

MICRON TECHNOLOGY INC
Form DEF 14A
December 15, 2011

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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

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- 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)

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**Notice of Fiscal 2011 Annual Meeting of Shareholders
January 24, 2012**

To the Shareholders:

NOTICE IS HEREBY GIVEN that the fiscal 2011 Annual Meeting of Shareholders of Micron Technology, Inc., a Delaware corporation, will be held on January 24, 2012, at 9:00 a.m., Mountain Standard Time, at our headquarters located at 8000 South Federal Way, Boise, Idaho 83716-9632, for the purposes listed below. As used herein "we," "our," "us," "the Company" and similar terms refer to Micron Technology, Inc. unless the context indicates otherwise.

1. To elect directors to serve for the ensuing year and until their successors are elected and qualified;
2. To approve an amendment to our 2004 Equity Incentive Plan to increase the number of shares reserved for issuance thereunder by 20,000,000;
3. To ratify the appointment of PricewaterhouseCoopers LLP as our Independent Registered Public Accounting Firm for the fiscal year ending August 30, 2012;
4. To approve a non-binding resolution to approve the compensation of our Named Executive Officers as described in the proxy statement;
5. To approve, in a non-binding vote, the frequency (every one, two or three years) with which our shareholders will be entitled to have an advisory vote on executive compensation; and
6. 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 November 28, 2011, are entitled to notice of and to vote at the meeting and any postponements or adjournments of 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 our headquarters at 8000 South Federal Way, Boise, Idaho 83716-9632.

The Securities and Exchange Commission permits proxy materials to be furnished over the Internet rather than in paper form. Accordingly, we are sending most of our shareholders a notice regarding the availability of this proxy statement, our Annual Report on Form 10-K for fiscal 2011 and other proxy materials via the Internet (the "Notice"). This electronic process gives you fast, convenient access to the materials, reduces the impact on the environment and reduces our printing and mailing costs. If you received a Notice by mail, you will not receive a printed copy of the proxy materials in the mail. The Notice instructs you on how to access and review all of the important information contained in the Proxy Statement and Annual Report. The Notice also instructs you on how you may submit your vote over the Internet. If you received a Notice by mail and would like to receive a printed copy of our proxy materials, you should follow the instructions for requesting such materials included in the Notice.

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

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To ensure your representation at the meeting, you are urged to vote. You may vote by telephone or electronically via the Internet. Alternatively, if you received a paper copy, you may sign, date and return the proxy card in the postage-prepaid envelope enclosed for that purpose. Please refer to the instructions included with the proxy card for additional details. Shareholders attending the meeting may vote in person even if they have already submitted their proxy, and any previous votes that were submitted by the shareholder, whether by Internet, telephone or mail, will be superseded by the vote that such shareholder casts at the meeting.

By Order of the Board of Directors

Roderic W. Lewis
Vice President of Legal Affairs,
General Counsel & Corporate Secretary

Boise, Idaho
December 15, 2011

YOUR VOTE IS IMPORTANT. PLEASE SUBMIT YOUR PROXY PROMPTLY.

8000 South Federal Way
Boise, Idaho 83716-9632

**PROXY STATEMENT
FISCAL 2011 ANNUAL MEETING OF SHAREHOLDERS**

**January 24, 2012
9:00 a.m. Mountain Standard Time**

INFORMATION CONCERNING SOLICITATION AND VOTING

General

The proxy is furnished in connection with the solicitation of proxies on behalf of the Board of Directors of Micron Technology, Inc., for use at the fiscal 2011 Annual Meeting of Shareholders to be held on January 24, 2012, at 9:00 a.m., Mountain Standard Time, or at any adjournment or postponement thereof (the "Annual Meeting"). The purpose of the Annual Meeting is set forth herein and in the accompanying Notice of Fiscal 2011 Annual Meeting of Shareholders. The Annual Meeting will be held at our headquarters located at 8000 South Federal Way, Boise, Idaho 83716-9632. Directions to the Annual Meeting accompany this Proxy Statement. Our telephone number is (208) 368-4000.

This Proxy Statement and related proxy card are first being distributed on or about December 15, 2011, to all shareholders entitled to vote at the meeting.

Shareholders can vote their shares using one of the following methods:

Vote through the Internet at *www.proxydocs.com/mu* using the instructions included in the notice regarding the Internet availability of proxy materials, the proxy card or voting instruction card;

Vote by telephone using the instructions on the proxy card or voting instruction card if you received a paper copy of the proxy materials;

Complete and return a written proxy or voting instruction card using the proxy card or voting instruction card if you received a paper copy of the proxy materials; or

Attend and vote at the meeting.

Internet and telephone voting are available 24 hours a day, and if you use one of those methods, you do not need to return a paper proxy or voting instruction card. Unless you are planning to vote at the meeting, your vote must be received by 11:59 p.m., Eastern Standard Time, on January 23, 2012.

Record Date

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Shareholders of record at the close of business on November 28, 2011 (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 us a written notice of revocation or another duly executed proxy bearing a date later than the earlier given proxy but prior to the date of the Annual Meeting.

Solicitation

We will bear the cost of solicitation. In addition, we 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 our directors, officers and employees, without additional compensation, personally or by telephone or Internet. We intend to use the services of Phoenix Advisory Partners, 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 paid by us for these services will be approximately \$12,500.

Outstanding Shares

We have one class of stock outstanding, common stock, \$.10 par value per share (the "Common Stock"). At November 28, 2011, the Record Date, 987,672,309 shares of Common Stock were issued and outstanding and entitled to vote.

