



Financial Results

FQ4 2022

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Sanjay Mehrotra

President and CEO

September 29, 2022



Highlights

FY-22

- Delivered record annual revenue in fiscal year 2022 with solid profitability and free cash flow despite a challenging environment in the latter part of the year
- Ramped industry-leading 1-alpha DRAM and 176-layer NAND nodes across our portfolio; Returned a record amount of cash to shareholders
- Achieved record revenue in mobile, auto, industrial, and networking end markets
- Share gains in client and data center SSDs contributed to record revenue in SSDs and also in our consolidated NAND business
- Ramped new product categories like high-bandwidth HBM2e memory and GDDR6X

FQ4-22

- Fiscal Q4 financial results were impacted by rapidly weakening consumer demand and significant customer inventory adjustments across all end markets
- Responding decisively to this weak environment by decreasing supply growth through significant cuts to fiscal 2023 capex and by reducing utilization in our fabs

Technology & Operations

- Industry-leading 1-alpha DRAM and 176-layer NAND nodes drove strong cost reductions in fiscal 2022
- In fiscal Q4, we led the industry again in introducing our 232-layer NAND, becoming the first company to enter volume production on a node with more than 200 layers
- We also remain on track to begin the ramp of our 1-beta DRAM node in manufacturing by the end of calendar 2022
- Both the 1-beta DRAM node and 232-layer NAND node will provide us with robust cost reduction when they ramp in high volume

Manufacturing in the U.S.

- Earlier this month, we announced that we have chosen Boise as one of two leading-edge DRAM manufacturing fab sites that we are planning in the U.S., and we expect to invest approximately \$15 billion at this site through the end of the decade
- The co-location of this new manufacturing facility with our existing R&D site at our headquarters in Boise provides multiple strategic benefits, including improving efficiency across both R&D and manufacturing, simplifying technology transfer and reducing time to market for leading-edge products
- We will soon announce a second high-volume U.S. DRAM manufacturing site
- These new fabs will fulfill our requirements for additional wafer capacity starting in the second half of the decade and beyond
- We plan to build these sites in stages. Tool installation and production output will be ramped in line with industry demand growth

End Market Highlights



Data Center

- Data center revenue fell Q/Q and Y/Y, driven primarily by declines in ASP
- In FY22, set a new revenue record for Cloud, which grew more than 30% Y/Y
- Cloud end demand remains healthy, driven by secular growth in AI and the digital economy
- The market continues to face some supply constraints that are limiting server builds and macro uncertainties
- Wide portfolio of data center solutions: DDR4, DDR5, high-bandwidth memory, and Data Center SSDs
- Continue to qualify our 176-layer NVMe data center SSDs at OEMs around the world



PC & Graphics

- **PC:** client revenue fell Q/Q and Y/Y, driven by lower PC unit end-demand and customers reducing inventory
- Began ramping 16Gb DDR5 in high-volume production ahead of anticipated platform launches
- We are the only company with a full portfolio of 176-layer TLC and Gen4 QLC NVMe SSDs qualified and shipping to PC OEMs
- **Graphics:** revenue fell Q/Q and Y/Y. In Q4, shipped in high-volume production the industry's fastest, 24Gbps GDDR6X, and proprietary memory featured in the recent launch of NVIDIA's GeForce RTX 4090 and 4080



Mobile & Intelligent Edge

- **Mobile:** mobile revenue fell both Q/Q and Y/Y in fiscal Q4, though we achieved two consecutive years of record Mobile revenue in FY21 and FY22
- In fiscal Q4, 1-alpha comprised over 70% of our LPDRAM mobile bit shipments and 176-layer made up approximately 95% of our mobile NAND bit shipments
- **Auto:** Delivered another record quarter, and fiscal 2022 auto revenues were a record and up 30% Y/Y
- **Industrial:** fell Q/Q and Y/Y on soft macro; long-term outlook remains strong

Industry Outlook

CY-22

- CY 2022 industry bit demand growth for DRAM is now expected to be in the low-to-mid-single digit percentage range and for NAND, slightly higher than 10%
- An unprecedented confluence of macro events and customer inventory adjustments are depressing demand for DRAM and NAND to well below end consumption; extremely aggressive pricing environment
- Expect supply growth to be significantly above the demand growth in CY 2022, contributing to very high supplier inventories for both DRAM and NAND

