

MU F1Q Earnings Good, but Revenue Light Optimizing for Profits Instead of Growth: Lowering Estimates, Reiterate Buy

Diluted Shares(mil):	1,195.0	<u>Closing Price 1/6/15</u>	<u>FYE August</u>	<u>FY14 act</u>	<u>FY15</u>	<u>FY16</u>
Market Cap(\$mil):	\$39,280	\$32.87	Revenue(\$mil)	\$16,358	\$17,494	\$17,218
Avg Volume(,000):	22,416		pro forma EPS	\$3.23	\$3.36	\$3.59
Net Cash/Share:	(\$0.39)	<u>Recommendation/Target</u>	Price/Sales	2.4	2.2	2.3
Tangible Book/Share	\$9.38	Buy/\$50	Price/EPS	10.2	9.8	9.2

Micron Technology is a leading supplier of DRAM, NAND and NOR semiconductor memory products.

Summary: MU exceeded EPS—but missed revenue—consensus expectations (that were both overly optimistic, in my opinion) for its November-ended F1Q. Record revenue of \$4.57B grew by +8%, GAAP EPS was \$0.84, and pro forma EPS totaled \$0.97. I continue to believe MU is extremely well positioned to benefit from a favorable market environment for DRAM and NAND suppliers amid management’s strategy to become the most profitable memory supplier by optimizing product and market mix. I am trimming my estimates but maintaining my 12-month target price of \$50 based on 15-times FY15 peer-average earnings, and reiterate my Buy recommendation on the shares.

Profits over Growth and Share: Management has articulated a strategy for MU to be the most profitable memory supplier rather than the largest by optimizing product, technology and market application mix—and this was reflected by healthy EPS amid light revenue last quarter. For example: lower-power DRAMs for mobile applications and higher-performance DRAMs for server applications will require larger sized chips to enable their respective performance advantages compared to more standard, PC-oriented offerings. These larger chips will hurt bit production growth, although will sell for higher prices and offer greater margins. And technology migrations to smaller geometries for the benefits of lower cost and greater manufacturing capacity can be limited by simultaneous transitions to such larger die as well, in addition to the temporary production throughput interruptions associated with tooling changes required by the new technology. In addition, not all applications adopt emerging technology at the same rate. For example: higher-performance enterprise SSD are slower to qualify and utilize newer and more cost-effective TLC NAND architecture devices, and prefer to stay with existing MLC architectures due to their relative performance advantages. Client SSDs, on the other hand, are more cost-sensitive and quicker to adopt TLC NAND devices. In the case of NAND there are three vectors management is seeking to optimize for profitability: technology or line-width geometry; product architecture (SLC, MLC, TLC, 3D); and market applications. While these mix factors will complicate bit production, cost and ASP metrics, we should see improving product margins and earnings growth as a reflection of successful execution of this strategy.

FYE August	1QF15					
	Estimate	Actual	EPS Impact	Guidance	Consensus	Range
DRAM Bits Shipped	7.0%	8.0%		+mid/hi 1-digit%		
DRAM ASP change	0.0%	1.0%		-low 1-digit%		
DRAM Cost/bit change	-2.0%	-4.0%		+high teens%		
NAND Bits Shipped	17.0%	20.0%		-low 1-digit%		
NAND ASP Change	-4.0%	-6.0%				
NAND Cost/bit change	-3.0%	-5.0%				
Revenue (\$ mil)	4,485	4,573	\$0.02	4,450-4,700	4,620	4,450-4,740
Revenue Growth	6.1%	8.2%			9.3%	+5.3%+12.1%
Gross Margin	35.1%	35.8%	\$0.03			
Opn Expenses (\$ mil)	600	569	\$0.02	590-610		
Restructuring/other	0	(28)	\$0.02			
Interest Income	(90)	(83)		(85-95)		
Other non-operating	0	38	\$0.03			
Minority Interest	100	125	\$0.02			
Taxes (\$ mil)	5.0%	3.7%	\$0.02	mid 1-digit%		
Diluted Shares (mil)	1,178.0	1,168.0	\$0.01	1,195.0		
Diluted EPS		\$0.84				
pro forma EPS	\$0.80	\$0.97	\$0.17		\$0.92	\$0.80-\$1.05

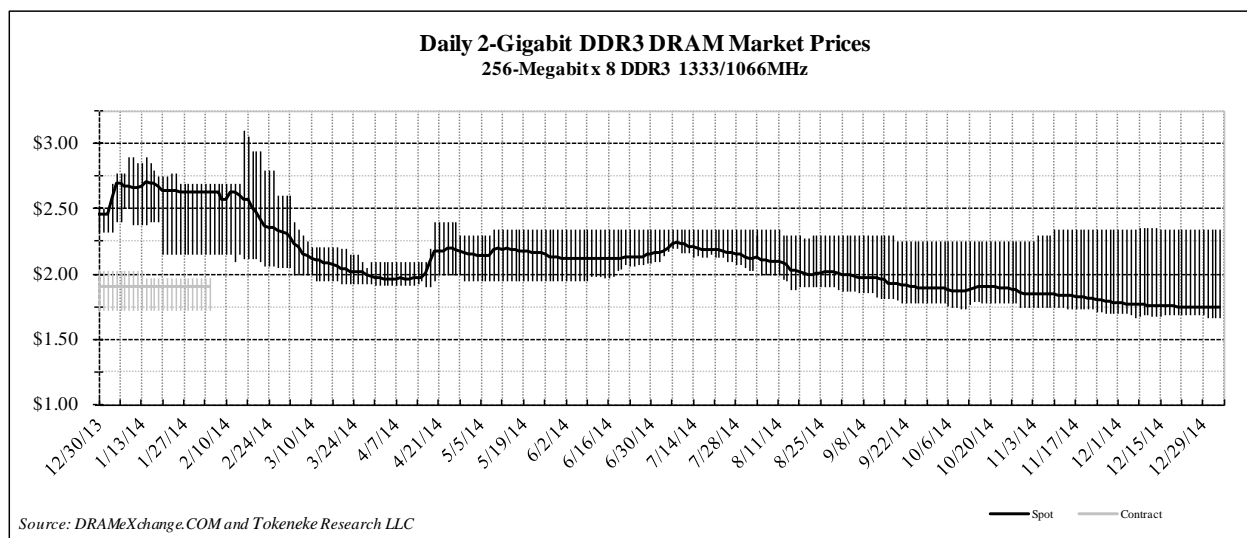
F1Q Review: Record quarterly revenue of \$4.57B grew by +8% sequentially and missed consensus expectations but exceeded my expectation on slightly better than expected bit shipments for both DRAM and NAND despite slightly worse than expected ASP declines. Both DRAM and NAND cost per bit declines slightly exceeded

guidance driving a non-GAAP gross margin improvement of 80 basis points to 35.1%. Non-GAAP EPS of \$0.97 significantly exceeded my estimate and somewhat exceeded consensus estimates depending how much of the excluded charges from reported GAAP EPS of \$0.84 one might consider as appropriate. I probably would discount the restructuring, non-operating and tax benefits and judge it as approximately meeting overly-optimistic consensus. Cash from operations totaled \$1.6B; capital expenditures were \$669M; depreciation and amortization at \$681M; and cash decreased by \$46M to \$5.3B which includes \$1.1B in long-term marketable investments. The board has authorized a \$1B share repurchase, although no repurchases occurred last quarter.