Voting Rights and Required Vote

Under the Delaware General Corporation Law and our Restated Certificate of Incorporation and its Bylaws, each shareholder will be entitled to one vote for each share of 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 (in the manner specified below). 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 our Common Stock issued and outstanding on the Record Date. Shares that are voted "FOR," "AGAINST" or "ABSTAIN" are treated as 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 the election of directors or 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 Items 1, 2, 4 and 5 and such shares will be considered "broker non-votes" for such proposals.

Directors will be elected if the number of votes "FOR" a particular director exceeds the number of votes "AGAINST" that same director. 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.

Cumulative voting for the election of directors shall not be required unless a shareholder has requested cumulative voting by written notice to our Corporate Secretary 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 six 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 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 us, the shares of 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 the amendment to the 2004 Equity Incentive Plan, (iii) FOR ratification of the appointment of PricewaterhouseCoopers LLP as our Independent Registered Public Accounting Firm for the fiscal year ending August 30, 2012, (iv) FOR approval of a non-binding resolution to approve the compensation of our Named Executive Officers as described in the proxy statement, (v) FOR approval, in a non-binding vote, of an annual shareholders advisory vote on executive compensation; and (vi) in the discretion of the proxy holders for such business which may properly come before the Annual Meeting.**

PROPOSAL 1 ELECTION OF DIRECTORS

Nominees

A board of six directors is to be elected at the Annual Meeting, all of whom have been recommended for nomination by a majority of the independent directors of the Board of Directors and all of whom are currently serving as directors. Unless otherwise instructed, the proxy holders will vote the proxies received by them for management's six nominees named below. Your proxies cannot be voted for a greater number of persons than the number of nominees named in this Proxy Statement. 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 appointed and qualified, except in the case of earlier resignation or removal. The names of the nominees and certain information about them are set forth below:

Name of Nominee	Age	Principal Occupation	Served as a Director Since	Board Committees*		
				A	C	G
Steven R. Appleton	51	Chairman and Chief Executive Officer of Micron Technology, Inc.	1994			
Robert L. Bailey	54	Former Chairman of PMC-Sierra, Inc.	2007	X		X
Patrick J. Byrne	51	President and Chief Executive Officer of Intermec, Inc.	2011		X	X
Mercedes Johnson	57	Former Chief Financial Officer of Avago Technologies Limited	2005	X		X
Lawrence N. Mondry	51	Former President and Chief Executive Officer of CSK Auto Corporation	2005		X	X
Robert E. Switz	65	Former Chairman, President and Chief Executive Officer of ADC Telecommunications, Inc.	2006	X		X

*
A = Audit Committee, C = Compensation Committee, G = Governance Committee

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

Steven R. Appleton joined us in February 1983 and has served in various capacities since that time. Mr. Appleton first became an officer in August 1989 and has served in various officer positions since that time. From April 1991 until July 1992 and since May 1994, Mr. Appleton has served on our Board of Directors. From September 1994 to June 2007, Mr. Appleton served as our CEO, President and Chairman of the Board of Directors. From June 2007, Mr. Appleton served as our CEO and Chairman of the Board. From 2001 to April 2011, Mr. Appleton served on the Board of Directors of National Semiconductor Corporation. Mr. Appleton holds a BA in Business Management from Boise State University.

Mr. Appleton has been with us for over 25 years and his experiences have given him extensive expertise in our business and operations. He has also developed expertise in the areas of finance, corporate development, corporate governance, business strategy and management.

Robert L. Bailey was the Chairman of the Board of Directors of PMC-Sierra, Inc. ("PMC") from 2005 until May 2011 and from February 2000 until February 2003. He also served as the President and CEO of PMC from July 1997 until May 2008. PMC is a leading provider of broadband communication and semiconductor storage solutions for the next-generation Internet. Mr. Bailey currently serves on the Board of Directors of Entropic Communications. Mr. Bailey holds a BS degree in Electrical Engineering from the University of Bridgeport and an MBA from the University of Dallas. He has served on our Board of Directors since 2007.

Mr. Bailey's experience as CEO and Chairman of a leading technology company has given him expertise in the technology industry as well business operations, finance, corporate development, corporate governance and management.

Patrick J. Byrne has served as Director, President and CEO of Intermec, Inc. ("Intermec") since July 2007. Intermec develops and integrates products, services and technologies that identify, track and manage supply chain assets and information. Prior to joining Intermec, Mr. Byrne served as a Senior Vice President and President of the Electronic Measurement Group of Agilent Technologies Inc., a bio-analytical and electronic measurement company, from February 2005 to March 2007. Prior to assuming that position, Mr. Byrne served as Vice President and General Manager for Agilent's Electronic Products and Solutions Group's Wireless Business Unit from September 2001 to February 2005. He served as Vice President for Agilent's Electronic Products and Solutions Group's Product Generation Units from 1999 to 2001. Mr. Byrne is also a member of the Board of Directors of Flow International, a manufacturer of ultrahigh-pressure waterjet technology. Mr. Byrne received his BS degree in Electrical Engineering from the University of California, Berkeley, and his MS degree in Electrical Engineering from Stanford University. Mr. Byrne joined our Board of Directors in April 2011.

Mr. Byrne's experience as CEO of a public company has given him expertise in the technology industry as well as business operations, finance, corporate development, corporate governance and management.

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

Ms. Johnson's experience as the CFO of several technology companies has given her expertise in finance, corporate development, corporate governance, management and operations.

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

Mr. Mondry's experience as the CEO of various retailers has given him expertise in operations, management, finance and corporate development. Mr. Mondry's retail expertise is especially relevant to our Lexar and Crucial businesses.

