MICRON TECHNOLOGY INC
Form DEF 14A
November 04, 2005

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant x
Filed by a Party other than the Registrant o
Check the appropriate box:

o	Preliminary Proxy Statement
o	**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
x	Definitive Proxy Statement
o	Definitive Additional Materials
o	Soliciting Material Pursuant to §240.14a-12

Micron Technology, Inc.
(Name of Registrant as Specified In Its Charter)
N/A
(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x	No fee required.	
o	Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.	
	(1)	Title of each class of securities to which transaction applies:
	(2)	Aggregate number of securities to which transaction applies:
	(3)	Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
	(4)	Proposed maximum aggregate value of transaction:
	(5)	Total fee paid:
o	Fee paid previously with preliminary materials.	
o	Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.	
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Notice of 2005 Annual Meeting of Shareholders
December 6, 2005

TO THE SHAREHOLDERS:

NOTICE IS HEREBY GIVEN that the 2005 Annual Meeting of Shareholders of Micron Technology, Inc., a Delaware corporation (the Company), will be held on December 6, 2005, at 9:00 a.m., Mountain Standard Time, at the Company s headquarters located at 8000 South Federal Way, Boise, Idaho 83716-9632, for the following purposes:

1. To elect directors to serve for the ensuing year and until their successors are elected and qualified;

2. To approve an amendment to the Company s 2004 Equity Incentive Plan increasing the number of shares reserved for issuance thereunder by 12,000,000;

3. To ratify the appointment of PricewaterhouseCoopers LLP as the Independent Registered Public Accounting Firm of the Company for the fiscal year ending August 31, 2006; and

4. To transact such other business as may properly come before the meeting or any adjournment thereof.

The foregoing items of business are more fully described in the Proxy Statement accompanying this Notice.

Only shareholders of record at the close of business on October 12, 2005, are entitled to notice of and to vote at the meeting. A complete list of shareholders entitled to vote at the meeting will be open to the examination of any shareholder, for any purpose germane to the business to be transacted at the meeting, during ordinary business hours for the ten-day period immediately preceding the date of the meeting, at the Company s headquarters at 8000 South Federal Way, Boise, Idaho 83716-9632.

Attendance at the Annual Meeting will be limited to shareholders and guests of the Company. Shareholders may be asked to furnish proof of ownership of the Company s Common Stock before being admitted to the meeting. Directions to the meeting s location accompany the Proxy Statement.

To ensure your representation at the meeting, you are urged to vote, sign, date and return the enclosed proxy as promptly as possible in the postage-prepaid envelope enclosed for that purpose. Alternatively, shareholders may vote by telephone or electronically via the internet. Please refer to the instructions included with the proxy for additional details. Shareholders attending the meeting may vote in person even if they have already submitted their proxy.

By Order of the Board of Directors
Roderic W. Lewis
Vice President of Legal Affairs,
General Counsel & Corporate Secretary

Boise, Idaho
November 7, 2005

YOUR VOTE IS IMPORTANT. PLEASE SUBMIT YOUR PROXY PROMPTLY.

8000 South Federal Way
Boise, Idaho 83716-9632

PROXY STATEMENT

2005 ANNUAL MEETING OF SHAREHOLDERS

December 6, 2005
9:00 a.m. Mountain Standard Time

INFORMATION CONCERNING SOLICITATION AND VOTING

General

The enclosed proxy is solicited on behalf of the Board of Directors of Micron Technology, Inc. (the Company), for use at the 2005 Annual Meeting of Shareholders to be held on December 6, 2005, at 9:00 a.m., Mountain Standard Time, or at any adjournment or postponement thereof (the Annual Meeting). The purposes of the Annual Meeting are set forth herein and in the accompanying Notice of 2005 Annual Meeting of Shareholders. The Annual Mee−ting will be held at the Company s headquarters located at 8000 South Federal Way, Boise, Idaho 83716-9632. Directions to the Annual Meeting accompany this Proxy Statement. The Company s telephone number is (208) 368-4000.

This Proxy Statement and enclosed proxy card are first being mailed on or about November 7, 2005, to all shareholders entitled to vote at the meeting.

Record Date

Shareholders of record at the close of business on October 12, 2005 (the Record Date), are entitled to notice of and to vote at the meeting.

Revocability of Proxy

Any proxy given pursuant to this solicitation may be revoked by the person giving it at any time before its use by attending the Annual Meeting and voting in person or by delivering to the Company a written notice of revocation or another duly executed proxy bearing a date later than the earlier given proxy.

Solicitation

The cost of solicitation will be borne by the Company. In addition, the Company may reimburse brokerage firms and other persons representing beneficial owners of shares for their expenses in forwarding solicitation materials to such beneficial owners. Proxies may be solicited by the Company s directors, officers and employees, without additional compensation, personally or by telephone, internet or facsimile. The Company intends to use the services of Georgeson Shareholder Communications, Inc., a proxy solicitation firm, in connection with the solicitation of proxies. Although the exact cost of the solicitation services is not known at this time, it is anticipated that the fees and expenses paid by the Company for these services will be approximately $50,000.

VOTING SECURITIES AND PRINCIPAL HOLDERS

Outstanding Shares

The Company has one class of stock outstanding, common stock, $.10 par value per share (the Common Stock). At October 12, 2005, the Record Date, 617,876,892 shares of Common Stock were issued and outstanding and entitled to vote.

Voting Rights and Required Vote

Under the Delaware General Corporation Law and the Company s Restated Certificate of Incorporation and Bylaws, each shareholder will be entitled to one vote for each share of the Company s Common Stock held at the Record Date for all matters, including the election of directors, unless cumulative voting for the election of directors is required. The required quorum for the transaction of business at the Annual Meeting is a majority of the votes eligible to be cast by holders of shares of the Company s Common Stock issued and outstanding on the Record Date. Shares that are voted FOR, AGAINST or ABSTAIN and, with respect to the election of directors, WITHHOLD or DO NOT VOTE FOR, are treate being present at the Annual Meeting for the purposes of establishing a quorum and are tallied to determine the shareholders decision with respect to the matter voted upon (the Votes Cast). Abstentions will have the same effect as voting against a proposal. Broker non-votes will be considered present and entitled to vote for purposes of determining the presence or absence of a quorum for the transaction of business, but such non-votes are not deemed to be Votes Cast and, therefore, will not be included in the tabulation of the voting results with respect to voting results for the election of directors or issues requiring the approval of a majority of Votes Cast.