Pro Forma Adjustments: Pro forma adjustments to GAAP included the following: \$11M in restructuring and asset impairment cuts; \$30M loss associated with debt restructuring; \$38M amortization of debt discounts; \$21M loss on currency; a gain of \$1M from partial ownership of Aptina that was acquired by ON Semiconductor; a \$2M tax adjustment associated with these items; and \$38M of non-cash deferred tax assets related to Elpida. In addition, the diluted share count was reduced by 27M due to the anti-dilutive effects of a capped-call transaction. Adjusting for these items yields a non-GAAP EPS of \$0.97 versus GAAP EPS of \$0.84.

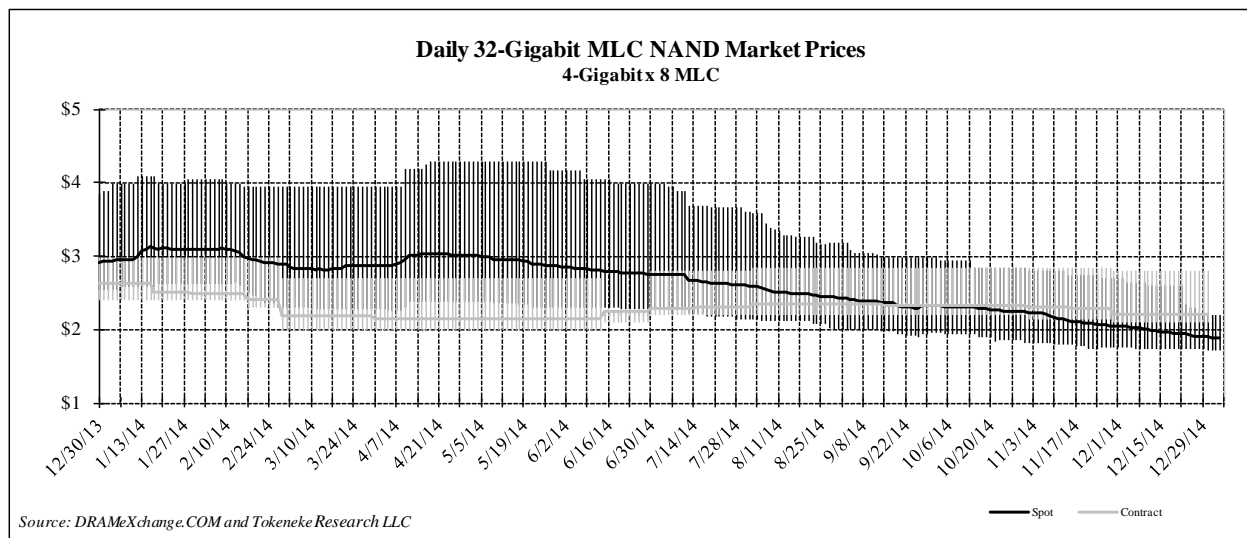
Product Line Performance: CNBU (computing and networking) grew by +10% sequentially to \$2.09B or 46% of sales at an operating margin of 29.8% that improved by 370 basis points on DRAM price and cost strength, as well as solid market demand across diversified applications experiencing content growth that included favorable PC seasonality, servers, graphics and networking associated with the LTE build-out in China and emerging markets. SBU (storage) grew by +8.5% to \$984M or 21.5% of sales at an operating margin of 2.6% that dropped by 40 basis points on competitive NAND price pressure as TLC devices flooded into component and client SSDs. MBU (mobile) increased by +3% to \$940M or 20.5% of sales at an operating margin of 32.6% that grew by over 10 percentage points on the back of the iPhone6 launch and increasing NAND and DRAM content in both smartphones and feature phones. EBU (embedded) grew by +13% to \$539M or 12% of sales at an operating margin of 21.9% that increased by 570 basis points on strength from automotive (up by +18%) in infotainment and ADAS (advanced driver assistance systems) applications, as well as IMM (industrial and multi-market up by +12%) in factory automation, machine-to-machine systems, and aerospace and defense. This was the eighth quarter of EBU growth.

Dynamic RAMs: DRAM sales grew by +9% and accounted for 69% of total sales on slightly better than expected metrics that included bit growth of +8%, an ASP increase of +1%, and a reduction in cost per bit of -4%. Gross margin improved to around 40% from the high-30% range. Minority interest gains of \$124M were due to DRAM joint-venture Inotera cost savings that would have added to DRAM gross margins. 25nm devices are expanding production and the company is looking to accelerate its 20nm ramp. Inotera will skip the 25nm node and migrate directly to 20nm, while Japan will convert to 20nm 2HCY15. DDR4 shipments quadrupled off a low base into server and high-performance computer customers and GDDR5 is being adopted by graphics and gaming, while the Hybrid Memory Cube is proving popular in networking applications. Industry DRAM bit growth for 2015 is expected in the low- to mid-20% range, and then in the high-teens and mid-20% range thereafter—all of which the company plans to meet or slightly miss without adding incremental capacity.



Micron completed its acquisition of bankrupt DRAM competitor Elpida at the end of July, 2013. It paid \$750M in yen at the close of the deal (actually \$615M after currency fluctuations) for all of Elpida (now called Micron Memory Japan, or MMJ) and \$334M in NT\$ for a total of 89% of Elpida's Rexchip joint-venture in Taiwan, now called Micron Memory Taiwan (MMT). Four quarters ago it purchased all but a remaining 0.5% of Rexchip equity on the open market for \$145M. Micron will pay Elpida bondholders \$1.75B in yen over six years beginning at the end of 2014 with annual installments of \$250M, \$250M, \$250M, \$375M and the last \$375M in late-2019. Micron got Elpida's market leadership in the high-growth mobile DRAM segment by way of a 300mm wafer fab in Hiroshima, assembly and test operations in Akita, and the 300mm Rexchip fab in Taiwan. The good news is that MU benefits from DRAM industry consolidation under very attractive terms, but the bad news is that it came with financial complexities that includes debt, a large currency hedge, and accounting for Elpida deferred tax assets.

NAND Flash: NAND product sales grew by +14% and accounted for 29% of total revenue as trade bit shipments grew by a slightly better than expected +20%, ASP per bit declined a slightly worse than expected -6%, and cost per bit declined a slightly better than expected -5%. Gross margin remained in the mid-20% range due to the ASP decline. MU offers a mix of NAND at 25nm, 20nm and 16nm technologies; and SLC, MLC, TLC and 3D architectures; into eMMC, SSD and embedded applications. 20nm product accounts for the bulk of production although conversion to 16nm has already begun with the ramp of its 256G MLC device and half of client SSDs are expected to be in 16nm by March. 16nm TLC samples were delivered last month; shipments to the consumer channel for memory cards, USB storage and embedded applications will occur late-spring; shipments into client SSDs 2HCY15; and then enterprise SSDs by 4QFY15; and is expected to lower costs by 15-20%. The company continues controller and firmware development for PCIe and SAS SSD applications. A 3D NAND device sampled last quarter and remains on-track for volume production 2HCY15. MU expects to meet or slightly miss expected NAND industry supply bit growth for 2015 in the high-30% to mid-40% range. The CAGR over the next five years is expected to fall to the high-30% to low-40% range due to 3D NAND technology manufacturing complexity.