Robert E. Switz was the Chairman, President and CEO of ADC Telecommunications, Inc. ("ADC"), a supplier of network infrastructure products and services from August 2003 until December 2010, when Tyco Electronics Ltd. acquired ADC. Mr. Switz joined ADC in 1994 and throughout his career there held numerous leadership positions. Mr. Switz holds an MBA from the University of Bridgeport as well as a degree in Marketing/Economics from Quinnipiac University. Mr. Switz also serves on the Board of Directors for Broadcom Corporation, GT Advanced Technologies and Leap Wireless International, Inc. He has served on our Board of Directors since 2006.

Mr. Switz's experience as CEO and Chairman of a leading technology company has given him expertise in the technology industry as well business operations, finance, corporate development, corporate governance and management.

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

The Board of Directors recommends voting "FOR" approval of the nominees listed above.

CORPORATE GOVERNANCE

Director Resignations

Dr. Teruaki Aoki and Mr. James W. Bagley have indicated that after many years of service on our Board of Directors, they will be retiring at the conclusion of the upcoming Annual Meeting of Shareholders. As a result, they will not be standing for re-election to the Board. We appreciate all their contributions and wish them success in their future endeavors.

Code of Business Conduct and Ethics

The Board of Directors has adopted a Code of Business Conduct and Ethics that is applicable to all our directors, officers and employees. A copy of the Micron Code of Business Conduct and Ethics is available at www.micron.com/code and is also available in print upon request. Any amendments or waivers of the Code of Business Conduct and Ethics will also be posted on our website within four business days of the amendment or waiver as required by applicable rules and regulations of the Securities and Exchange Commission ("SEC") and the Listing Rules of NASDAQ.

Director Independence

On October 12, 2011, the Board of Directors determined that directors Aoki, Bailey, Byrne, Johnson, Mondry and Switz qualify as independent directors. In determining the independence of our directors, the Board of Directors has adopted independence standards that mirror exactly the criteria specified by applicable laws and regulations of the SEC and the Listing Rules of NASDAQ. None of these directors have a relationship with us, other than any relationship that is categorically not material under the guidelines referenced above and other than as disclosed in this Proxy Statement under "Compensation of Directors" and "Certain Relationships and Related Transactions."

Board Leadership Structure

Mr. Appleton serves as our Chairman and CEO. We do not have a fixed policy on whether the roles of chairman and CEO should be separate or combined. The decision is based on our and our shareholders' best interests under the circumstances existing at the time. The Board believes that Mr. Appleton's unique knowledge of our business and the opportunities and challenges it faces best positions him to develop agendas that ensure the Board's time and attention are focused on the issues that matter most to us and our shareholders. Each year the Board appoints an independent Presiding Director to oversee meetings of the independent directors and act as a liaison between the Board and CEO.

Risk Assessment Role

The Board of Directors is responsible for overseeing the major risks we face and reviewing management's proposals for their mitigation. In addition, the Board has delegated oversight of certain categories of risk to the Audit, Compensation and Governance committees. The Audit Committee reviews and discusses with management significant financial and nonfinancial risk exposures and the steps management has taken to monitor, control, and report such exposures. The Compensation Committee oversees management of risks relating to our compensation plans and programs. The Governance Committee manages risks associated with board governance and director independence. The Audit, Compensation and Governance committees report to the Board regularly on matters relating to the specific areas of risk the committees oversee.

Compensation Risks

We have assessed our compensation programs and have concluded that our compensation policies and practices do not create risks that are reasonably likely to have a material adverse effect on us. We assessed our compensation programs to determine if the programs' provisions and operations create undesired or unintentional risk of a material nature. We also reviewed the results of our findings with Mercer, our outside compensation consultant. This risk assessment process included a review of program policies and practices; program analysis to identify risk and risk control related to the programs; and determinations as to the sufficiency of risk identification, the balance of potential risk to potential reward and risk control. Although we reviewed all compensation programs, we focused on the programs with variability of payout, with the ability of a participant to directly affect payout and the controls on participant action and payout. In most cases, our compensation policies and practices are centrally designed and administered, and are substantially the same at each business unit. Certain internal groups have different or supplemental compensation programs tailored to their specific operations and goals, and programs may differ by country due to variations in local laws and customs.

Compensation Consultant

The Compensation Committee annually engages a compensation consultant, currently Mercer, to provide a comprehensive review of executive compensation matters. Mercer provides the Compensation Committee with information for all of our officers on cash and non-cash compensation elements and historical and trend payment data.

The Compensation Committee has established procedures that it considers adequate to ensure that Mercer's advice to the Compensation Committee remains objective and is not influenced by our management. These procedures include: a direct reporting relationship to the Compensation Committee; a provision in the Compensation Committee's engagement letter with Mercer specifying what information, data, and recommendations can be shared with management; and an annual update to the Compensation

Committee on Mercer's relationship with us, including a summary of the work performed for us during the preceding 12 months. The specific activities that Mercer undertakes for us include:

review the Compensation Peer Group (as defined in the Compensation Discussion and Analysis) and recommend any changes to its members;

benchmark total direct compensation levels (salary, short-term incentives, long-term incentives and total direct compensation) of our executive team using several data sources;

evaluate our historical pay-for-performance relationship;

review the metrics and targets associated with the annual short-term incentives and long-term incentive plans;

review the proposed equity grants for executives, along with vesting recommendations;

assist with a risk assessment of our compensation practices;

review a draft of the compensation discussion and analysis component of proxy disclosure; and

attend the Compensation Committee meetings in which executive compensation matters are discussed.

We paid Mercer a total of \$673,615 in fiscal 2011 for services provided to the Compensation Committee and us. Of this amount, \$109,337 was paid as a result of the work Mercer performed for the Compensation Committee, \$190,520 was paid as a result of the work Mercer performed related to our 401(k) Plan and other human resource functions and \$373,718 was paid for employee medical insurance. The decision to use Mercer for services other than those provided to the Compensation Committee was made by our management and was not approved by the Compensation Committee.

