

1. I have reviewed this annual report on Form 10-K of Micron Technology, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 26, 2010

*/s/ Ronald C. Foster*

Ronald C. Foster

Vice President of Finance and Chief Financial Officer

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

I, Steven R. Appleton, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Annual Report of Micron Technology, Inc. on Form 10-K for the period ended September 2, 2010, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in the Annual Report on Form 10-K fairly presents, in all material respects, the financial condition and results of operations of Micron Technology, Inc.

Date: October 26, 2010

By: /s/ Steven R. Appleton

Steven R. Appleton  
Chairman and Chief Executive Officer

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

I, Ronald C. Foster, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Annual Report of Micron Technology, Inc. on Form 10-K for the period ended September 2, 2010, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in the Annual Report on Form 10-K fairly presents, in all material respects, the financial condition and results of operations of Micron Technology, Inc.

Date: October 26, 2010

By:           /s/ Ronald C. Foster          

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

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