Shares held in a brokerage account or by another nominee are considered held in street name by the shareholder or beneficial owner. A broker or nominee holding shares for a beneficial owner may not vote on matters relating to equity compensation plans unless the broker or nominee receives specific voting instructions from the beneficial owner of the shares. As a result, absent specific instructions, brokers or nominees may not vote a beneficial owner s shares on Proposal 2 and such shares will be considered broker non-votes for those proposals.

The seven nominees for director receiving the highest number of FOR votes will be elected, regardless of whether any one of them receives the vote of a majority of the Votes Cast. With respect to each other item of business, the FOR vote of a majority of the Votes Cast is required in order for such matter to be considered approved by the shareholders. Abstentions and broker non-votes will not count as Votes Cast FOR any nominee or proposal.

Cumulative voting for the election of directors shall not be required unless a shareholder has requested cumulative voting by written notice to the Secretary of the Company at least 15 days prior to the date of the meeting. If cumulative voting is required, with respect to the election of directors, each voting shareholder may cumulate such shareholder s votes and give one candidate a number of votes equal to the number of directors to be elected multiplied by the number of votes to which the shareholder s shares are entitled, or distribute the shareholder s votes among as many candidates as the shareholder thinks fit, provided that votes cannot be cast for more than seven candidates. If cumulative voting is required, the persons authorized to vote shares represented by proxies shall have the authority and discretion to vote such shares cumulatively for any candidate or candidates for whom authority to vote has not been withheld.

Voting of Proxies

The shares of the Company s Common Stock represented by all properly executed proxies received in time for the meeting will be voted in accordance with the directions given by the shareholders. **If no instructions are given with respect to a properly executed Proxy timely received by the Company,the**

shares of the Company s Common Stock represented thereby will be voted (i) **FOR** each of the nominees named herein as directors, or their respective substitutes as may be appointed by the Board of Directors, (ii) **FOR** approval of an amendment to the Company s 2004 Equity Incentive Plan increasing the number of shares reserved for issuance thereunder by 12,000,000, (iii) **FOR** ratification of the appointment of PricewaterhouseCoopers LLP as the Independent Registered Public Accounting Firm of the Company for fiscal 2006, and (vi) in the discretion of the proxy holders for such other matter or matters which may properly come before the Annual Meeting.

Security Ownership of Certain Beneficial Owners and Management

The following table sets forth security ownership information as of the Record Date (October 12, 2005), based on the most current information provided to the Company by the beneficial owners, available to the Company from its own records or provided in Securities and Exchange Commission (SEC) filings made by the beneficial owners, for (i) persons known by the Company to own beneficially more than 5% of the Company s Common Stock, (ii) each director, (iii) each Named Executive Officer listed in the Summary Compensation Table set forth herein, and (iv) all directors and executive officers as a group:

Name and Address of Beneficial Owner	Number of Shares Owned (1)	Right to Acquire (2)	Total	Percent of Class (3)
Barclays Global Investors, NA (4) 45 Fremont Street San Francisco, CA 94105	32,806,595		32,806,595	5.3 %
Brandes Investment Partners, L.P. (5) 11988 El Camino Real, Suite 500 San Diego, CA 92130	63,886,621		63,886,621	10.3 %
Capital Research and Management Company (6) 333 South Hope Street Los Angeles, CA 90071-1406	89,805,000	3,817,440	93,622,440	15.2 %
Citigroup, Global Markets, Inc. (7) 388 Greenwich Street New York, NY 10013	49,018,000		49,018,000	7.9 %
Goldman Sachs & Co. (8) 85 Broad Street New York, NY 10004	31,923,777		31,923,777	5.2 %
Intel Capital Corporation (9) 2200 Mission College Boulevard Santa Clara, CA 95025		33,860,045	33,860,045	5.5 %
PRIMECAP Management Company (10) 225 South Lake Avenue, Suite 400 Pasadena, CA 91101-3005	55,367,806		55,367,806	9.0 %
Steven R. Appleton (11)	771,438	2,760,000	3,531,438	*
James W. Bagley (12)	5,000	91,283	96,283	*
Robert J. Gove	105,908	837,000	942,908	*
Mercedes Johnson (12)	3,580	17,500	21,080	*
Roderic W. Lewis	166,515	1,580,000	1,746,515	*
Robert A. Lothrop (12)(13)	94,288	80,933	175,221	*
Lawrence N. Mondry (12)	2,500	17,500	20,000	*
Michael W. Sadler	139,280	1,464,000	1,603,280	*
Gordon C. Smith (12)(14)	12,754	41,000	53,754	*
Wilbur G. Stover, Jr. (15)	137,000	1,497,000	1,634,000	*
William P. Weber (12)	78,848	60,000	138,848	*
All directors and executive officers as a group (16 persons)	2,530,063	14,007,716	16,537,779	2.7 %

* Represents less than 1% of shares outstanding

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(1) Excludes shares that may be acquired through the exercise of outstanding stock options. Includes shares of restricted stock that are subject to a risk of forfeiture.

(2) Represents shares that an individual or entity has a right to acquire within 60 days of October 12, 2005.

(3) For purposes of calculating the Percent of Class, shares that the person or entity had a Right to Acquire are deemed to be outstanding when calculating the Percent of Class of such person or entity, but are not deemed to be outstanding for the purpose of calculating the Percent of Class of any other person or entity.

(4) Barclays Global Investors, NA, and its affiliates have sole voting power as to 29,458,728 shares and sole dispositive power as to 32,806,595 shares. This information is taken from a Schedule 13G dated December 31, 2004.

(5) Brandes Investment Partners have shared voting power as to 50,925,672 shares and shared dispositive power as to 63,886,621 shares. This information is taken from a Schedule 13G dated February 28, 2005.

(6) Includes 27,510,000 shares held by The Growth Fund of America, Inc. (the Growth Fund). The Growth Fund is an investment company advised by Capital Research and Management Company. The Growth Fund has sole voting power as to 27,510,000 shares. Capital Research and Management Company has sole dispositive power and no voting power with respect to 66,112,440 shares. Shares in the Right to Acquire column reflect 3,817,440 shares issuable upon conversion of $45,000,000 principal amount of the Company s 2.5% Convertible Notes due February 1, 2010. This information is taken from Schedule 13G dated December 31, 2004.

(7) Citigroup Global Markets, Inc. has shared voting and dispositive power with respect to all shares. This information was confirmed by a representative Citigroup, Inc. on October 13, 2005.

(8) Goldman Sachs & Co. has shared voting power as to 31,917,475 shares and shared dispositive power as to 31,923,777 shares. This information is taken from a Schedule 13G dated December 31, 2004.

(9) Intel Capital Corporation holds stock rights exchangeable, at their option, into 33,860,045 shares of the Company s Common Stock.