NOR Improvements: NOR flash revenue grew for the fourth consecutive quarter and continues to account for 3% of total sales, or \$130M. Gross margins are expected to improve with the absence of idle fab costs from the former fab in Israel, as well as 300mm wafers in Virginia, and half of product is now shipping in 45nm technology. NOR is viewed as a 'cash-flow generation' business opportunity and strategically combines with NAND and DRAM in use.

Management Guidance: Last quarter consisted of 14 weeks, but the rest of the quarters this fiscal year will be the standard 13-week periods. The loss of one week this quarter is adversely impacting production output, although SG&A costs are going down. DRAM and NAND product mix and technology transitions are also adversely impacting bit production near-term, although are expected to improve profitability beyond the transitions.

F2Q DRAM bit production is expected to decline in the high-single digit/low-double digit percentage range, ASPs QTD are flat to down in the low-single-digits, and cost per bit is expected to remain unchanged. NAND bit production is expected to be flat to down in the low-single digit percentage range, ASPs QTD are flat to down in the low-single-digits, and cost per bit is expected to increase in the mid-single digits. Revenue is expected at \$4.1-4.3B; SG&A at \$180-190M; R&D at \$385-395M; interest expense of \$70-80M; and stock compensation of \$45-50M. Pro forma adjustments are expected to exclude: amortization of debt discounts at \$35M; a restructuring charge of \$5M; a \$5M tax adjustment associated with these items; and \$25M of non-cash taxes associated with the Elpida acquisition. The incremental diluted share count approximates 125M shares due to debt conversion, and the spread will fall by 25M assuming the average share price remains above \$30 thanks to the capped call financial transaction. FY15 GAAP tax rate is expected in the mid-single-digit percentage range; depreciation and amortization is expected to be \$2.9B; and capital expenditures are expected at \$3.6-4.0B with 30% to manufacturing including tooling for system and sub-system products, 50% to DRAM and 20% to NAND.

Trimming Estimates: I am lowering my estimates for this quarter consistent with management guidance, although I am assuming a bounce-back next quarter as product and technology mix changes in manufacturing this quarter get reflected in next quarter's financials. Other than this quarter's hiccup and next quarter's partial recovery, I am largely maintaining my bit growth, ASP, cost and operating expense profiles over the next two years—although my operating expenses are ticking up. Notice my revenue decline is more pronounced than my earnings hit, which is consistent with management's strategy. My earnings model incorporates management guidance for operating costs, and then breaks down revenue and COGS by DRAM, NAND and NOR products. For DRAM and NAND I make assumptions for bit growth, ASP changes, and manufacturing cost per bit changes on a quarterly basis consistent with management's expected tracking to industry norms expected over the next few quarters. For NOR I assume a recovery in margin over the next several quarters. My assumptions are specified by quarter on Page 8 of this report.

FYE August \$ in millions	2QF15		FY15		FY16	
	Previous	Update	Previous	Update	Previous	Update
Total Revenue	4,452	4,193	17,802	17,494	17,483	17,218
Revenue Growth	-0.7%	-8.3%	8.8%	6.9%	-1.8%	-1.6%
Gross Margin	35.7%	32.9%	36.0%	35.3%	38.4%	38.0%
Operating Expenses	555	575	2,265	2,294	2,220	2,300
Non-Operating Items	(90)	(75)	(360)	(298)	(360)	(300)
Taxes	5.0%	5.0%	5.0%	4.6%	5.0%	5.0%
Minority Interest	100	115	400	470	400	460
Diluted Shares (mil)	1,178.0	1,170.0	1,178.0	1,169.5	1,178.0	1,170.0
pro forma EPS	\$0.85	\$0.69	\$3.39	\$3.36	\$3.67	\$3.59

Reiterate Buy: I am maintaining my Buy recommendation and 12-month target price of \$50 based on 15-times FY15 EPS consistent with the lower average of its two peer groups as noted on Page 9. Recall that I converted to pro forma EPS from GAAP EPS a year ago consistent with management reporting, which I consider to be appropriate given the number and magnitude of business factors either one-time or non-operating in nature. I also shifted to a price-earnings valuation ratio from price-sales last year as the company converted to an 'earnings leverage' story from a 'revenue recovery' story.

MU shares continue to trade well below the average price-earnings ratios of its peers but generally around the average price-sales ratio of its peers. It is similarly straddling valuations on a historical basis: trading well below its own average historical trailing price-earnings ratio, consistent with its historical trailing price-sales ratio, and above its average price-book ratio—all as noted in the tables on Page 9. I continue to believe upside potential significantly exceeds that of downside risk for MU at current price levels, and reiterate my Buy Recommendation.

pro forma EPS	2QF15	FY15	FY16
Tokeneke-revised	\$0.69	\$3.36	\$3.59
Tokeneke-previous	\$0.85	\$3.39	\$3.67
Consensus-previous	\$0.91	\$3.75	\$4.19
High Estimate-previous	\$1.02	\$4.26	\$5.25
Low Estimate-previous	\$0.73	\$3.22	\$2.60

Revenue, 27 estimates	2QF15	FY15	FY16
Tokeneke-revised	4,193	17,494	17,218
Tokeneke-previous	4,452	17,802	17,483
Consensus-previous	4,530	18,510	19,640
High Estimate-previous	4,940	20,410	23,440
Low Estimate-previous	4,220	17,440	17,070