CY-23 & beyond

- For CY 2023, we expect demand growth to be closer to the long-term growth rate of both DRAM and NAND
- In CY 2023, we expect industry DRAM supply to grow well below demand growth. We are modeling a mid-single digit percentage growth in DRAM industry supply in 2023. NAND supply growth in CY 2023 is also expected to fall below demand growth
- Expect long-term DRAM bit growth to be in the mid-teens percentage, slightly lower than our prior expectation of mid-to-high teens due to a moderation in expectation of long-term PC unit sales trends. Continue to expect the NAND market, which benefits from elasticity, to grow around 28% over the long term

Micron Supply Actions and Outlook

Key actions

- We made significant reductions to capex and now expect FY 2023 capex to be around \$8 billion, down over 30% Y/Y; construction capex to more than double Y/Y to support demand for second half of decade
- Expect FY 2023 WFE capex to decline nearly 50% Y/Y and reflects a much slower ramp of our 1-beta DRAM and 232-layer NAND versus prior expectations
- FY 2023 WFE capex is for developing technology capability of our leading nodes and new product introduction
- To immediately address our inventory situation and reduce supply growth, we are selectively reducing utilization in both DRAM and NAND

Outlook

- Our capex and utilization actions will have an adverse impact on our fiscal 2023 costs but are necessary to bring our supply and inventory closer to industry demand
- We will aim to grow our DRAM and NAND supply in line with demand over time, while continuing to optimize our costs and portfolio to improve our profitability
- The long-term manufacturing investments we are making will further strengthen our diversified fab footprint and position us to capitalize on the exciting long-term opportunities ahead of us

Mark Murphy

Chief Financial Officer

September 29, 2022



Revenue

FQ4-22

\$6.6B

Down 23% Q/Q and down 20% Y/Y

FY-22

\$30.8B

Up 11% Y/Y

DRAM

FQ4-22

- 72% of total revenue in FQ4-22
- Revenue declined 23% Q/Q and down 21% Y/Y
- Bit shipments decreased by roughly 10% Q/Q
- ASPs declined low-teens percentage range Q/Q

FY-22

- 73% of total revenue in FY-22
- Revenue increased 12% Y/Y

NAND

FQ4-22

- 25% of total revenue in FQ4-22
- Revenue declined 26% Q/Q and down 14% Y/Y
- Bit shipments declined in the low-20s percentage range Q/Q
- ASPs declined in the mid-to-high-single-digit percentage range Q/Q

FY-22

- 25% of total revenue in FY-22
- Revenue up 11% Y/Y

Revenue by Business Unit

Amounts in millions	FQ4-22	FQ3-22	Q/Q % Change	FQ4-21	Y/Y % Change	FY-22	FY-21	Y/Y % Change
Compute and Networking (CNBU)	\$2,931	\$3,895	(25)%	\$3,794	(23)%	\$13,693	\$12,280	12%
Mobile (MBU)	\$1,511	\$1,967	(23)%	\$1,892	(20)%	\$7,260	\$7,203	1%
Storage (SBU)	\$ 891	\$1,341	(34)%	\$1,203	(26)%	\$4,553	\$3,973	15%
Embedded (EBU)	\$1,303	\$1,435	(9)%	\$1,360	(4)%	\$5,235	\$4,209	24%

Non-GAAP Operating Results

	FQ4-22	FY-22
Revenue	\$6.6B	\$30.8B
Gross Margin	40.3%	45.9%
Operating Expenses	\$1.0B	\$3.8B
Operating Income	\$1.7B	\$10.3B
Net Income	\$1.6B	\$9.5B
Diluted EPS	\$1.45	\$8.35
Adjusted EBITDA	\$3.6B	\$17.4B
Cash from Operations (GAAP)	\$3.8B	\$15.2B

See non-GAAP reconciliations

September 29, 2022



Cash Flow and Capital Allocation

From FY-19 to FY-22, generated approximately \$11 billion of free cash flow*

- \$6.5 billion towards repurchasing 121 million shares
- \$800 million toward settling convert premiums which reduced diluted share count by 19 million shares
- \$7.8 billion returned to investors from share repurchases, convert premiums, and dividends