(10) PRIMECAP Management Company has sole dispositive power as to all shares and sole voting power as to 6,184,969 shares. PRIMECAP Management Company s holdings include 36,512,373 shares held by Vanguard PRIMECAP Fund. This information was confirmed by a representative of PRIMECAP Management Company on October 12, 2005.

(11) Includes 20,000 shares beneficially owned by Mesa L.P.

(12) Does not include 5,000 shares of Restricted Stock awarded after the Record Date on October 14, 2005.

(13) Includes 82,464 shares beneficially owned in joint tenancy with Mr. Lothrop s spouse and 848 shares beneficially owned by Mr. Lothrop s spouse.

(14) Includes 7,754 shares beneficially owned by SFG LLC.

(15) Includes 3,900 shares beneficially owned by Mr. Stover s minor children.

BUSINESS TO BE TRANSACTED

PROPOSAL 1. ELECTION OF DIRECTORS

Nominees

The Company s Bylaws currently provide for seven directors and it is contemplated that a board of seven directors will be elected at the meeting. Unless otherwise instructed, the proxy holders will vote the proxies received by them for management s seven nominees named below, all of whom are presently directors of the Company. If any management nominee is unable or declines to serve as a director at the time of the Annual Meeting, the proxies will be voted for any nominee who shall be designated by the present Board of Directors to fill the vacancy. It is not expected that any nominee listed below will be unable or will decline to serve as a director. The term of office of each person elected as a director will continue until the next annual meeting of shareholders or until such person s successor has been elected and qualified, except in the case of earlier resignation or removal. Officers are appointed annually by the Board of Directors and serve until their successors are duly chosen and qualified, except in the case of earlier resignation or removal. The names of the seven nominees and certain information about them are set forth below:

Name of Nominee	Age	Principal Occupation	Served as a Director Since
Steven R. Appleton	45	Chairman, Chief Executive Officer and President of the Company	1994
James W. Bagley	66	Executive Chairman of Lam Research Corporation	1997
Mercedes Johnson	51	Former Senior Vice President, Finance, of Lam Research Corporation	2005
Robert A. Lothrop	79	Retired, former Senior Vice President of J.R. Simplot Company	1994
Lawrence N. Mondry	45	Chief Executive Officer of CompUSA Inc.	2005
Gordon C. Smith	76	Chairman and Chief Executive Officer of SFG LLC	1990
William P. Weber	65	Retired, former Vice Chairman of Texas Instruments Incorporated	1998

Set forth below are the principal occupations of the nominees for at least the past five years:

Steven R. Appleton joined the Company in February 1983 and has served in various capacities with the Company and its subsidiaries. Mr. Appleton first became an officer of the Company in August 1989 and has served in various officer positions with the Company since that time. From April 1991 until July 1992 and since May 1994, Mr. Appleton has served on the Company s Board of Directors. Since September 1994, Mr. Appleton has served as the Chief Executive Officer, President and Chairman of the Board of Directors of the Company. 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.

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 the Company s Board of Directors since June 1997. Mr. Bagley holds a BS and MS in Electrical Engineering from Mississippi State University. Mr. Bagley serves as the presiding director of executive sessions of the Company s Board of Directors.

Mercedes Johnson 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. Prior to joining Lam, Ms. Johnson spent 10 years with Applied Materials, Inc., where she served in various senior financial management positions, including vice president and worldwide operations controller. 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 serves on the Board s Audit Committee.

Robert A. Lothrop served as Senior Vice President of J.R. Simplot Company, an agribusiness company, from January 1986 until his retirement in January 1991. From August 1986 until July 1992 and since May 1994, Mr. Lothrop has served on the Board of Directors of the Company. Mr. Lothrop holds a BS in Engineering from the University of Idaho. Mr. Lothrop serves on the Board s Audit Committee and the Governance and Compensation Committee.

Lawrence N. Mondry serves as the Chief Executive Officer of CompUSA Inc., a position he has held since 2003. Mr. Mondry joined CompUSA in 1990 as Senior Vice President and General Merchandise Manager. He was promoted to Executive Vice President-Merchandising in 1993, and President and Chief Operating Officer of CompUSA Stores in 2000. Mr. Mondry currently serves on the Board of Directors for Golfsmith, Inc. Mr. Mondry serves on the Board s Governance and Compensation Committee.

Gordon C. Smith has served as the Chairman and Chief Executive Officer of SFG LLC, a holding company for agriculture operations and other investments, since January 2005. Mr. Smith has also served as Chairman and Chief Executive Officer of G.C. Smith LLC since May 2000. From July 1980 to March 1994, Mr. Smith served in various management positions with J.R. Simplot Company, including four years as President and Chief Executive Officer, and seven years as Chief Financial Officer. From February 1982 until February 1984 and since September 1990, he has served on the Company s Board of Directors. Mr. Smith holds a BS in Accounting from Idaho State University. Mr. Smith is the Chairman of the Board s Audit Committee.

William P. Weber served in various capacities with Texas Instruments Incorporated, a semiconductor manufacturing company, and its subsidiaries from 1962 until April 1998. From December 1986 until December 1993, he served as the President of Texas Instruments worldwide semiconductor operations and from December 1993 until his retirement in April 1998, he served as Vice Chairman of Texas Instruments Incorporated. He has served on the Company s Board of Directors since July 1998. Mr. Weber holds a BS in Engineering from Lamar University and a MS in Engineering from Southern Methodist University. Mr. Weber is the Chairman of the Board s Governance and Compensation Committee.

There is no family relationship between any director or executive officer of the Company.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities and Exchange Act of 1934 requires the Company s directors and executive officers, and persons who own beneficially more than 10% of the Common Stock of the Company, to file reports of ownership and changes of ownership with the SEC and the New York Stock Exchange (NYSE). Copies of all filed reports are required to be furnished to the Company pursuant to Section 16(a). Based solely on the reports received by the Company and on written representations from reporting persons, the Company believes that the directors, executive officers, and greater than 10% beneficial owners complied with all applicable filing requirements during the fiscal year ended September 1, 2005, except for Thomas Nicholson who filed a late Form 4 on July 29, 2005, relating to one transaction. Mr. Nicholson served on the Company s Board of Directors during fiscal 2005.

Certain Relationships and Related Transactions

During fiscal 2005, the Company paid $65.6 million to Lam Research Corporation for semiconductor manufacturing equipment and related services. Mr. Bagley is the current Executive Chairman and former Chief Executive Officer of Lam Research Corporation and, for a portion of fiscal 2005, Ms. Johnson served as the Senior Vice President, Finance, of Lam Research Corporation.