—Dan K. Scovel
Semiconductor Analyst

Micron Technology

8000 South Federal Way, PO Box 6, Boise, ID 83716 208-368-4000

208-368-4000

Income Statement

www.micron.com

dollars in millions, except per share data, * restated
fiscal year ends August

	FY2013			FY2014 act					FY2015 est					FY2016				
	FY10	FY12	FY13	Q1	Q2	Q3	Q4	FY14	Q1A	Q2	Q3	Q4	FY15	Q1	Q2	Q3	Q4	FY16
Total Revenue	8,402	8,234	9,073	4,042	4,107	3,982	4,227	16,358	4,573	4,193	4,373	4,355	17,494	4,336	4,305	4,298	4,280	17,218
COGS	5,809	7,266	7,185	2,650	2,662	2,614	2,776	10,702	2,935	2,813	2,809	2,771	11,327	2,732	2,683	2,654	2,615	10,684
Gross Profit	2,593	968	1,888	1,392	1,445	1,368	1,451	5,656	1,638	1,381	1,564	1,584	6,167	1,604	1,622	1,644	1,665	6,535
SG&A	464	620	562	176	177	174	180	707	193	185	185	185	748	185	185	185	185	740
R&D	624	918	931	320	344	349	358	1,371	376	390	390	390	1,546	390	390	390	390	1,560
Restructuring	(5)	5	115	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	2	39	(29)	4	1	(3)	(3)	(1)	(28)	-	-	-	(28)	-	-	-	-	-
Operating Expenses	1,085	1,582	1,579	500	522	520	535	2,077	541	575	575	575	2,266	575	575	575	575	2,300
Operating Income	1,508	(614)	309	892	923	848	916	3,579	1,097	806	989	1,009	3,901	1,029	1,047	1,069	1,090	4,235
Interest Income	(160)	(171)	(181)	46	(33)	(75)	(81)	(143)	(83)	(75)	(75)	(75)	(308)	(75)	(75)	(75)	(75)	(300)
Other Non-Opn Inc.	54	31	(242)	(74)	5	36	43	10	38	-	-	-	38	-	-	-	-	-
Tax Expense	32	(17)	(7)	41	30	31	35	137	39	37	46	47	168	48	49	50	51	197
Minority Interest	(49)	(295)	(94)	58	124	135	118	435	125	115	115	115	470	115	115	115	115	460
Net Income	1,321	(1,032)	(201)	881	989	913	961	3,744	1,138	809	984	1,002	3,933	1,021	1,039	1,059	1,079	4,198
EPS-basic	\$1.49	(\$1.04)	(\$0.20)	\$0.84	\$0.93	\$0.86	\$0.90	\$3.53	\$1.06	\$0.76	\$0.92	\$0.94	\$3.68	\$0.95	\$0.97	\$0.99	\$1.01	\$3.92
Shares-basic	887.5	991.2	1,021.7	1,046.0	1,060.0	1,067.0	1,068.0	1,060.3	1,070.0	1,070.0	1,070.0	1,070.0	1,070.0	1,070.0	1,070.0	1,070.0	1,070.0	1,070.0
EPS-diluted	\$1.35	(\$1.04)	(\$0.19)	\$0.77	\$0.85	\$0.79	\$0.82	\$3.24	\$0.97	\$0.69	\$0.84	\$0.86	\$3.36	\$0.87	\$0.89	\$0.91	\$0.92	\$3.59
Shares-diluted	1,050.7	991.2	1,056.3	1,142.0	1,159.0	1,152.0	1,176.0	1,157.3	1,168.0	1,170.0	1,170.0	1,170.0	1,169.5	1,170.0	1,170.0	1,170.0	1,170.0	1,170.0
EPS-pro forma	\$1.35		\$0.11	\$0.77	\$0.85	\$0.79	\$0.82	\$3.23	\$0.97	\$0.69	\$0.84	\$0.86	\$3.36	\$0.87	\$0.89	\$0.91	\$0.92	\$3.59
Margin Analysis																		
Gross Margin	30.9%	11.8%	20.8%	34.4%	35.2%	34.4%	34.3%	34.6%	35.8%	32.9%	35.8%	36.4%	35.3%	37.0%	37.7%	38.3%	38.9%	38.0%
SG&A	5.5%	7.5%	6.2%	4.4%	4.3%	4.4%	4.3%	4.3%	4.2%	4.4%	4.2%	4.2%	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%
R&D	7.4%	11.1%	10.3%	7.9%	8.4%	8.8%	8.5%	8.4%	8.2%	9.3%	8.9%	9.0%	8.8%	9.0%	9.1%	9.1%	9.1%	9.1%
Operating Expense	12.9%	19.2%	17.4%	12.4%	12.7%	13.1%	12.7%	12.7%	11.8%	13.7%	13.1%	13.2%	13.0%	13.3%	13.4%	13.4%	13.4%	13.4%
Operating Income	17.9%	-7.5%	3.4%	22.1%	22.5%	21.3%	21.7%	21.9%	24.0%	19.2%	22.6%	23.2%	22.3%	23.7%	24.3%	24.9%	25.5%	24.6%
Interest/Other Income	-1.3%	-1.7%	-4.7%	-0.7%	-0.7%	-1.0%	-0.9%	-0.8%	-1.0%	-1.8%	-1.7%	-1.7%	-1.5%	-1.7%	-1.7%	-1.7%	-1.8%	-1.7%
Tax Rate	2.3%	2.3%	6.1%	4.7%	3.4%	3.8%	4.0%	4.0%	3.7%	5.0%	5.0%	5.0%	4.6%	5.0%	5.0%	5.0%	5.0%	5.0%
Net Income	15.7%	-12.5%	-2.2%	21.8%	24.1%	22.9%	22.7%	22.9%	24.9%	19.3%	22.5%	23.0%	22.5%	23.5%	24.1%	24.6%	25.2%	24.4%
Qtr-to-Qtr Growth																		
Revenue				42.2%	1.6%	-3.0%	6.2%		8.2%	-8.3%	4.3%	-0.4%		-0.4%	-0.7%	-0.2%	-0.4%	
Operating Expenses				6.6%	4.4%	-0.4%	2.9%		1.1%	6.3%	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%	
Operating Income				219%	3.5%	-8.1%	8.0%		19.8%	-26.6%	22.8%	2.0%		2.0%	1.8%	2.1%	1.9%	
Net Income				178%	12%	-7.7%	5.3%		18.4%	-28.9%	21.6%	1.9%		1.9%	1.7%	2.0%	1.9%	
EPS				162%	11%	-7.1%	3.1%		19.2%	-29.0%	21.6%	1.9%		1.9%	1.7%	2.0%	1.9%	
Year-to-Year Growth																		
Revenue	74.9%	-6.3%	10.2%	120%	98%	71.8%	48.7%	80.3%	13.1%	2.1%	9.8%	3.0%	6.9%	-5.2%	2.7%	-1.7%	-1.7%	-1.6%
Operating Expenses	6.4%	57.7%	-0.2%	59%	34.2%	27.8%	14.1%	31.5%	8.2%	10.2%	10.6%	7.5%	9.1%	6.3%	0.0%	0.0%	0.0%	1.5%
Operating Income	-197%	-181%	-150%	-1020%	-4113%	469%	227%	1058%	23.0%	-12.7%	16.7%	10.1%	9.0%	-6.2%	30.0%	8.0%	8.0%	8.6%
Net Income	-175%	-718%	-81%	-420%	-446%	2023%	203%	-1963%	29.2%	-18.2%	7.7%	4.3%	5.0%	-10.3%	28.4%	7.7%	7.7%	6.7%
EPS	-161%	-728%	-82%	-384%	-403%	1829%	178%	-1800%	26.3%	-19.0%	6.1%	4.8%	3.9%	-10.4%	28.4%	7.7%	7.7%	6.7%