Board Meetings and Committees

Our Board of Directors held four meetings during fiscal 2011. The Board of Directors met in Executive Session four times during fiscal 2011. In fiscal 2011, the Board of Directors had a standing Audit Committee, Governance Committee and Compensation Committee. During fiscal 2011, the Audit Committee met nine times, the Compensation Committee met four times and the Governance Committee met three times. In addition to formal committee meetings, the chairmen of the committees engaged in regular discussions with management regarding various issues relevant to their respective committees. All incumbent directors attended 75% or more of the total number of meetings of the Board of Directors during fiscal 2011. All incumbent directors who served on the Compensation, Audit and Governance committees attended 75% or more of the total number of committee meetings during fiscal 2011. All but one member of our Board was present at the fiscal 2010 Annual Meeting of Shareholders. We encourage director attendance at the Annual Meeting of Shareholders.

The Audit Committee, the Governance Committee and the Compensation Committee each have written charters that comply with federal and NASDAQ rules relating to corporate governance matters. Copies of the committee charters as well as our Corporate Governance Guidelines are available at www.micron.com and are also available in print upon request to corporatesecretary@micron.com. The Board has determined that all the members of the Audit Committee, the Governance Committee, and the Compensation Committee satisfy the independence requirements of applicable federal laws and the Listing Rules of NASDAQ for such committees.

Our Corporate Governance Guidelines specify a mandatory retirement age of 70 for members of its Board of Directors.

Audit Committee

Ms. Johnson and Messrs. Bailey and Switz currently serve on the Audit Committee. Ms. Johnson has served as the Chairman of the Audit Committee since October 2010. The Board has determined that Ms. Johnson and Messrs. Bailey and Switz each qualify as an "audit committee financial expert" for purposes of the rules and regulations of the SEC. The purpose of the Audit Committee is to assist the Board in overseeing and monitoring:

the integrity of our financial statements;

the performance of our internal audit function;

the performance of our Independent Registered Public Accounting Firm;

the qualifications and independence of our Independent Registered Public Accounting Firm; and

our compliance with legal and regulatory requirements.

The Audit Committee is also responsible for preparing the Audit Committee report that is included in our 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 and is also available in print upon request to corporatesecretary@micron.com.

Governance Committee

Dr. Aoki, Ms. Johnson, and Messrs. Bailey, Byrne, Mondry and Switz currently serve on the Governance Committee. Mr. Mondry has served as Chairman of the Governance Committee since October 2009. The responsibilities of the Governance Committee include assisting the Board in discharging its duties with respect to (i) the identification and selection of nominees to our Board of Directors, (ii) director compensation and (iii) the development of our Corporate Governance Guidelines. The complete duties and responsibilities of the Governance Committee are set forth in its written charter, which is available at www.micron.com and is also available in print upon request to corporatesecretary@micron.com.

The Governance Committee is responsible for identifying nominees for our Board of Directors. There are no minimum qualifications that nominees must possess, however, the following factors are strongly considered by the Governance 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 us and our operations; familiarity with accounting rules and practices; and "independence" as defined and required by the Listing Rules of NASDAQ and relevant rules and regulations of the SEC. The Board of Directors has determined that it would be advisable to add additional members to the Board. To that end, the Governance Committee works with a third party executive search firm to assist them in the identification and evaluation of potential candidates to our Board of Directors. In fiscal 2011, the search firm identified Mr. Patrick Byrne as a possible candidate for our Board. It is currently anticipated that additional members may join our Board of Directors in 2012.

The Governance Committee will consider director nominee recommendations from shareholders. Shareholder recommendations for directors 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 our Corporate Secretary at corporatesecretary@micron.com. Our Bylaws contain the provisions that address the process by which a shareholder may nominate an individual to stand for election to our Board of Directors. A copy of our Bylaws can be found on the Corporate Governance page of our website at www.micron.com and is available in print upon request to corporatesecretary@micron.com.

Compensation Committee

Dr. Aoki and Messrs. Byrne and Mondry currently serve on the Compensation Committee of the Board of Directors. Dr. Aoki has served as the Chairman of the Compensation Committee since October 2009. The Compensation Committee is responsible for reviewing and approving the compensation of our officers. See the "Compensation Discussion and Analysis" and the "Report of the Compensation Committee on Executive Compensation" for information regarding how the Compensation Committee sets executive compensation levels. The complete duties of the Compensation Committee are set forth in its written charter, which is available at www.micron.com and is also available in print upon request to corporatesecretary@micron.com.

Executive Sessions

In October 2011, Mr. Mondry was appointed Presiding Director of our Board of Directors and will chair executive session meetings (meetings in which only non-employee directors are present) for fiscal 2012.

Communications with the Board of Directors

Shareholders and interested parties wishing to communicate with our Board of Directors may contact Mr. Mondry at presidingdirector@micron.com.

COMPENSATION OF DIRECTORS

The Governance Committee of the Board of Directors oversees the setting of compensation for our non-employee members of its Board of Directors. At the end of each of fiscal 2010 and fiscal 2011, the Governance Committee engaged Mercer to review and evaluate director compensation in light of prevailing market conditions. Mercer gathered and reviewed market data for non-employee directors from the same Compensation Peer Group used to evaluate officer compensation. For a discussion of peer group companies please see "Executive Compensation and Related Information Compensation Discussion and Analysis." For fiscal 2011, upon completion of its review and evaluation, the Governance Committee recommended to the Board of Directors increases in (i) the annual retainer paid to non-employee directors, (ii) the fee paid to the Chairman of the Audit Committee and (iii) the fee paid to the Presiding Director. For fiscal 2012, upon completion of its review and evaluation, the Governance Committee recommended that the Board of Directors increase (i) the annual retainer paid to non-employee directors, (ii) the fee paid to the Chairman of the Compensation Committee and (iii) the amount of the annual equity award.