Cash Flow from Operations	<ul style="list-style-type: none"> ▪ FQ4-22: \$3.8B (57% of revenue) ▪ FY-22: \$15.2B
Net CapEx¹	<ul style="list-style-type: none"> ▪ FY-22: CapEx of \$12B ▪ FY-23: CapEx guidance of around \$8B ▪ FY-23: Expect WFE Capex down ~50% Y/Y
FCF*	<ul style="list-style-type: none"> ▪ FQ4-22: \$196M ▪ FY-22: \$3.2B
Buybacks	<ul style="list-style-type: none"> ▪ FQ4-22: \$784M (13.2M shares) ▪ FY-22: \$2.4B (35.4M shares)
Dividends	Dividend payment of \$0.115 per share will be paid October 26 th
Liquidity²	\$13.6B in liquidity at end of FQ4-22
Cash³-Debt	\$4.1B of net cash at end of FQ4-22

¹Capex net of amounts funded by partners and proceeds from sales of property, plant, and equipment

²Cash, short-term and long-term marketable investments, restricted cash, and undrawn revolver capacity

³Cash, short-term and long-term marketable investments, and restricted cash

*Free cash flow is a non-GAAP measure defined as net cash provided by operating activities less net investments in capital expenditures adjusted for amounts funded by partners and proceeds from sales of property, plant, and equipment.

FQ1-23 Guidance

Non-GAAP

Revenue	\$4.25 billion \pm \$250 million
Gross margin	26.0% \pm 2.0%
Operating expenses	\$1 billion \pm \$25 million
Diluted EPS*	\$0.04 \pm \$0.10

*Based on ~1.12 billion diluted shares

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Other Key Data

Financial Summary

Non-GAAP

Amounts in millions, except per share	FQ4-22	% of Revenue	FQ3-22	% of Revenue	FQ4-21	% of Revenue
Revenue	\$6,643	100%	\$8,642	100%	\$8,274	100%
Gross margin	2,676	40%	4,097	47%	3,964	48%
Operating income	1,662	25%	3,144	36%	3,073	37%
Income tax (provision) benefit	(74)		(193)		(298)	
Net income	1,621	24%	2,939	34%	2,778	34%
Diluted earnings per share	1.45		2.59		2.42	
Cash provided by operating activities (GAAP)	3,777		3,838		3,884	
Cash, marketable investments, and restricted cash (GAAP)	11,055		11,977		10,464	

See non-GAAP reconciliations

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Financial Summary

Non-GAAP

Amounts in millions, except per share	FY-22	% of Revenue	FY-21	% of Revenue
Revenue	\$30,758	100%	\$27,705	100%
Gross margin	14,113	46%	10,987	40%
Operating income	10,281	33%	7,667	28%
Income tax (provision) benefit	(793)		(694)	
Net income	9,475	31%	6,976	25%
Diluted earnings per share	8.35		6.06	
Cash provided by operating activities (GAAP)	15,181		12,468	

See non-GAAP reconciliations

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Non-GAAP Financial Data and Guidance

% of Revenue	FQ4-22
DRAM	72%
NAND	25%

% Sales Volume Change	FQ4-22 Q/Q
DRAM	Decreased by roughly 10%
NAND	Declined in the low-20s percentage range

% ASP Change	FQ4-22 Q/Q
DRAM	Declined in the low-teens percentage range
NAND	Declined in the mid-to-high single digit percentage range

	FQ4-22 Non-GAAP (amounts in millions, except per share)	FQ1-23 Non-GAAP Guidance
Revenue	\$ 6,643	\$4.25 billion ± \$250 million
Gross margin	40.3%	26.0% ± 2.0%
Operating expenses	\$ 1,014	\$1 billion ± \$25 million
Diluted earnings per share	\$ 1.45	\$0.04 ± \$0.10

	FQ4-22 Non-GAAP (amounts in millions)	FQ1-23 Non-GAAP Estimates
Diluted shares	1,121	~1.12 billion
Income tax (provision) benefit	\$ (74)	~(85)
Cash from operations (GAAP)	\$ 3,777	—
Depreciation and amortization	\$ 1,877	—
Investments in capex, net (capital cash flow)	\$ 3,583	FY-23: ~\$8 billion