During fiscal 2005, the Grove Hotel and Qwest Arena in Boise, Idaho, received approximately $370,000 for business conducted with the Company. The Company uses the Grove Hotel for business visitors and conferences, and leases a suite for events at the Qwest Arena. Mr. Appleton has an interest in a limited liability company that is a minority owner of the Grove Hotel and Qwest Arena.

During fiscal 2005, the Company received $214.6 million from Intel Corporation for purchases of the Company s semiconductor memory products. In addition, the Company has an outstanding technology development agreement with Intel, pursuant to which the Company is obligated to make four payments to Intel of $3.5 million beginning in fiscal 2005 and ending in fiscal 2007. In fiscal 2005, the Company paid $7.0 million under this agreement. In fiscal 2005, the Company also made payments of approximately $116,000 to Intel for purchases of products.

During the period from March 2, 2005 to April 3, 2005, the Company made payments to FormFactor, Inc. of approximately $225,000 for the purchase of probe cards. Ronald Foster served as a member of the Company s Board of Directors and the Chief Financial Officer of FormFactor, Inc. during that time period. Mr. Foster resigned from the Company s Board of Directors on April 3, 2005.

Board Meetings and Committees

The Board of Directors of the Company held five meetings during fiscal 2005. In fiscal 2005, the Board of Directors had a standing Audit Committee and a standing Governance and Compensation Committee. During fiscal 2005, the Audit Committee met ten times and the Governance and Compensation Committee met five times. All incumbent directors, except for Mr. Mondry, attended 75% or more of the aggregate of (i) the total number of meetings of the Board of Directors and (ii) the total number of meetings of all committees of the Board on which they served, during fiscal 2005. All incumbent directors, except Mr. Smith, attended the Company s Annual Meeting of Shareholders in 2004.

All committees of the Board of Directors have written charters that comply with federal and NYSE rules relating to corporate governance matters. Copies of the committee charters as well as the Company s Corporate Governance Guidelines are available on the Corporate Governance page of the Company s website at www.micron.com. The Board has determined that the members of the Audit Committee and the members of the Governance and Compensation Committee satisfy the independence requirements of applicable federal laws and the listing standards of the NYSE for such committees.

Audit Committee

Messrs. Lothrop and Smith and Ms. Johnson currently serve on the Audit Committee, which is a standing committee of the Board of Directors. At various times in fiscal 2005, former directors Thomas Nicholson and Ronald Foster also served on the Audit Committee. Mr. Smith is the Chairman of the Audit Committee. The Board has determined that each of Mr. Smith and Ms. Johnson qualify as an audit committee financial expert for purposes of the rules and regulations of the Securities and Exchange Commission. Each member of the Audit Committee is independent within the meaning of the NYSE listing requirements applicable to members of a listed company s audit committee. The purpose of the Audit Committee is to assist the Board in overseeing and monitoring (i) the integrity of the Company s financial statements, (ii) the performance of the Company s internal audit function and its Independent Registered Public Accounting Firm, (iii) the qualifications and independence of the Company s

Independent Registered Public Accounting Firm, and (iv) the Company s compliance with legal and regulatory requirements. The Audit Committee is also responsible for preparing the Audit Committee report that is included in the Company s annual Proxy Statement. See Report of the Audit Committee of the Board of Directors. The complete duties and responsibilities of the Audit Committee are set forth in its written charter, which is available at www.micron.com.

Governance and Compensation Committee

Messrs. Lothrop, Mondry and Weber currently serve on the Governance and Compensation Committee which is a standing committee of the Board of Directors. Thomas Nicholson served on the Governance and Compensation Committee during fiscal 2005. Mr. Weber is the Chairman of the Governance and Compensation Committee. Each member of the Committee is independent within the meaning of the NYSE listing requirements applicable to members of a listed company s nominating/corporate governance committee. The Governance and Compensation Committee is responsible for reviewing and approving the compensation of the Company s officers. See Report of the Governance and Compensation Committee of the Board of Directors Regarding Executive Compensation. The responsibilities of the Governance and Compensation Committee also include assisting the Board in discharging its duties with respect to (i) the identification and selection of nominees to the Company s Board of Directors and (ii) the development of Corporate Governance Guidelines for the Company. The complete duties and responsibilities of the Governance and Compensation Committee are set forth in its written charter, which is available at www.micron.com.

The Governance and Compensation Committee is responsible for identifying nominees for the Company s Board of Directors. There are no minimum qualifications that nominees must possess but the following factors are strongly considered by the Governance and Compensation Committee in making its recommendations: substantial experience in the semiconductor industry or related industries; strong business acumen and judgment; excellent interpersonal skills; business relationships with key individuals in industry, government and education that may be of significant assistance to the Company and its operations; familiarity with accounting rules and practices; and independence as defined and required by NYSE Listing Application Standards and relevant rules and regulations of the SEC. In fiscal 2004, the Board of Directors determined that it would be advisable to add additional members to the Board. To that end, the Governance and Compensation Committee engaged a third party executive search firm to assist them in the identification and evaluation of potential candidates to the Company s Board of Directors. As a result of such executive search firm s efforts, Mr. Mondry and Ms. Johnson were added to the Company s Board of Directors in 2005. It is currently anticipated that additional candidates identified by the executive search firm will join the Company s Board of Directors in fiscal 2006.

The Governance and Compensation Committee will consider director nominee recommendations from shareholders. Shareholder recommendations are subject to the same criteria used to evaluate other candidates. Shareholders wishing to recommend a prospective nominee should submit the candidate s name and qualifications to the Company s Corporate Secretary at corporatesecretary@micron.com. The Company s Bylaws contain the provisions that address the process by which a shareholder may actually nominate an individual to stand for election to the Company s Board of Directors. A copy of the Company s Bylaws can be found on the Corporate Governance page of its website at www.micron.com. During fiscal 2005, the Company received no director nominations from shareholders.

Executive Sessions and Communications with Board

The Board of Directors meets regularly in executive sessions in which only non-employee directors are present. On September 27, 2005, Mr. Bagley was reappointed to preside at these executive sessions for fiscal 2006. Shareholders wishing to communicate with the Company s Board of Directors may contact Mr. Bagley at Lam Research Corporation, 4650 Cushing Parkway Fremont, CA 94538 or call (510) 572-0200. Mr. Bagley can also be reached via email at bagley@lamrc.com.

Code of Business Conduct and Ethics

The Board of Directors has adopted a Code of Business Conduct and Ethics that is applicable to all directors, officers and employees of the Company. A copy of the Micron Code of Business Conduct and Ethics is available on the Company s website at www.micron.com/code. Any amendments or waivers of the Code of Business Conduct and Ethics will also be posted on the Company s website within four business days of the amendment or waiver.

COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

The following table summarizes compensation earned by the Company s Chief Executive Officer and the Company s other four most highly compensated executive officers during fiscal 2005 (collectively, the Named Executive Officers) for all services rendered to the Company and its subsidiaries for each of the last three completed fiscal years:

SUMMARY COMPENSATION TABLE

		Annual Compensation		Long-Term Compensation		
Name and Principal Position	**Fiscal Year**	**Salary (1)**	**Bonus**	**Restricted Stock Award (2)**	**Options Granted (3)**	**All Other Compensation (4)**
Steven R. Appleton (5)	2005	$ 845,962	$ 542,680	$ 851,900	420,000	$ 78,471
Chairman, CEO & President	2004	600,000	686,311	0	600,000	260,870
	2003	0	0	0	680,000	0
Robert J. Gove (6)	2005	307,981	340,733	243,400	110,000	6,909
Vice President of Imaging	2004	281,821	455,103	0	200,000	1,500
Group	2003	256,500	0	0	230,000	1,500
Roderic W. Lewis (7)	2005	348,789	251,465	304,250	130,000	18,645
Vice President of Legal Affairs,	2004	325,219	509,972	0	250,000	140,199
General Counsel & Corporate Secretary	2003	271,350	0	0	340,000	11,610
Michael W. Sadler (8)	2005	348,789	255,280	243,400	130,000	6,909
Vice President of Worldwide	2004	323,262	516,655	0	250,000	33,286
Sales	2003	271,350	0	0	340,000	1,500
Wilbur G. Stover, Jr. (9)	2005	413,789	298,083	243,400	130,000	13,294
Vice President of Finance &	2004	385,985	477,584	0	225,000	171,026
CFO	2003	324,000	0	0	340,000	1,500

(1) Includes compensation deferred by the named executive under the Company s 401(k) retirement plan. Amounts for 2003 and 2004 reflect salary reductions in place for executive officers from June 24, 2001 to December 5, 2003.

(2) Restricted stock was awarded on November 19, 2004, to Messrs. Appleton, Gove, Lewis, Sadler and Stover in the amounts of 70,000, 20,000, 25,000, 20,000 and 20,000 shares, respectively. The restricted

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stock was granted pursuant to the Company s 2004 Equity Incentive Plan and has restrictions that lapse in equal installments over three years. The value of the restricted stock was based on the fair market value of the Company s Common Stock on the date of grant.

(3) Includes options to purchase shares of the Company s Common Stock under the Company s 1994 Stock Option Plan and 2001 Stock Option Plan.

(4) Amounts for 2005 for all Named Executive Officers include Company contributions in the amount of $6,909 under the Company s 401(k) retirement plan. Amounts for 2004 and 2003 for all Named Executive Officers except Mr. Appleton include Company contributions in the amount of $1,500 under the Company s 401(k) retirement plan.

(5) Salary amounts for Mr. Appleton reflect the fact that from October 28, 2001 through December 4, 2003, he received no salary. Mr. Appleton s bonus amount for 2005 reflects Executive Officer Incentive Plan award of $517,688 and profit distribution of $24,992. Bonus amounts for 2004 reflect executive officer bonus award of $671,458 and profit distribution of $14,853. All Other Compensation for 2005 includes payments under the Company s time-off plan for time accrued in excess of 999 hours totaling $71,563. All Other Compensation for 2004 includes executive bonuses previously earned but unpaid with respect to fiscal 1997 performance of $211,908, payments under the Company s time-off plan for time accrued in excess of 999 hours totaling $45,962 and Company contributions in the amount of $3,000 under the Company s 401(k) retirement plan.

(6) Mr. Gove s bonus amount for 2005 reflects Executive Officer Incentive Plan award of $281,337, profit distribution of $9,396 and a performance bonus of $50,000. Bonus amounts for 2004 reflect executive officer bonus award of $369,302, profit distribution of $5,468, performance bonus of $80,000 and a patent bonus of $333.

(7) Mr. Lewis s bonus amount for 2005 reflects Executive Officer Incentive Plan award of $240,913 and profit distribution of $10,552. Bonus amounts for 2004 reflect executive officer bonus award of $503,593 and profit distribution of $6,379. All Other Compensation for 2005 includes payments under the Company s time-off plan for time accrued in excess of 999 hours totaling $11,736. All Other Compensation for 2004 includes executive bonuses previously earned but unpaid with respect to fiscal 1997 performance of $127,145, and payments under the Company s time-off plan for time accrued in excess of 999 hours totaling $11,554. All Other Compensation for 2003 includes payments under the Company s time-off plan for time accrued in excess of 999 hours totaling $10,110.

(8) Mr. Sadler s bonus amount for 2005 reflects Executive Officer Incentive Plan award of $240,913, profit distribution of $10,552 and a sales bonus of $3,815. Bonus amounts for 2004 reflect executive officer bonus award of $503,593, profit distribution of $6,379 and sales bonuses totaling $6,683. All Other Compensation for 2004 includes executive bonuses previously earned but unpaid with respect to fiscal 1997 performance of $31,786.

(9) Mr. Stover s bonus amount for 2005 reflects Executive Officer Incentive Plan award of $285,654 and profit distribution of $12,429. Bonus amounts for 2004 reflect executive officer bonus award of $470,000 and profit distribution of $7,563. All Other Compensation for 2005 includes payments under the Company s time-off plan for time accrued in excess of 999 hours totaling $6,385. All Other Compensation for 2004 includes executive bonuses previously earned but unpaid with respect to fiscal 1997 performance of $169,526.

OPTION GRANTS IN LAST FISCAL YEAR

The following table provides information regarding options to purchase the Company s Common Stock granted to the Named Executive Officers in fiscal 2005:

Name	Options Granted (1)	Percent of Total Options Granted to Employees in Fiscal Year	Exercise or Base Price Per Share (2)	Expiration Date	Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term (3) 5%	10%
Steven R. Appleton	420,000	2.56 %	$ 12.03	10/01/2010	$ 1,718,367	$ 3,898,389
Robert J. Gove	110,000	0.67 %	12.03	10/01/2010	450,049	1,021,007
Roderic W. Lewis	130,000	0.79 %	12.03	10/01/2010	531,876	1,206,644
Michael W. Sadler	130,000	0.79 %	12.03	10/01/2010	531,876	1,206,644
Wilbur G. Stover, Jr.	130,000	0.79 %	12.03	10/01/2010	531,876	1,206,644

(1) Options vest 25% per year over a four year period.

(2) All options were granted with an exercise price equal to the fair market value of the Company s Common Stock on the date of grant. The fair market value as stated in the Company s 2001 Stock Option Plan is the average closing price as quoted on the NYSE for the last market trading day prior to the day of determination, as reported by Bloomberg L.P. or such other source as the administrator deems reliable.