Elements of Director Compensation

Annual Retainer

Non-employee directors are entitled to receive an annual retainer of \$80,000. The amount of the annual retainer was increased from \$75,000 to \$80,000 in October 2011. Pursuant to our 2008 Director's Compensation Plan (the "DCP"), non-employee directors may elect to take some or their entire annual retainer in the form of cash, shares of Common Stock or deferred rights to receive Common Stock upon termination as a director. During the period from October 1, 2010 to September 30, 2011, Ms. Johnson received 2,854 shares of Common Stock under the DCP in lieu of cash. Employee directors receive no additional or special remuneration for their service as directors.

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Set forth below are the amounts received by directors for their service as committee chair or Presiding Director in fiscal 2011 and the amounts that are expected to be received in fiscal 2012:

	2011	2012
Audit Committee Chair	\$ 20,000	\$ 20,000
Compensation Committee Chair	10,000	15,000
Governance Committee Chair	10,000	10,000
Presiding Director	15,000	15,000

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.

We also reimburse directors for travel and lodging expenses, if any, incurred in connection with attendance at Board of Directors' meetings.

Equity Award

Non-employee directors receive an annual equity award. Since fiscal 2007, the equity award has been exclusively in the form of restricted stock. The "targeted value" for the annual non-employee director equity award is established each year by the Board following discussions with Mercer. From fiscal 2009 through fiscal 2011 the targeted value was \$225,000. In October 2011, the Board approved an increase in the targeted value for fiscal 2012 compensation to \$240,000. The number of restricted shares awarded to each non-employee director is determined by dividing the applicable targeted value by the Fair Market Value of a share of our stock, as defined under our equity plans, of our Common Stock. For purposes of our equity plans, "Fair Market Value" is the closing price of our Common Stock on the last market-trading day prior to the date of grant. The restrictions on the shares awarded lapse for 50% of such shares on the first anniversary of the date of grant and will lapse for the remaining 50% on the second anniversary of the date of grant (the "Vesting Period"). Notwithstanding the foregoing, the restrictions will lapse for 100% of such shares in the event a director either reaches the mandatory retirement age or retires from the Board during the Vesting Period having achieved a minimum of three years of service with the Board of Directors prior to the effective date of his or her retirement.

Director Compensation

The following table details the total compensation earned by our non-employee directors in fiscal 2011. (Our fiscal 2011, which ended on September 1, 2011, contained 52 weeks, our fiscal 2010 contained 52 weeks and our fiscal 2009 contained 53 weeks.)

Name	Fees Earned or Paid in		Stock Awards(1)	All Other Compensation	Total
	Cash				
Teruaki Aoki	\$ 82,245	\$ 224,998		\$ 2,714(2)	\$ 309,957
James W. Bagley	72,245	224,998			297,243
Robert L. Bailey	72,245	224,998			297,243
Patrick J. Byrne	29,932	115,277			145,209
Mercedes Johnson	90,049(3)	224,998			315,047
Lawrence N. Mondry	96,969	224,998			321,967
Robert E. Switz	74,173	224,998			299,171

- (1) On October 11, 2010, each director who was not an employee, other than Mr. Byrne, was granted 29,644 shares of restricted stock or restricted stock units with a grant date fair value of \$224,998 (\$7.59 per share). Specific amounts expensed for each director vary as a result of the director's holdings, length of service and age. On April 7, 2011, in connection with his appointment to the Board,

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Mr. Byrne was granted 10,256 shares of restricted stock with a grant date fair value of \$115,277 (\$11.24 per share). Grant date fair values were determined in accordance with Financial Accounting Standards Board Accounting Statements Codification Topic 718 ("ASC 718"). For information on the restrictions associated with these awards, see "Elements of Director Compensation Equity Awards" above. Any dividends payable with respect to our Common Stock will be payable with respect to all awards of restricted stock. The total number of outstanding restricted shares and options held as of September 1, 2011, for each non-employee director was as follows:

Name	Restricted Stock	Options*	
		Number of Shares	Weighted Average Exercise Price
Teruaki Aoki**	43,760	4,375	\$ 16.36
James W. Bagley	43,760	42,500	16.28
Robert L. Bailey	43,760		
Patrick J. Byrne	10,256		
Mercedes Johnson	43,760	7,500	12.19
Lawrence N. Mondry	43,760	7,500	12.19
Robert E. Switz	43,760	4,375	16.36

*

All options are fully vested and exercisable. Option expiration dates range from September 2011 to September 2013. Prior to fiscal 2005, directors' annual equity awards were comprised exclusively of stock options.

**

Dr. Aoki received restricted stock units in lieu of restricted stock.

(2)

Reflects amounts incurred to cover tax services provided by Deloitte Touche Tohmatsu Japan ("Deloitte") and the gross-up provided to Dr. Aoki to cover the taxes on the services provided by Deloitte.

(3)

Amount paid to Ms. Johnson in fiscal 2011 is comprised of \$26,716 (approximately 3,426 shares) paid in stock and \$63,333 paid in cash.