See non-GAAP reconciliations

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Revenue by Technology

Amounts in millions	FQ4-22	% of Revenue	FQ3-22	% of Revenue	FQ4-21	% of Revenue
DRAM	\$4,809	72%	\$6,271	73%	\$6,091	74%
NAND	1,688	25%	2,288	26%	1,971	24%
Other	146	2%	83	1%	212	3%
Total	\$6,643	100%	\$8,642	100%	\$8,274	100%

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

Revenue by Technology

Amounts in millions	FY-22	% of Revenue	FY-21	% of Revenue
DRAM	\$22,386	73%	\$20,039	72%
NAND	7,811	25%	7,007	25%
Other	561	2%	659	2%
Total	\$30,758	100%	\$27,705	100%

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

Non-GAAP Reconciliations

Consolidated Results

Non-GAAP Reconciliations

Amounts in millions	FQ4-22	FQ3-22	FQ4-21
GAAP gross margin	\$ 2,622	\$ 4,035	\$ 3,912
Stock-based compensation	49	57	43
Other	5	5	9
Non-GAAP gross margin	\$ 2,676	\$ 4,097	\$ 3,964
GAAP operating expenses	\$ 1,101	\$ 1,031	\$ 957
Stock-based compensation	(82)	(78)	(50)
Restructure and asset impairments	(5)	—	(22)
Other	—	—	6
Non-GAAP operating expenses	\$ 1,014	\$ 953	\$ 891
GAAP operating income	\$ 1,521	\$ 3,004	\$ 2,955
Stock-based compensation	131	135	93
Restructure and asset impairments	5	—	22
Other	5	5	3
Non-GAAP operating income	\$ 1,662	\$ 3,144	\$ 3,073

Consolidated Results

Non-GAAP Reconciliations

Amounts in millions	FQ4-22	FQ3-22	FQ4-21
GAAP cost of goods sold	\$ 4,021	\$ 4,607	\$ 4,362
Stock-based compensation	(49)	(57)	(43)
Other	(5)	(5)	(9)
Non-GAAP cost of goods sold	\$ 3,967	\$ 4,545	\$ 4,310
GAAP research and development	\$ 839	\$ 773	\$ 705
Stock-based compensation	(47)	(45)	(28)
Non-GAAP research and development	\$ 792	\$ 728	\$ 677
GAAP selling, general and administrative	\$ 280	\$ 264	\$ 236
Stock-based compensation	(35)	(33)	(22)
Non-GAAP selling, general and administrative	\$ 245	\$ 231	\$ 214

Consolidated Results

Non-GAAP Reconciliations

Amounts in millions	FQ4-22	FQ3-22	FQ4-21
GAAP net income	\$ 1,492	\$ 2,626	\$ 2,720
Stock-based compensation	131	135	93
Restructure and asset impairments	5	—	22
Amortization of debt discount	6	8	8
Other	5	5	3
Impact of Idaho income tax reform	—	189	—
Estimated tax effects of above and other tax adjustments	(18)	(24)	(68)
Non-GAAP net income	\$ 1,621	\$ 2,939	\$ 2,778
GAAP interest (income) expense, net	\$ 9	\$ 24	\$ 38
Amortization of debt discount	6	(8)	(8)
Non-GAAP interest (income) expense, net	\$ 15	\$ 16	\$ 30
GAAP income tax (provision) benefit	\$ (56)	\$ (358)	\$ (230)
Impact of Idaho income tax reform	—	189	—
Estimated tax effects of non-GAAP adjustments and other tax adjustments	(18)	(24)	(68)
Non-GAAP income tax (provision) benefit	\$ (74)	\$ (193)	\$ (298)