(3) Potential realizable value is based on an assumption that the stock price for the Common Stock appreciates at the annual rate shown (compounded annually) from the date of grant until the end of the option term. Potential realizable value is shown net of exercise price. The numbers are calculated based on the regulations promulgated by the SEC and do not reflect the Company s estimate of future stock price growth.

AGGREGATED OPTION EXERCISES IN LAST FISCAL YEAR AND FISCAL YEAR-END OPTION VALUES

The following table provides information regarding option exercises in fiscal 2005 by the Named Executive Officers and the value of such officers unexercised options at September 1, 2005:

Name	**Number of Shares Acquired on Exercise**	**Value Realized**	**Number of Unexercised Options at Fiscal Year-End Exercisable (E) Unexercisable (U)**		**Value of Unexercised In-The-Money Options at Fiscal Year-End (1) Exercisable (E) Unexercisable (U)**	
Steven R. Appleton		$	2,760,000	(E)	$ 110,000	(E)
			40,000	(U)	110,000	(U)
Robert J. Gove			837,000	(E)	41,250	(E)
			15,000	(U)	41,250	(U)
Roderic W. Lewis			1,580,000	(E)	55,000	(E)
			20,000	(U)	55,000	(U)
Michael W. Sadler			1,464,000	(E)	55,000	(E)
			20,000	(U)	55,000	(U)
Wilbur G. Stover, Jr.			1,497,000	(E)	55,000	(E)
			20,000	(U)	55,000	(U)

(1) Represents the difference between the exercise price of the options and $11.91, the fair market value of the Company s Common Stock on September 1, 2005.

EQUITY COMPENSATION PLAN INFORMATION

The following table provides information as of September 1, 2005, regarding Common Stock that may be issued pursuant to the Company s equity compensation plans:

	(a) Number Of Securities To Be Issued Upon Exercise Of Outstanding Options, Warrants And Rights	(b) Weighted-Average Exercise Price Of Outstanding Options, Warrants And Rights	(c) Number Of Securities Remaining Available For Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected In Column (a))
Equity Compensation Plans Approved by Shareholders (1)	79,750,016	$ 21.84	30,411,164 (2)
Equity Compensation Plans Not Approved by Shareholders (3)(4)	39,306,447	18.06	13,970,732
Totals	119,056,463	20.59	44,381,896

(1) Includes shares issuable upon exercise of options granted pursuant to the Company s 1994 Stock Option Plan, 2001 Stock Option Plan, 2004 Equity Incentive Plan and rights under the 1998 Director s Stock Incentive Plan.

(2) Includes 3,224,074 shares reserved for issuance under the Company s 1989 Employee Stock Purchase Plan.

(3) Includes shares issuable upon exercise of options granted pursuant to the Company s Nonstatutory Stock Option Plan, 1998 Nonstatutory Stock Option Plan, 1997 Nonstatutory Stock Option Plan and the 2002 Employee Inducement Stock Option Plan. Options granted under the aforementioned plans have terms ranging from six to ten years. The exercise price and the vesting schedule of options granted under the Nonstatutory Plans are determined by the administrators of the plans or the Company s Board of Directors. Executive officers and directors do not participate in the aforementioned plans.

(4) Does not include 16,761 shares with a weighted average exercise price of $6.05 issuable upon exercise of options outstanding under the Rendition 1994 Equity Incentive Plan. This plan was assumed by the Company in connection with its acquisition of Rendition, Inc. in September 1998. Does not include 71,748 shares with a weighted average exercise price of $0.87 issuable upon exercise of options outstanding under the Micron Quantum Devices (MQD) 1996 Stock Option Plan. This plan was assumed by the Company in connection with the merger of MQD (a former subsidiary of the Company) into the Company in February 1998.

Compensation of Directors

Directors who are employees of the Company receive no additional or special remuneration for their service as directors. Directors who are not employees of the Company are entitled to receive an annual retainer of $50,000. Pursuant to the Company s 1998 Non-Employee Director s Stock Incentive Plan (DSIP), non-employee directors may elect to take some or all of their annual retainer in the form of cash, shares of Common Stock or deferred rights to receive Common Stock upon termination as a director. As of October 12, 2005, Messrs. Bagley and Lothrop had deferred rights to receive 19,283 and 8,933 shares of Common Stock, respectively, under the DSIP. The Company also reimburses directors for travel and lodging expenses, if any, incurred in connection with attendance at Board of Directors meetings. The chairman of the Audit Committee and the chairman of the Governance and Compensation Committee each receive $10,000 per year for their services as committee chairman. Except for the foregoing, directors do not receive any additional or special remuneration for their service on any of the committees established by the Board of Directors.

Mr. Lothrop has entered into an agreement with the Company pursuant to which his receipt of the director fees he earned prior to January 1999 is deferred until the first business day of the calendar year in which he no longer serves as a director of the Company. Deferred amounts, in the case of his termination of service as a director, are paid in five annual installments. In the event of death, the balance then owed is paid in a single sum as soon as practicable following death. All amounts deferred are recorded as a liability in the records of the Company. Such amounts accrue interest monthly at a rate equal to the Company s average investment portfolio yield for such month.

Non-employee members of the Board of Directors receive an annual equity award from the Company. Prior to fiscal 2005, these equity awards were comprised exclusively of options to purchase the Company s Common Stock. In fiscal 2005, the composition of the annual equity award was changed to include both stock options and shares of restricted stock, with non-employee directors receiving options to purchase 7,500 shares of Common Stock and 2,500 shares of restricted stock. In fiscal 2006, the restricted stock component of the annual equity award was increased to 7,500 shares; the option component remained unchanged. Stock options awarded to the non-employee directors are fully vested and have an exercise price equal to the fair market value of the Company s Common Stock on the date of grant. The restrictions associated with the restricted stock awarded to non-employee directors lapse over one or two years. Upon their appointment to the Company s Board of Directors, Ms. Johnson and Mr. Mondry were each awarded options to purchase 10,000 shares of Common Stock. The following table shows outstanding equity awards to non-employee directors as of October 14, 2005:

	Stock Options Number of Shares	**Weighted Average Exercise Price**	**Restricted Stock Number of Shares**	**Value at Grant Date**
James W. Bagley	72,000	$ 26.24	10,000	$ 126,450
Mercedes Johnson	17,500	11.27	7,500	96,025
Robert A. Lothrop	72,000	26.24	10,000	126,450
Lawrence N. Mondry	17,500	10.99	7,500	96,025
Gordon C. Smith	41,000	33.63	10,000	126,450
William P. Weber	60,000	26.09	10,000	126,450