Micron Technology**Financial Summary**

dollars in millions

Fiscal year ends August

	FY11	FY12	FY13	FY14	1QF14	2QF14	3QF14	4QF14	1QF15
Assets									
Cash and equivalents	2,160	2,559	3,101	4,534	3,870	4,504	4,264	4,534	4,230
Net accounts receivable	<u>1,497</u>	<u>1,289</u>	<u>2,329</u>	<u>2,906</u>	<u>2,833</u>	<u>2,826</u>	<u>2,715</u>	<u>2,906</u>	<u>2,663</u>
Quick Assets	3,657	3,848	5,430	7,440	6,703	7,330	6,979	7,440	6,893
Inventory	2,080	1,812	2,649	2,455	2,459	2,462	2,532	2,455	2,448
Other	<u>95</u>	<u>98</u>	<u>832</u>	<u>350</u>	<u>207</u>	<u>199</u>	<u>194</u>	<u>350</u>	<u>331</u>
Current Assets	5,832	5,758	8,911	10,245	9,369	9,991	9,705	10,245	9,672
Property, plant and eqt, net	7,555	7,103	7,626	8,682	7,733	7,859	8,021	8,682	9,132
Goodwill and intangibles	414	371	386	468	368	367	343	468	468
Long-term mkt securities	535	374	499	819	538	552	545	819	1,077
Other	<u>416</u>	<u>722</u>	<u>1,696</u>	<u>2,284</u>	<u>1,786</u>	<u>1,846</u>	<u>1,881</u>	<u>2,284</u>	<u>2,193</u>
Total Assets	14,752	14,328	19,118	22,498	19,794	20,615	20,495	22,498	22,542
Liabilities and Shareholders Equity									
Current portion L-T debt	140	224	1,585	1,638	1,543	2,230	1,508	1,638	1,168
Accounts payable	1,830	1,641	2,115	2,698	2,630	2,679	2,828	2,698	2,965
Deferred Income	443	248	243	309	236	251	282	309	200
Other/Eqt Purchase Contract	<u>67</u>	<u>130</u>	<u>182</u>	<u>166</u>	<u>104</u>	<u>145</u>	<u>142</u>	<u>166</u>	<u>86</u>
Current Liabilities	2,480	2,243	4,125	4,811	4,513	5,305	4,760	4,811	4,419
Long-term debt	1,861	3,038	4,452	4,955	4,260	4,317	4,137	4,955	4,608
Other	<u>559</u>	<u>630</u>	<u>535</u>	<u>1,102</u>	<u>875</u>	<u>949</u>	<u>813</u>	<u>1,102</u>	<u>1,022</u>
Total Liabilities	4,900	5,911	9,112	10,868	9,648	10,571	9,710	10,868	10,049
Minority Interest	1,382	717	864	859	927	760	845	859	815
Common stock	8,610	8,920	9,291	7,986	9,025	8,389	8,317	7,986	7,986
Retained earnings	(370)	(1,402)	(212)	2,729	126	836	1,579	2,729	3,692
Other	<u>230</u>	<u>182</u>	<u>63</u>	<u>56</u>	<u>68</u>	<u>59</u>	<u>44</u>	<u>56</u>	
Total MU Shareholders Equity	<u>8,470</u>	<u>7,700</u>	<u>9,142</u>	<u>10,771</u>	<u>9,219</u>	<u>9,284</u>	<u>9,940</u>	<u>10,771</u>	<u>11,678</u>
Total Liabilities and Equity	14,752	14,328	19,118	22,498	19,794	20,615	20,495	22,498	22,542
Sales and Income									
Revenue	8,788	8,234	9,073	16,358	4,042	4,107	3,982	4,227	4,573
COGS	7,030	7,266	7,226	10,921	2,761	2,704	2,614	2,842	2,935
Net income	167	(1,032)	1,190	3,045	358	731	806	1,150	1,003
Other									
Capital Expenditures	2,878	1,871	1,458	3,137	669	565	576	1,327	669
Depreciation and Amortization	2,162	2,222	1,926	2,270	541	561	578	590	681
Shares (weighted average diluted)	1,007.5	991.2	1,056.3	1,198.0	1,196.0	1,201.0	1,190.0	1,203.0	1,195.0
Employees (units)	26,100	27,400	30,900	30,400					
Cash Flow from Operations	2,484	2,114	1,811	5,699	1,507	1,390	1,455	1,347	1,592
Ratios									
Liquidity									
Quick Ratio	1.47	1.72	1.32	1.55	1.49	1.38	1.47	1.55	1.56
Current Ratio	2.35	2.57	2.16	2.13	2.08	1.88	2.04	2.13	2.19
Leverage									
Debt Ratio	0.33	0.41	0.48	0.48	0.49	0.51	0.47	0.48	0.45
Long-term Debt/Capital	0.16	0.26	0.26	0.27	0.26	0.26	0.24	0.27	0.25
Asset Management									
Fixed Asset Turnover	1.2	1.1	1.2	2.0	2.11	2.11	2.01	2.02	2.05
Total Asset Turnover	0.6	0.6	0.5	0.8	0.83	0.81	0.77	0.79	0.81
Receivables DSO	61	56	92	64	63	62	61	62	52
Inventory Days	107	90	132	81	80	82	87	78	75
Inventory Turnover	3.7	3.7	3.2	4.3	4.32	4.40	4.19	4.56	4.79
Annual Revenue/Employee									
Profitability									
Gross Margin	20.0%	11.8%	20.4%	33.2%	31.7%	34.2%	34.4%	32.8%	35.8%
Net Margin	1.9%	-12.5%	13.1%	18.6%	8.9%	17.8%	20.2%	27.2%	21.9%
Return on Assets	1.1%	-7.1%	7.1%	14.6%	7.4%	14.5%	15.7%	21.4%	17.8%
Return on Equity	2.0%	-12.8%	14.1%	30.6%	15.6%	31.6%	33.5%	44.4%	35.7%
Per Share Data									
Book Value/Share	\$8.41	\$7.77	\$8.65	\$8.99	\$7.71	\$7.73	\$8.35	\$8.95	\$9.77
Tangible Book Value/Share	\$8.00	\$7.39	\$8.29	\$8.60	\$7.40	\$7.42	\$8.06	\$8.56	\$9.38
Cash/Share (gross)	\$2.67	\$2.96	\$3.41	\$4.47	\$3.69	\$4.21	\$4.04	\$4.45	\$4.44
Cash/Share (net)	\$0.69	(\$0.33)	(\$2.31)	(\$1.04)	(\$1.17)	(\$1.24)	(\$0.70)	(\$1.03)	(\$0.39)
Earnings/Share	\$0.17	(\$1.04)	\$1.13	\$2.54	\$0.30	\$0.61	\$0.68	\$0.96	\$0.84