PRINCIPAL SHAREHOLDERS

Security Ownership of Certain Beneficial Owners and Management

The following table sets forth security ownership information of our Common Stock as of the Record Date (November 28, 2011), based on the most current information provided to us by the beneficial owners, available to us from our own records or provided in SEC filings made by the beneficial owners, for (i) persons known by us to own beneficially more than 5% of our 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 Beneficial Ownership	Percent of Class(3)
FMR LLC(4) 82 Devonshire Street Boston, MA 02109	149,963,809		194,963,809	15.2%
BlackRock, Inc.(5) 40 East 52 nd Street New York, NY 10022	59,133,763		59,133,763	6.0%
Teruaki Aoki	49,958	4,375	54,333	*
Steven R. Appleton(6)	2,430,286	2,457,750	4,888,036	*
James W. Bagley	197,669	74,425	272,094	*
Robert L. Bailey	130,086		130,086	*
Patrick J. Byrne	56,409		56,409	*
D. Mark Durcan(7)	1,527,333	1,445,750	2,973,083	*
Ronald C. Foster(8)	608,259	775,250	1,383,509	*
Mercedes Johnson	170,591		170,591	*
Mario Licciardello	37,799	93,243	131,042	*
Lawrence N. Mondry	195,169		195,169	*
Brian M. Shirley	415,391	642,750	1,058,141	*
Robert E. Switz	142,044	4,375	146,419	*
All directors and executive officers as a group (18 persons)	8,439,029	7,902,466	16,341,495	1.6%

*

Represents less than 1% of shares outstanding

- (1) Excludes shares that may be acquired through the exercise of outstanding stock options.
- (2) Represents shares that an individual has a right to acquire within 60 days of the Record Date, November 28, 2011.
- (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.

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- (4) FMR LLC has sole power to vote as to 1,383,510 shares and sole power to dispose or direct the disposition of 149,963,809 shares. This information was taken from Schedule 13G dated February 11, 2011.
- (5) BlackRock Inc. has sole voting and dispositive power as to 59,133,763 shares. This information was taken from Schedule 13G dated December 31, 2010.
- (6) Includes 61,000 shares beneficially owned by Mesa L.P.
- (7) Includes 284,653 shares beneficially owned by C & E Partners L.P. and 3,101 shares beneficially owned by Mr. Durcan's spouse.
- (8) Includes 1,026 shares held jointly with Mr. Foster's spouse.

EXECUTIVE COMPENSATION AND RELATED INFORMATION**COMPENSATION DISCUSSION AND ANALYSIS**

This Compensation Discussion and Analysis presents material information helpful or necessary to understand the objectives and policies of our compensation program for executive officers and the compensation reported in the tables that follow. This discussion focuses on the compensation awarded to, earned by, and paid to the following individuals:

Steven R. Appleton, our Chief Executive Officer;

D. Mark Durcan, our President and Chief Operating Officer;

Ronald C. Foster, our Chief Financial Officer;

Mario Licciardello, our Vice President of Wireless Solutions; and

Brian M. Shirley, our Vice President of DRAM Solutions.

Throughout this discussion, the foregoing individuals, who are also named in the "Fiscal 2011 Summary Compensation Table" are referred to as our "Named Executive Officers" and the Compensation Committee of the Board of Directors is referred to as the "Committee."

Executive Summary*Objective of our Executive Compensation Program*

Our primary long-term corporate objective is to create superior value for our shareholders. The objective of the executive compensation program is to attract, motivate, reward, and retain highly qualified executive officers who are able to achieve the corporate objective of superior value for our shareholders. The executive compensation program is designed to provide a foundation of fixed compensation (base salary and time-based restricted shares) and a significant portion of performance-based compensation (short-term and long-term incentive opportunities, such as cash bonuses and performance-based restricted stock), that align the interests of executives with those of our shareholders. We also use time-based stock options, the value of which is directly tied to stock price performance.

Fiscal 2011 Financial Highlights

The following table sets forth certain financial information for fiscal years 2011, 2010 and 2009.

	2011	2010	2009
	(in millions, except per share data)		
Net sales	\$ 8,788	\$ 8,482	\$ 4,803
Operating income (loss)	755	1,589	(1,676)
Net income (loss) attributable to Micron	167	1,850	(1,882)
Diluted earnings (loss per share)	0.17	1.85	(2.35)

In fiscal 2011, our revenue grew 4% to approximately \$8.8 billion, despite a 39% drop in average selling prices for DRAM products and 17% drop in average selling prices for NAND products.

In fiscal 2011, we reorganized our business to better align with the markets we serve. After the reorganization we have the following reportable segments: DRAM Solutions Group (DSG), NAND Solutions Group (NSG), Wireless Solution Group (WSG) and Embedded Solutions Group (ESG).

We have one of the strongest balance sheets in our industry. During fiscal 2011 we maintained strong liquidity and reduced outstanding debt by 15%. We were also upgraded twice by Standard & Poor's.

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We continued our efforts to monetize our intellectual property and received \$316 million in fiscal 2011 for licensing fees.

As a result of our diversification efforts, in the fourth quarter of fiscal 2011, our NAND revenue exceeded our DRAM revenue for the first time.

We successfully integrated the global operations we acquired from Numonyx Holdings B.V. ("Numonyx") in May 2010.

After the end of the fiscal year, we prevailed in our antitrust litigation against Rambus, Inc. and were found not liable for any claims.

Fiscal 2011 Compensation Highlights

In October 2010, the Committee set compensation levels and performance goals for fiscal 2011 based on a review of financial results, projections, individual contributions, strategic objectives and Market Data (as defined below).

As a result of this review, the base salaries for Messrs. Durcan and Foster were increased to bring them in line with the market median. None of the Named Executive Officers received an increase in their targeted short-term incentive compensation or long-term equity incentive compensation as those targets were consistent with the market median.

The performance goals used for our short-term incentives were selected due to their correlation to the creation of shareholder value and their alignment with our strategic objectives. For fiscal 2011, our corporate goals were tied to cash management, selling, general and administrative expenses ("SG&A") and customer delivery requirements. We also had goals tied to each of our newly established business units.