Termination of Employment Agreements and Change in Control Arrangement

Severance Agreements

The Company has entered into Severance Agreements with each of the Company s Named Executive Officers relating to termination of employment or status as an officer of the Company and compensation upon such termination. The Severance Agreements allow either the Company or the officer to terminate the officer s employment with the Company or the officer s status as an officer of the Company, for any reason (including death), voluntary or involuntary, with or without cause. The Severance Agreements generally provide for a Transition Period which begins upon termination of the officer s employment with the Company or status as an officer of the Company and ends after a period of 184 days plus any unused time the officer had remaining under the Company s time-off plan, even if the officer dies during the Transition Period. Provided the officer complies with noncompetition obligations following employment and the terms of the Severance Agreement, the officer is entitled to receive compensation during the Transition Period equivalent to all benefits customarily provided to such officer while employed including, but not limited to, salary, bonuses, executive bonuses, benefits and continued vesting of any granted stock options. Customarily provided refers to the Company s practices and plans with respect to the officer s benefits and compensation in effect as of the date of the officer s date of termination of employment or status as an officer (Termination Date). However, such terminated officers are not entitled to any new grants of interest in future executive bonus pools (cash or equity), any new grants of stock options, or the payment of any compensation that would be deferred past the Transition Period due to payment criteria of an incentive program, as those criteria existed as of the Termination Date.

Change in Control Arrangement

The Company does not have any change in control arrangements in place with its executive officers or directors. Pursuant to the terms of the Company s equity compensation plans, equity awards may be substituted, assumed or accelerated upon a change in control, depending upon the circumstances.

Board Committee Reports

Notwithstanding anything to the contrary set forth in any of the Company s previous filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, that might incorporate future filings, including this Proxy Statement, in whole or in part, the following reports by the Audit and the Governance and Compensation Committees of the Board of Directors and the performance graph set forth herein shall not be incorporated by reference into any such filings.

REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

This report has been prepared by the Audit Committee of the Board of Directors. Messrs. Lothrop, Smith and Ms. Johnson currently serve on the Audit Committee. At times during fiscal 2005, former directors Thomas Nicholson and Ronald Foster also served on the Audit Committee. Mr. Smith serves as Chairman of the Audit Committee and the Board of Directors determined that Mr. Smith and Ms. Johnson both qualify as an audit committee financial expert for purposes of the rules and regulations of the Securities and Exchange Commission. The Board of Directors has determined that the members of the Audit Committee satisfy the independence requirements of applicable federal laws and the listing standards of the NYSE.

The purpose of the Audit Committee is to assist the Board of Directors in overseeing and monitoring (i) the integrity of the Company s financial statements, (ii) the performance of the Company s internal audit function and its Independent Registered Public Accounting Firm, (iii) the qualifications and independence of the Company s Independent Registered Public Accounting Firm, and (iv) the Company s compliance with legal and regulatory requirements. The Audit Committee is also responsible for preparing this report for inclusion in the Proxy Statement.

We have reviewed and discussed the Company s audited financial statements with the Company s management, which has primary responsibility for such financial statements. PricewaterhouseCoopers LLP (PwC), the Company s Independent Registered Public Accounting Firm for fiscal 2005, has expressed in the Company s Annual Report on Form 10-K its opinion as to the conformity of the Company s consolidated financial statements with accounting principles generally accepted in the United States. The Audit Committee has discussed with PwC the matters that are required to be discussed by Statement on Auditing Standards No. 61 (*Communication With Audit Committees*). PwC has provided to the Audit Committee the written disclosures and the letter required by Independence Standards Board Standard No. 1 (*Independence Discussions with Audit Committees*), and the Audit Committee discussed with PwC its independence. The Audit Committee also concluded that PwC s provision of non-audit services to the Company, as described below, is compatible with PwC s independence.

Fees charged to the Company for services performed by PwC for fiscal 2005 and 2004 were as follows:

	2005	2004
	(amounts in millions)	
Audit fees (1)	$ 3.6	$ 1.4
Audit-related fees	0.0	0.0
Tax fees (2)	0.8	0.6
All other fees	0.0	0.0
	$ 4.4	$ 2.0

(1) Includes fees related to the audit of the Company s financial statements, fees for services provided in connection with statutory and regulatory filings and, in the case of fiscal 2005, fees for attestation services related to the Company s internal control over financial reporting, as required by the Sarbanes Oxley Act of 2002.

(2) Reflects primarily fees for expatriate tax services.

Audit and non-audit services performed by PwC are approved by the Audit Committee in advance of services being provided.

On the basis of the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors that they approve the inclusion of the Company s audited consolidated financial statements in the Company s Annual Report on Form 10-K for fiscal 2005; appointed PwC as the Independent Registered Public Accounting Firm of the Company for the Company s fiscal year ending August 31, 2006, and approved and authorized PwC to carry out and perform certain specified non-audit services for the Company in fiscal 2006.

While the Audit Committee has performed the above functions, management, and not the Audit Committee, has the primary responsibility for (i) preparing the Company s consolidated financial statements and for the reporting process in general, and (ii) establishing and maintaining internal controls. Similarly, it is the responsibility of the Independent Registered Public Accounting Firm, and not the Audit Committee, to conduct the audit of the Company s consolidated financial statements and express an opinion as to the conformity of the financial statements with accounting principles generally accepted in the United States.

Audit Committee of the Board of Directors,

Mercedes Johnson
Robert A. Lothrop
Gordon C. Smith

REPORT OF THE GOVERNANCE AND COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS REGARDING EXECUTIVE COMPENSATION

Governance and Compensation Committee

This report has been prepared by the Governance and Compensation Committee of the Board of Directors of the Company. Messrs. Lothrop, Mondry and Weber served as members of the Governance and Compensation Committee during fiscal 2005. Former director, Thomas Nicholson, also served on the Governance and Compensation Committee in fiscal 2005. Mr. Weber is the Chairman of the Governance and Compensation Committee. Each of the members of the Governance and Compensation Committee are independent, as such term is defined under existing NYSE listing standards. The Governance and Compensation Committee meets at least annually or more frequently as the Company s Board of Directors may request. During fiscal 2005, the Governance and Compensation Committee met five times. In fiscal 2005, the Governance and Compensation Committee s responsibilities included, among others, the review of executive officer compensation. Compensation for the Company s executive officers for fiscal 2005, including base salary, performance bonuses, stock option grants, and other compensation, were determined by the Governance and Compensation Committee and reviewed by the Company s Board of Directors.