Consolidated Results

Non-GAAP Reconciliations

Amounts in millions	FQ4-22	FQ3-22	FQ4-21
GAAP shares used in diluted EPS calculations	1,106	1,121	1,138
Adjustment for stock-based compensation	15	15	9
Non-GAAP shares used in diluted EPS calculations	1,121	1,136	1,147
GAAP diluted earnings per share	\$ 1.35	\$ 2.34	\$ 2.39
Effects of non-GAAP adjustments	0.10	0.25	0.03
Non-GAAP diluted earnings per share	\$ 1.45	\$ 2.59	\$ 2.42
GAAP net income	\$ 1,492	\$ 2,626	\$ 2,720
Interest (income) expense, net	(9)	24	38
Provision (benefit) for income taxes	56	358	230
Depreciation expense and amortization of intangible assets	1,882	1,821	1,621
Non-GAAP adjustments			
Stock-based compensation	131	135	93
Restructure and asset impairments	5	—	22
Other	—	—	(3)
Adjusted EBITDA	\$ 3,557	\$ 4,964	\$ 4,721

Consolidated Results

Non-GAAP Reconciliations

Amounts in millions	FQ4-22	FQ3-22	FQ4-21
Net cash provided by operating activities	\$ 3,777	\$ 3,838	\$ 3,884
Expenditures for property, plant, and equipment	(3,613)	(2,578)	(2,015)
Proceeds from sales of property, plant, and equipment	30	39	4
Payments on equipment purchase contracts	(9)	(27)	(156)
Amounts funded by partners	11	38	160
Investments in capital expenditures, net	(3,581)	(2,528)	(2,007)
Adjusted free cash flow	\$ 196	\$ 1,310	\$ 1,877

Amounts in millions	FQ4-22	FQ3-22
Cash and short-term investments	\$ 9,331	\$ 10,227
Current and noncurrent restricted cash	77	104
Long-term marketable investments	1,647	1,646
Current and long-term debt	(6,906)	(6,963)
Net cash	\$ 4,149	\$ 5,014

Consolidated Results

Non-GAAP Reconciliations

Amounts in millions	FY-22	FY-21
GAAP gross margin	\$ 13,898	\$ 10,423
Stock-based compensation	193	186
Inventory accounting policy change to FIFO	—	133
Change in inventory cost absorption	—	160
3D XPoint inventory write-down	—	49
Other	22	36
Non-GAAP gross margin	\$ 14,113	\$ 10,987
GAAP operating expenses	\$ 4,196	\$ 4,140
Stock-based compensation	(308)	(209)
Restructure and asset impairments	(48)	(488)
Patent license charges	—	(128)
Other	(8)	5
Non-GAAP operating expenses	\$ 3,832	\$ 3,320

Consolidated Results

Non-GAAP Reconciliations

Amounts in millions	FY-22	FY-21
GAAP operating income	\$ 9,702	\$ 6,283
Stock-based compensation	501	395
Inventory accounting policy change to FIFO	—	133
Change in inventory cost absorption	—	160
3D XPoint inventory write-down	—	49
Restructure and asset impairments	48	488
Patent license charges	—	128
Other	30	31
Non-GAAP operating income	\$ 10,281	\$ 7,667

Consolidated Results

Non-GAAP Reconciliations

Amounts in millions	FY-22	FY-21
GAAP cost of goods sold	\$ 16,860	\$ 17,282
Stock-based compensation	(193)	(186)
Inventory accounting policy change to FIFO	—	(133)
Change in inventory cost absorption	—	(160)
3D XPoint inventory write-down	—	(49)
Other	(22)	(36)
Non-GAAP cost of goods sold	\$ 16,645	\$ 16,718
GAAP research and development	\$ 3,116	\$ 2,663
Stock-based compensation	(175)	(110)
Other	(1)	(1)
Non-GAAP research and development	\$ 2,940	\$ 2,552
GAAP selling, general and administrative	\$ 1,066	\$ 894
Stock-based compensation	(133)	(99)
Non-GAAP selling, general and administrative	\$ 933	\$ 795

Consolidated Results

Non-GAAP Reconciliations

Amounts in millions	FY-22	FY-21
GAAP net income	\$ 8,687	\$ 5,861
Stock-based compensation	501	395
Inventory accounting policy change to FIFO	—	133
Change in inventory cost absorption	—	160
3D XPoint inventory write-down	—	49
Restructure and asset impairments	48	488
Patent license charges	—	128
Amortization of debt discount	31	30
(Gain) loss on debt repurchases and conversions	83	1
Other	30	31
Estimated tax effects of above and other tax adjustments	95	(300)
Non-GAAP net income	\$ 9,475	\$ 6,976
GAAP interest (income) expense, net	\$ 93	\$ 146
Amortization of debt discount	(31)	(30)
Non-GAAP interest (income) expense, net	\$ 62	\$ 116
GAAP income tax (provision) benefit	\$ (888)	\$ (394)
Estimated tax effects of non-GAAP adjustments and other tax adjustments	95	(300)
Non-GAAP income tax (provision) benefit	\$ (793)	\$ (694)