The following pay mix, based on target amounts, was established for our Named Executive Officers for fiscal 2011:

	Base Salary	Short-term Incentive	Long-term Incentive
Steven R. Appleton	11%	16%	73%
D. Mark Durcan	15	17	68
Ronald C. Foster	16	17	67
Mario Licciardello	21	21	58
Brian M. Shirley	16	17	67

For our long-term equity incentives, we use stock options, time-based restricted stock and performance-based restricted stock. For the performance-based restricted stock, we use a performance goal tied to Return on Assets ("ROA"). ROA is an indicator of how profitable a company is relative to its total assets and is calculated by dividing annual earnings by total assets. ROA is a measure of how efficient we are at using our assets to generate earnings.

CEO Compensation

The Committee did not change the elements or amounts of Mr. Appleton's compensation from fiscal 2010 to fiscal 2011.

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From fiscal 2009 to fiscal 2011, our revenue increased from \$4.8 billion to \$8.5 billion to \$8.8 billion. During the same period, Mr. Appleton's total compensation (as reported in the Fiscal 2011 Summary Compensation Table) went from \$8.2 million to \$9.8 million to \$8.6 million.

In October 2011, the Committee reviewed performance goals and results for fiscal 2011 and approved the Executive Officer Performance Incentive Plan ("EIP") payments identified in Fiscal 2011 Summary Compensation Table. The average payout for fiscal 2011 bonuses under the EIP for our Named Executive Officers was 63% of target.

Corporate Governance and Compensation Practices Highlights

The EIP is performance-based and we have no history of changing performance metrics mid-cycle.

We offer limited perquisites to our Named Executive Officers and we do not offer any special retirement benefits for our Named Executive Officers other than participation in a our retirement plans on the same basis as other employees.

We do not have agreements with our officers that provide tax gross-up protection for change in control excise taxes.

Our equity incentive plans prohibit repricing of options or SARs (directly or indirectly) without prior shareholder approval.

Our insider trading policy prohibits our officers and directors from engaging in hedging activities involving our stock.

We have established stock ownership guidelines for our directors and officers. For fiscal 2011, all officers and directors were in compliance with the guidelines.

Oversight of the Executive Compensation Program

Our executive compensation program is administered by the Committee, which is comprised of Dr. Aoki and Messrs. Byrne and Mondry. The Committee assists the Board of Directors in discharging its responsibilities with respect to the compensation of our officers. The Committee has direct responsibility to review and approve corporate goals and objectives used to determine the CEO's compensation, evaluate his performance in light of such goals and objectives, and determine and approve his compensation level based on this evaluation. The Committee also reviews the evaluation process and compensation structure for our other officers, including the other Named Executive Officers, and approves their compensation.

The Committee annually engages an outside compensation consultant, currently Mercer. The Committee also works closely with our CEO with respect to the determination of compensation of other officers. A more complete description of the Committee's responsibilities is provided in the Committee's Charter approved by the Board of Directors, which can be found on our website (www.micron.com) in the governance section. A more complete description of the role of the CEO and Mercer in the compensation process is described later in this Compensation Discussion and Analysis. Additional information regarding Mercer, the specific activities that Mercer undertakes for us and related fees can be found under "Corporate Governance Compensation Consultant" on page 6.

Guiding Principles

We believe we have the best opportunity to attract, motivate, reward and retain qualified individuals, and, thus, to meet our overall objective of increasing shareholder value, by offering a compensation package that is "reasonable" and "competitive" with what our executives could otherwise obtain in the market, and especially from companies within our Compensation Peer Group. Our Compensation Peer Group consists of companies that we believe are especially likely to be our competitors for executive talent and is discussed further in "*Market Data Defined*" below. What is "reasonable" and "competitive" is gauged against the Market Data (as defined below) and reviewed by the Committee for each of the primary elements of compensation.

Reasonable

As an indication of reasonableness, the Committee typically looks to the Market Data median and reviews values at the 25th and 75th percentile. We believe it is important to retain flexibility in determining the compensation of our officers and, when appropriate, to deviate from the Market Data median due to factors such as:

differences in position and level of responsibility among officers, both in absolute terms and relative to our other officers and as compared to similarly situated officers within the Compensation Peer Group,

past and anticipated contributions by an officer,

technical expertise,

Company performance,

applicable business unit performance, and

length of service and/or experience both in absolute terms and relative to our other officers and as compared to officers within the Compensation Peer Group.

The semiconductor industry is highly volatile and changes in Market Data, which is a compilation of data from many companies, may be dramatic from year to year. Market Data can change as compensation practices change, executives retire or are replaced with less experienced and lower-paid executives, goals are achieved or not achieved resulting in varying payouts, participants in proprietary surveys change, and the completeness or accuracy of compensation data improves or deteriorates. Accordingly, what may have been the "median" or within a reasonable range of competitiveness in one year, may be higher or lower for the next. For this reason, even though the Committee manages compensation in accordance with such guiding principles, officer compensation may vary, above or below the median, or a range from the median, year over year.

Competitive

Given our experience, as well as advice we have received from Mercer, we believe a competitive compensation package will consider and measure compensation practices for executive positions with respect to three primary elements of compensation:

base compensation (salary),

short-term incentive compensation (cash bonus programs), and

long-term incentive compensation (stock options and restricted stock).

We do not require that a particular element comprise a set portion of the total compensation mix. We do believe, however, that a significant portion of the compensation should be variable (such as performance-based incentives) as compared to fixed (such as base salary and time-based restricted shares) and that such variable compensation align executives' interests with those of our shareholders. Additionally, although the Committee reviews total direct compensation, which is the sum of base salary, short-term incentive and long-term incentive compensation for the Named Executive Officers, it does not have a fixed objective with respect to such total direct compensation. For fiscal 2011, the total direct compensation approved by the Committee with respect to our Named Executive Officers was within the 25th to 75th percentile range.