Executive Officer Compensation

The executive officer compensation programs utilized by the Company in fiscal 2005 are described below for the purpose of providing a general understanding of the various components of executive officer compensation.

Purpose

Executive officer compensation programs of the Company are designed to attract, retain and reward highly qualified executive officers who are important to the Company s success and to provide incentives for outstanding performance at the individual, business-unit and Company-wide level.

Cash Compensation

Base Salary. Base salaries are established primarily upon an evaluation of the executive officer s position and contributions to the Company, including (i) competitive market compensation levels, (ii) individual performance, (iii) level of responsibility, both in absolute terms and relative to other officers within the Company, (iv) technical expertise, (v) Company performance and (vi) length of service.

Executive Officer Performance Incentive Plan. In November 2004, the Company s shareholders approved the Executive Officer Performance Incentive Plan. The purpose of the Executive Officer Performance Incentive Plan is to attract, retain and reward qualified executives who are important to the Company s success by providing them with cash awards for outstanding performance at the individual, business-unit and Company-wide level. Both financial and non-financial metrics are used to measure performance under the Executive Officer Performance Incentive Plan. In September 2004, in accordance with the provisions of the Executive Officer Performance Incentive Plan, the Governance and Compensation Committee established specific metrics to be used to measure executive officer performance for fiscal 2005. These metrics included the financial performance of the Company and/or a particular business unit and the achievement of individual milestones. In September 2005, the Governance and Compensation Committee reviewed and certified the Executive Officer Performance Incentive Plan results for fiscal 2005. These actions resulted in certain bonuses being paid to each executive officer on September 30, 2005.

Profit Sharing. The Company distributes 10% of the Company s quarterly consolidated net after-tax profits to eligible employees of the Company pursuant to a profit sharing program. In their capacity as employees of the Company, executive officers participate in such profit sharing program. The amount that each executive officer receives is determined by a formula, primarily based on the executive officer s base salary relative to total base salaries for all U.S. employees.

Incentive Bonuses. From time to time, incentive cash bonuses are approved for payment to employees, including executive officers, for the achievement of milestones or the completion of projects identified as contributing substantially to the Company s success and the attainment of technological advances.

Equity Compensation

In order to provide incentive to the executive officers of the Company related to long-term growth in the value of the Company s Common Stock, the Company issues stock options and restricted stock to such persons under the Company s (i) 2004 Equity Incentive Plan, and (ii) 2001 Stock Option Plan (collectively, the Stock Plans). The determination of who received awards under the Stock Plans for fiscal 2005 and the number of stock options and restricted shares awarded to each such recipient was based upon the same criteria utilized to determine base salary.

Other Compensation

In addition to cash and equity compensation programs, the executive officers participate in various other employee benefit plans, including, but not limited to, a time-off plan. Under the time-off plan, all employees of the Company, including executive officers, are allowed to accumulate a predetermined nondiscriminatory number of hours for vacation, holiday, sick time, emergencies and personal needs. Executive officer participation in various professional organizations and associations may also be funded by the Company.

Payment/Exercise Restrictions

In an effort to encourage executive officers to remain employed by the Company and to promote Company performance, many compensation programs for executive officers contain provisions which subject the payment or realization of benefits under such programs to certain conditions. Examples of these conditions include: (i) the individual is employed by the Company or a subsidiary of the Company at the time of payment; and (ii) certification by the Governance and Compensation Committee for executive officer bonuses that relevant goals were achieved. Likewise, stock options granted to executive officers typically have a term of six to ten years and vest 25% each year for a period of four years from the date of grant. The restrictions associated with awards of restricted stock generally lapse in equal installments over a three year period or pursuant to pre-established performance criteria.

CEO Compensation

Steven R. Appleton s annual base salary is based primarily on his overall and anticipated performance, the Company s performance and the Governance and Compensation Committee s assessment of the compensation practices of other peer companies, as identified by professional compensation advisors, including without limitation, certain semiconductor manufacturing companies. In October 2004, based on the recommendations of professional compensation advisors, and taking into account the factors listed above under the heading Base Salary, the Governance and Compensation Committee increased Mr. Appleton s base salary for fiscal 2005 from $800,000 to $850,000. On September 30, 2005, Mr. Appleton received a cash bonus of $517,688 for his performance in fiscal 2005 pursuant to the Executive Officer Performance Incentive Plan. See the discussion under Executive Officer Performance Incentive Plan above.

In fiscal 2005, Mr. Appleton was awarded 70,000 shares of restricted stock and options to purchase 420,000 shares of Common Stock. The Company awarded restricted stock and stock options to other executive officers at the same time. The Governance and Compensation Committee did not utilize a plan pursuant to which a predetermined number of restricted shares and stock options were allocated to Mr. Appleton. The amount of Mr. Appleton s equity award was based upon subjective and objective factors, such as his individual performance, his position in the Company relative to the other executive officers who received awards on the same date, the Company s overall performance, his length of service with the Company, his past contributions to the success of the Company, his expected contributions to the future success of the Company and competitive market practices.

Governance and Compensation Committee of the Board of Directors,

Robert A. Lothrop
Lawrence N. Mondry
William P. Weber

Compensation Committee Interlocks and Insider Participation

During fiscal 2005, no members of the Governance and Compensation Committee (Messrs. Lothrop, Mondry, Weber and Nicholson) were officers or employees of the Company or any of its subsidiaries. During fiscal 2005, no executive officer of the Company served on the governance and compensation committee (or equivalent), or the board of directors of another entity whose executive officer(s) served on the Company s Governance and Compensation Committee.

PERFORMANCE GRAPH

The following graph illustrates a five-year comparison of cumulative total returns for the Company s Common Stock, the S&P 500 Composite Index and the Philadelphia Semiconductor Index (SOX) from August 31, 2000, through August 31, 2005.

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.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*
AMONG MICRON TECHNOLOGY, INC., THE S&P 500 COMPOSITE INDEX
AND THE PHILADELPHIA SEMICONDUCTOR INDEX (SOX)

* $100 invested on 8/31/00 in stock or index - including reinvestment of dividends.

The Company operates on a 52/53 week fiscal year which ends on the Thursday closest to August 31. Accordingly, the last day of the Company s fiscal year varies. For consistent presentation and comparison to the industry indices shown herein, the Company has calculated its stock performance graph assuming an August 31 year-end. The performance graph assumes $100 invested on August 31, 2000, 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 are assumed to be reinvested. The performance was plotted using the following data:

Performance Graph Data

	2000	**2001**	**2002**	**2003**	**2004**	**2005**
Micron Technology, Inc.	$ 100	$ 46	$ 21	$ 18	$ 14	$ 15
S&P 500 Composite Index	100	76				