Consolidated Results

Non-GAAP Reconciliations

Amounts in millions	FY-22	FY-21
GAAP shares used in diluted EPS calculations	1,122	1,141
Adjustment for stock-based compensation	13	10
Non-GAAP shares used in diluted EPS calculations	1,135	1,151
GAAP diluted earnings per share	\$ 7.75	\$ 5.14
Effects of non-GAAP adjustments	0.60	0.92
Non-GAAP diluted earnings per share	\$ 8.35	\$ 6.06
GAAP net income	\$ 8,687	\$ 5,861
Interest (income) expense, net	93	146
Provision (benefit) for income taxes	888	394
Depreciation and amortization of property, plant, and equipment and intangibles	7,116	6,214
Non-GAAP adjustments		
Stock-based compensation	501	395
Inventory accounting policy change to FIFO	—	133
Change in inventory cost absorption	—	160
3D XPoint inventory write-down	—	49
Restructure and asset impairments	48	488
Patent license charges	—	128
(Gain) loss on debt repurchases and conversions	83	1
Other	10	4
Adjusted EBITDA	\$ 17,426	\$ 13,973

Consolidated Results

Non-GAAP Reconciliations

Amounts in millions	FY-22	FY-21
Cash and short-term investments	\$ 9,331	\$ 8,633
Current and noncurrent restricted cash	77	66
Long-term marketable investments	1,647	1,765
Current and long-term debt	(6,906)	(6,776)
Net cash	\$ 4,149	\$ 3,688

Consolidated Results

Non-GAAP Reconciliations

Amounts in millions	FY-19	FY-20
Net cash provided by operating activities	\$ 13,189	\$ 8,306
Expenditures for property, plant, and equipment	(9,780)	(8,223)
Proceeds from sales of property, plant, and equipment	146	69
Payments on equipment purchase contracts	(75)	(63)
Amounts funded by partners	754	272
Investments in capital expenditures, net	(8,955)	(7,945)
Adjusted free cash flow	\$ 4,234	\$ 361

Amounts in millions	FY-21	FY-22
Net cash provided by operating activities	\$ 12,468	\$ 15,181
Expenditures for property, plant, and equipment	(10,030)	(12,067)
Proceeds from sales of property, plant, and equipment	108	117
Payments on equipment purchase contracts	(295)	(141)
Amounts funded by partners	502	115
Investments in capital expenditures, net	(9,715)	(11,976)
Adjusted free cash flow	\$ 2,753	\$ 3,205

FQ1-23 Guidance

Non-GAAP Reconciliations

	GAAP	Adjustments		Non-GAAP
Revenue	\$4.25 billion ± \$250 million	—		\$4.25 billion ± \$250 million
Gross margin	25.0% ± 2%	1%	A	26.0% ± 2%
Operating expenses	\$1.09 billion ± \$25 million	\$91 million	B	\$1.00 billion ± \$25 million
Diluted EPS*	(\$0.09) ± \$0.10	\$0.13	A,B,C	\$0.04 ± \$0.10

Adjustments (amounts in millions)

A	Stock-based compensation – cost of goods sold	\$	33
A	Other – cost of goods sold		3
B	Stock-based compensation – research and development		52
B	Stock-based compensation – sales, general, and administrative		39
C	Tax effects of the above items and other tax adjustments		14
		\$	<u>141</u>

*GAAP earnings per share based on approximately 1.10 billion diluted shares and non-GAAP earnings per share based on approximately 1.12 billion diluted shares.

The above guidance does not incorporate the impact of any potential business combinations, divestitures, restructuring activities, balance sheet valuation adjustments, strategic investments, financing transactions, and other significant transactions. The timing and impact of such items are dependent on future events that may be uncertain or outside of our control.