Micron Technology
Sales Analysis

Product Type	FY11	FY12	FY13	FY14	FY2012				FY2013				FY2014				FY2015
					1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Revenue																	
DRAM	3,620	3,178	4,361	11,164	778	729	875	796	720	891	1,098	1,652	2,794	2,785	2,729	2,874	3,133
NAND	3,193	3,627	3,589	4,468	909	934	948	836	803	870	936	980	1,058	1,154	1,097	1,141	1,301
NOR	1,547	977	792	505	287	228	228	234	228	197	194	173	145	116	116	127	139
Other	428	452	331	221	116	118	121	97	83	120	90	38	45	52	40	85	0
Total	8,788	8,234	9,073	16,358	2,090	2,009	2,172	1,963	1,834	2,078	2,318	2,843	4,042	4,107	3,982	4,227	4,573
Revenue Percent																	
DRAM	41.2%	38.6%	48.1%	68.2%	37.2%	36.3%	40.3%	40.6%	39.3%	42.9%	47.4%	58.1%	69.1%	67.8%	68.5%	68.0%	68.5%
NAND	36.3%	44.0%	39.6%	27.3%	43.5%	46.5%	43.8%	42.6%	43.8%	41.9%	40.4%	34.5%	26.2%	28.1%	27.5%	27.0%	28.5%
NOR	17.6%	11.9%	8.7%	3.1%	13.7%	11.3%	10.6%	11.9%	12.4%	9.5%	8.4%	6.1%	3.6%	2.8%	2.9%	3.0%	3.0%
Other	4.9%	5.5%	3.6%	1.4%	5.6%	5.9%	5.6%	4.9%	4.5%	5.8%	3.9%	1.3%	1.1%	1.3%	1.0%	2.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Growth																	
DRAM	-28.3%	-12.2%	37.2%	156.0%	0.0%	-6.3%	20.0%	-9.0%	-9.5%	23.8%	23.2%	50.5%	69.1%	-0.3%	-2.0%	5.3%	9.0%
NAND	25.0%	13.6%	-1.0%	24.5%	5.9%	2.8%	1.5%	-11.8%	-3.9%	8.3%	7.6%	4.7%	8.0%	9.1%	-4.9%	4.0%	14.0%
NOR	243.0%	-36.8%	-18.9%	-36.2%	-23.1%	-20.6%	0.0%	2.6%	-2.6%	-13.6%	-1.5%	-10.8%	-16.2%	-20.0%	0.0%	9.3%	9.6%
Other	0.9%	5.6%	-26.8%	-33.2%	-11.5%	1.7%	2.5%	-19.8%	-14.4%	44.6%	-25.0%	-57.8%	18.4%	15.6%	-23.1%	111.4%	-100.0%
Total	3.6%	-6.3%	10.2%	80.3%	-2.3%	-3.9%	8.1%	-9.6%	-6.6%	13.3%	11.5%	22.6%	42.2%	1.6%	-3.0%	6.2%	8.2%
DRAM																	
bit sales growth	19.0%	59.0%	55.0%	142.0%	14.0%	21.0%	12.0%	-9.0%	2.0%	38.0%	6.0%	42.0%	69.0%	0.0%	0.0%	4.0%	8.0%
ASP change	-39.0%	-45.0%	-11.0%	6.0%	-12.0%	-16.0%	7.0%	0.0%	-11.0%	-10.0%	16.0%	5.0%	0.0%	-1.0%	-2.0%	0.0%	1.0%
cost/bit change	-23.0%	-32.0%	-25.0%	-20.0%	-10.0%	-14.0%	-4.0%	-1.0%	-5.0%	-18.0%	-5.0%	4.0%	-11.0%	-8.0%	-3.0%	0.0%	-4.0%
NAND (trade)																	
bit sales growth	50.0%	164.0%	40.0%	65.0%	21.0%	36.0%	68.0%	6.0%	-10.0%	13.0%	0.0%	13.0%	17.0%	35.0%	-6.0%	13.0%	20.0%
ASP change	-12.0%	-55.0%	-18.0%	-23.0%	-11.0%	-23.0%	-39.0%	-5.0%	8.0%	-1.0%	8.0%	-9.0%	-6.0%	-18.0%	0.0%	-6.0%	-6.0%
cost/bit change	2.0%	-54.0%	-22.0%	-23.0%	-16.0%	-18.0%	-29.0%	-5.0%	2.0%	-5.0%	1.0%	-10.0%	-7.0%	-12.0%	0.0%	-2.0%	-5.0%
NEW Product Lines																	
CNBU (computer/networking)																	
Revenue	2,667	3,462	7,333							902			1,744	1,835	1,857	1,897	2,088
Operating Profit	(458)	160	1,957							129			427	504	531	485	623
Operating Margin	-17.2%	4.6%	26.7%							14.3%			24.5%	27.5%	28.6%	26.1%	29.8%
SBU (server)																	
Revenue	2,842	2,824	3,480							725			805	901	867	907	984
Operating Profit	199	173	255							55			94	79	55	27	26
Operating Margin	7.0%	6.1%	7.3%							7.6%			11.7%	8.8%	6.3%	3.0%	2.6%
MBU (mobile)																	
Revenue	1,176	1,214	3,627							269			1,052	908	757	910	940
Operating Profit	(371)	(265)	683							(62)			166	178	135	204	306
Operating Margin	-31.5%	-21.8%	18.8%							-23.0%			15.8%	19.6%	17.8%	22.4%	32.6%
EBU (embedded)																	
Revenue	1,097	1,275	1,774							338			409	422	467	476	539
Operating Profit	129	227	331							56			78	80	96	77	118
Operating Margin	11.8%	17.8%	18.7%							16.6%			19.1%	19.0%	20.6%	16.2%	21.9%
Other																	
Revenue	452	298	144							84			32	41	34	37	22
Operating Profit	(111)	(59)	(139)							(29)			19	28	22	25	12
Operating Margin	-24.6%	-19.8%	-96.5%							-34.5%			59.4%	68.3%	64.7%	67.6%	54.5%
Total	8,234	9,073	16,358							2,318			4,042	4,107	3,982	4,227	4,573
Operating Profit	(612)	236	3,087							149			784	869	839	828	1,085
OLD Product Lines																	
DSG (DRAM)																	
Revenue	3,155	2,691	3,519		656	608	750	677	600	756	730	1,239	1,785	1,888			
Operating Profit	457	(442)	143		(139)	(109)	(76)	(118)	-112	(46)	58	183	432	520			
Operating Margin	14.5%	-16.4%	4.1%		-21.2%	-17.9%	-10.1%	-17.4%	-18.7%	-6.1%	7.9%	14.8%	24.2%	27.5%			
NSG (NAND)																	
Revenue	2,244	2,853	2,841		683	734	760	676	617	713	924	781	806	902			
Operating Profit	102	198	201		94	97	(1)	8	13	64	118	66	95	77			
Operating Margin	4.5%	6.9%	7.1%		13.8%	13.2%	-0.1%	1.2%	2.1%	9.0%	12.8%	8.5%	11.8%	8.5%			
WSG (Wireless)																	
Revenue	1,959	1,184	1,221		373	307	276	228	263	213	276	469	1,054	910			
Operating Profit	20	(370)	(263)		(58)	(129)	(103)	(80)	-64	(87)	(62)	(50)	176	185			
Operating Margin	1.0%	-31.3%	-21.5%		-15.5%	-42.0%	-37.3%	-35.1%	-24.3%	-40.8%	-22.5%	-10.7%	16.7%	20.3%			
ESG (Embedded)																	
Revenue	1,002	1,054	1,194		262	242	265	285	278	282	305	329	366	365			
Operating Profit	237	156	271		38	15	32	71	78	65	65	63	66	59			
Operating Margin	23.7%	14.8%	22.7%		14.5%	6.2%	12.1%	24.9%	28.1%	23.0%	21.3%	19.1%	18.0%	16.2%			
Other																	
Revenue	428	452	298		116	118	121	97	76	114	83	25	31	42			
Operating Profit	(61)	(103)	(116)		(17)	(22)	(43)	(21)	(12)	(19)	(30)	(65)	15	28			
Operating Margin	-14.3%	-22.8%	-38.9%		-14.7%	-18.6%	-35.5%	-21.6%	-15.8%	-16.7%	-36.1%	-260.0%	48.4%	66.7%			
Total	8,788	8,234	9,073		2,090	2,009	2,172	1,963	1,834	2,078	2,318	2,843	4,042	4,107			
Operating Profit	755	(561)	236		(82)	(148)	(191)	(140)	(97)	(23)	149	197	784	869			
End Market																	
Computer	30%	25%	30%	30%					20.0%				35%	35%	30%		
Consumer	15%	20%	15%						20.0%								
Mobile	25%	15%	15%	20%					15.0%				25%	25%	20%		
Networking/Storage	15%	10%	10%						10.0%								
SSD	5%	10%	15%	20%					10.0%				10%	10%	20%		
Server				10%									10%	<10%	10%		
auto/ind/med/emb				10%									10%	15%	10%		
Territory																	
China	2,983	2,936	3,783	6,715				35.7%				41.7%					
US	1,363	1,262	1,512	2,551				15.3%				16.7%					
Asia-Pacific	1,518	1,241	1,342	1,791				15.1%				14.8%	13%				
Taiwan	744	1,022	980	2,313				12.4%				10.8%					
Europe	924	827	820	1,252				10.0%				9.0%					
Malaysia	737	546	193					6.6%				2.1%					
Japan				1,253													
ROW	519	400	443	483				4.9%				4.9%					
Total	8,788	8,234	9,073	16,358				100.0%				100.0%					
Other																	
Customer																	
Intel (NAND)	10%	12%	10%	8%	261	255	300	168	148	160	258						
HP (DRAM)	9%	8%	10%	9%													
Kingston (DRAM)				10%													
Apple													13.0%	11.0%			
Image Sensors																	
Aptina Revenue	349	372	182		94	99	99	80	61	48	61	12					
Aptina COGS	358	395	219		94	99											

Micron Technology

Financial Model

dollars in millions
fiscal year ends August

	FY2013 act				FY2014 act				FY2015 est				FY2016			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
DRAM																
Bits Sold	2.0%	38.4%	6.0%	44.0%	69.0%	0.0%	0.6%	4.6%	8.0%	-10.0%	10.0%	5.0%	5.0%	5.0%	5.0%	5.0%
ASP change	-11.9%	-9.7%	15.0%	6.0%	-0.8%	-1.0%	-1.0%	0.0%	1.0%	0.0%	-6.0%	-5.5%	-5.5%	-5.5%	-5.5%	-5.5%
Revenue	715.3	893.9	1,089.7	1,663.4	2,788.6	2,760.7	2,748.1	2,874.5	3,135.5	2,822.0	2,917.9	2,895.3	2,872.9	2,850.6	2,828.5	2,806.6
Royalties (included)							2,748.0									
Revenue growth	-10.1%	25.0%	21.9%	52.6%					9.1%	-10.0%						
Cost/bit change	-5.0%	-20.5%	-5.0%	4.0%	-11.0%	-6.0%	-0.4%	2.0%	-1.0%	0.0%	-6.5%	-6.0%	-6.0%	-6.0%	-6.0%	-6.0%
Gross Margin	-8.1%	0.0%	20.7%	22.8%	35.2%	41.9%	41.1%	38.2%	41.0%	41.0%	41.2%	41.4%	41.7%	41.9%	42.1%	42.4%
Gross Profit																
COGS	773.5	894.3	864.1	1,283.7	1,805.7	1,603.2	1,619.4	1,775.0	1,849.1	1,664.2	1,716.2	1,696.0	1,675.9	1,656.1	1,636.4	1,617.0
NAND																
Bits Sold	-10.6%	9.8%	0.0%	20.0%	15.0%	35.0%	-4.9%	8.9%	22.0%	-2.0%	15.0%	9.0%	9.0%	9.0%	9.0%	9.0%
ASP change	8.0%	-1.5%	6.2%	-11.0%	-7.0%	-18.0%	0.0%	-6.0%	-6.0%	-2.0%	-8.0%	-8.0%	-8.0%	-8.0%	-8.0%	-8.0%
Revenue	807.2	873.0	927.1	990.2	1,059.0	1,172.3	1,114.8	1,141.2	1,308.7	1,256.9	1,329.8	1,333.5	1,337.3	1,341.0	1,344.8	1,348.5
Revenue growth	-3.4%	8.2%	6.2%				1,115.0		14.7%	-4.0%						
Cost/bit change	2.0%	-10.0%	5.4%	-10.0%	-7.0%	-12.0%	0.0%	-10.0%	-7.0%	5.0%	-17.5%	-10.0%	-10.0%	-10.0%	-10.0%	-10.0%
Gross Margin	23.8%	34.2%	34.8%	32.0%	31.3%	20.6%	20.6%	24.7%	25.4%	16.8%	26.2%	27.7%	29.3%	30.8%	32.4%	34.0%
<i>gm est</i>																
Gross Profit																
COGS	614.8	574.7	604.5	673.6	727.3	930.7	885.1	859.3	976.0	1,046.1	981.0	963.5	945.7	927.6	909.1	890.2
DRAM, NAND Subtotal																
Revenue	1,522.5	1,766.9	2,016.8	2,653.5	3,847.5	3,933.0	3,863.0	4,015.7	4,444.3	4,078.9	4,247.8	4,228.9	4,210.2	4,191.6	4,173.3	4,155.1
Gross Profit																
Gross Margin																
Adjusted Gross Profit																
Adjusted Gross Margin																
COGS	1388.3	1469.0	1468.6	1957.3	2533.0	2533.9	2504.6	2634.3	2825.0	2710.3	2697.2	2659.5	2621.7	2583.6	2545.5	2507.1
NOR																
Revenue	220	187.0	185.0	171.0	145.0	123.0	119.0	127.0	127.0	114.3	125.7	125.7	125.7	113.2	124.5	124.5
Gross Margin	37.0%	37.0%	20.0%	9.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.5%	11.0%	11.5%	12.0%	12.5%	13.0%	13.5%
COGS	138.7	117.8	148.0	155.6	130.5	110.7	107.1	114.3	114.3	102.3	111.9	111.3	110.6	99.0	108.3	107.7
Other																
Revenue	91.7	125.0	116.0	28.0	45.0	41.0	0.0	85.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Gross Margin	0.0%	0.0%	-25.0%	-25.0%	-25.0%	-25.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
COGS	91.7	125.0	145.0	35.0	56.3	51.3	0.0	85.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL																
Revenue	1,834.3	2,078.9	2,317.8	2,852.5	4,037.5	4,097.0	3,982.0	4,227.7	4,571.3	4,193.2	4,373.5	4,354.6	4,335.9	4,304.8	4,297.8	4,279.6
Royalty																
COGS	1,618.6	1,711.8	1,761.6	2,147.9	2,719.7	2,695.9	2,611.7	2,833.6	2,939.3	2,812.6	2,809.1	2,770.8	2,732.3	2,682.7	2,653.8	2,614.8
Gross Profit	215.6	367.2	556.2	704.6	1,317.8	1,401.1	1,370.3	1,394.1	1,631.9	1,380.6	1,564.4	1,583.8	1,603.6	1,622.1	1,644.0	1,664.8
Gross Margin	11.8%	17.7%	24.0%	24.7%	32.6%	34.2%	34.4%	33.0%	35.7%	32.9%	35.8%	36.4%	37.0%	37.7%	38.3%	38.9%
Reported																
Revenue	1,834	2,078	2,318	2,843	4,042	4,107	3,982	4,227	4,573							
COGS	1,617	1,712	1,762	2,135	2,761	2,704	2,614	2,842	2,935							
Gross Margin	11.8%	17.6%	24.0%	24.9%	31.7%	34.2%	34.4%	32.8%	35.8%							
Adjusted COGS																
Adjusted Gross Margin																

Dan K. Scovel, Tokeneke Research LLC, 203-554-4621, dscovel@tokenekeresearch.com

1/7/15

Micron Technology

Valuation

Relative Valuation

Company	Ticker	Price 1/6/2015	52-Week		CY EPS				CY P/E				Diluted Shares(mil)	CAP (\$ mil)	Price-Sales			FY Ends	Qtr Div/sh	
			Low	High	2012	2013	2014	2015	2012	2013	2014	2015			TTM	Cur FY	Nxt FY			
Micron Technology *	MU	32.87	20.89	36.59	-1.12	1.15	3.43	3.26	NM	28.6	9.6	10.1	1,195	39,280	2.3	2.2	2.3	Aug		
Advanced Micro Devices	AMD	2.63	2.35	4.80	-0.16	-0.12	0.07	0.09	NM	NM	37.6	29.2	785	2,065	0.4	0.4	0.4	Dec		
Freescale	FSL	24.32	14.71	26.00	-0.08	0.45	1.47	1.78	NM	54.0	16.5	13.7	309	7,515	1.6	1.6	1.6	Dec		
Intel *	INTC	35.28	23.50	37.90	2.13	1.88	2.22	2.34	16.6	18.8	15.9	15.1	5,045	177,988	3.2	3.2	3.1	Dec	\$0.24	
STMicroelectronics	STM	7.27	6.27	10.00	-0.33	-0.23	0.18	0.37	NM	NM	40.4	19.6	891	6,480	0.9	0.9	0.9	Dec-ADR	\$0.10	
Texas Instruments*	TXN	51.78	40.33	56.00	1.50	1.79	2.53	3.07	34.5	28.9	20.5	16.9	1,074	55,612	4.3	4.3	3.9	Dec	\$0.34	
Average									25.5	33.9	26.2	18.9				2.1	2.1	2.0		

Company	Ticker	Price 1/6/2015	52-Week		CY EPS				CY P/E				Diluted Shares(mil)	CAP (\$ mil)	Price-Sales			FY Ends	Qtr Div/sh	
			Low	High	2012	2013	2014	2015	2012	2013	2014	2015			TTM	Cur FY	Nxt FY			
Micron Technology *	MU	32.87	20.89	36.59	-1.12	1.15	3.43	3.26	NM	28.6	9.6	10.1	1,195	39,280	2.3	2.2	2.3	Aug		
Atmel	ATML	7.88	6.32	9.76	0.33	0.28	0.38	0.51	23.9	28.1	20.7	15.5	428	3,375	2.4	2.4	2.3	Dec		
Spansion	CODE	32.65	13.48	35.31	0.99	0.76	0.98	1.84	33.0	43.0	33.3	17.7	62	2,009	1.6	1.6	1.5	Dec		
Cypress Semiconductor	CY	13.69	8.04	14.95	0.55	0.40	0.53	0.64	24.9	34.2	25.8	21.4	168	2,303	3.2	3.2	3.0	Dec	\$0.11	
GSI Technology	GSI	4.99	4.52	7.25	0.13	-0.01	-0.29	0.00	38.4	NM	NM	NM	26	127	2.4	2.4	2.1	Mar		
Integrated Silicon Solutions	ISSI	15.77	10.80	17.00	0.85	0.82	0.86	1.02	18.6	19.2	18.3	15.5	32	511	1.6	1.5	1.3	Sep	\$0.06	
Netlist	NLST	0.84	0.57	2.41	-0.49	-0.34	-0.28	-0.22	NM	NM	NM	NM	41	35	1.4	1.6	1.1	Dec		
SanDisk	SNDK	95.46	66.80	108.77	2.37	5.36	5.82	6.62	40.3	17.8	16.4	14.4	241	22,977	3.5	3.4	3.1	Dec	\$0.30	
Average									29.8	28.5	22.9	16.9				2.3	2.3	2.1		

* Tokeneke estimate
Source: consensus as of 1/6/15

Historical Valuation

Company	Ticker	Price 1/6/2015	Trailing 12-month					
			Price/Earnings		Price/Sales		Price/Book	
			Current	Historical*	Current	Historical*	Current	Historical*
Micron Technology	MU	32.87	9.6		2.3		3.4	
Average			44.2		2.2		2.3	
High			568.0		9.0		9.8	
Low			4.3		0.3		0.6	

* weekly since 1990

The Company

Tokeneke Research is an independent research firm specializing in semiconductor industry business issues, providing fundamental research focused on US equities across all market capitalizations within the sector to investors. The company was founded in 2005 and is based in Connecticut.

The Offering

- *Monthly Newsletter:* A summarized review of noteworthy industry business developments, sales statistics, and sector equity market performance, as well as a near-term and annual outlook for sector business fundamentals and share prices. This report typically includes two pages of text and a handful of recurring charts and tables. It is intended for relatively broad-based distribution.
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My Background

I have an electrical engineering background, nearly 12 years of semiconductor industry experience, and was on Wall Street for nearly eight years where I was selected as the Best On The Street semiconductor analyst for 2002 by The Wall Street Journal, and third-rated Best of the Best across all sectors.

I obtained my undergraduate BS degree in electrical engineering from the University of Washington, and my MBA from Santa Clara University. My industry experience consists of nearly 12 years in various technical sales and marketing roles at four different semiconductor firms located in Silicon Valley beginning with Advanced Micro Devices in 1984, followed by two small start-up companies, and ending at Cirrus Logic where I supported the firm's Japanese market development. I joined Fahnstock & Co. as a senior semiconductor analyst in 1996 and was recruited by Needham & Co. in April 2000.

My formal coverage list as a sell-side analyst included the following equities: AMD, ALSC, ALTR, ARTI, ATML, CUBE, CY, ESST, GNSS, INTC, ISSI, LSI, MOSY, MU, OIIM, OVTI, RMTR, SIII, SMSC, STEC, SVTG, TDFX, TSRA, TXN, and ZRAN.

—Dan K. Scovel
Semiconductor Analyst

Tokeneke Research LLC

Rowayton, CT 06853

dscovel@tokenekereseearch.com

www.tokenekereseearch.com

203-554-4621

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