Compensation-setting Process and the Determination of Compensation Levels

The Committee reviews the compensation of our executive officers on an annual basis and sets compensation levels at the beginning of each fiscal year. As part of this process, the Committee reviews our

financial results for the year just ended, projections for future periods, our strategic business plan and the Market Data provided by Mercer. The Committee also works with our CEO to establish performance goals that further our strategic objectives, which include keeping costs down, providing innovative products and memory solutions, improving our sales channel, growing our non-memory businesses and being a technology leader.

Mercer reviews the most recent available data and identifies the Market Data values for the 25th, 50th (i.e. median) and 75th percentile with respect to each position or rank. Mercer compares our compensation data, both as to elements and amounts to be paid or potential value to be delivered, with that of the Market Data and reports its findings to the CEO and the Committee chair. Our CEO works with Mercer by providing our financial data with respect to the most-recently completed fiscal year. The CEO also reviews projected financial results for the current fiscal year and our strategic business plan. The CEO makes suggestions as to base salary, recommends a potential set of Company-wide and/or business unit metrics and targets for the current fiscal year with respect to short-term incentives and offers suggestions as to long-term incentive compensation for the Named Executive Officers other than himself. He makes no recommendations as to his own level of compensation.

The Committee reviews the Market Data, discusses the Market Data with the CEO and with Mercer, discusses individual officer performance based on input from the CEO and, without the CEO present, discusses the CEO's own performance for the most-recently completed fiscal year and anticipated performance for the current year. The Committee uses the Market Data and the deliberations to determine whether our compensation is competitive and reasonable as described above and whether, and to what extent, the Committee believes it would be appropriate to deviate from the Market Data and competitive practices. Following this deliberation, the Committee exercises its business judgment to certify the payment of compensation based on the financial results for the most-recently completed fiscal year, and approves the compensation for the current fiscal year, including the metrics and targets for the current year.

Components of the Executive Compensation Program

Fiscal 2011 base salaries

The purpose of a competitive base salary is to compensate executives for performing their day-to-day job responsibilities. Base salaries are generally targeted to approximate the Market Data median but may be above or below depending upon an executive's contributions, experience, performance and service. At the completion of fiscal 2010, the Market Data showed that the base salaries of all of the Named Executive Officers ranged from 8% below the median for their positions or ranks to 16% above. The Committee determined, following a recommendation by the CEO and upon review by Mercer, to change the base salary for Mr. Durcan and Mr. Foster to bring them in line with the market median. The base salaries of the other Named Executive Officers were unchanged.

Fiscal 2011 short-term incentive awards

With respect to short-term incentive compensation, we pay for achievement of financial, operational and strategic objectives approved by the Committee at the beginning of each fiscal year. The short-term incentive opportunities are set to be competitive with market practices but actual incentive payouts are commensurate with achievement. Thus, we have adopted a "pay for performance" approach as it relates to short-term incentives.

Annual short-term incentive awards are paid in cash to our officers under the Executive Officer Performance Incentive Plan ("EIP"). The short-term incentive "opportunity" ("Target Award") for each officer is stated in terms of a specified percentage of such officer's base salary and is designed to reward participants for the achievement of specified short-term business-unit and/or Company-wide financial, operational or strategic goals. The Committee believes the pre-determined goals, regardless of whether tied to business unit or Company-wide performance, promote our long-term success and shareholder value.

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In October 2010, and in accordance with the provisions of the EIP, the Committee met and established goals for fiscal 2011. In fiscal 2011, we had the following corporate and business unit goals:

- (a) Cash meeting specified net cash goals taking into account capital expenditures and investments,
- (b) SG&A meeting a selling, general and administrative expense target that did not exceed a specified level of revenue,
- (c) Customer Delivery meeting specified delivery requirements for certain customers,
- (d) DSG meeting a requirement to have a specified percentage of DRAM wafer equivalents going to certain markets,
- (e) NSG meeting specified shipment targets for SSDs and eNAND units,
- (f) WSG meeting specified delivery requirements for customers of our WSG business unit, and
- (g) ESG meeting specified market share goals for NOR and DRAM.

The target incentive amounts that could be payable under the EIP for achievement of the fiscal 2011 goals are shown in the columns "Estimated Future Payouts under Non-Equity Incentive Plan Awards" of the "Grants of Plan-Based Awards in Fiscal 2011" table. The target payout requires a significant level of effort without assurance of goal achievement. The goals identified in (a) and (b) above did not include a threshold level so that there would be no payout unless the entire goal was fully achieved.

The Target Awards established for fiscal 2011 for the Named Executive Officers were measured against the Market Data median. Although we review the short-term incentive opportunities against the Market Data 25th, 50th (i.e. median) and 75th percentiles, the opportunities are not necessarily limited to the median of Market Data, but considered within the factors described under the section labeled "Reasonable" above. The actual payouts of the awards established in October 2010 with respect to fiscal 2011 bonuses under the EIP are based on actual fiscal 2011 results in the manner set forth below. For fiscal 2011, the following Target Awards were established:

Mr. Appleton 150% of base salary

Mr. Durcan 120% of base salary

Mr. Foster 100% of base salary

Mr. Licciardello 100% of base salary

Mr. Shirley 100% of base salary

The following table shows the weighting of Messrs. Appleton, Durcan, Foster and Shirley's Target Awards among the various goals. The weightings reflect the officer's responsibilities and ability to affect the attainment of the goal.

EIP Weightings (as Percentage of Target Incentive)

Named Executive Officer	(a)	(b)	(c)	(d)	(e)	(f)	(g)
	Cash	SG&A	Customer Delivery	DSG	NSG	WSG	ESG
Steven R. Appleton	40%	30%	10%	5%	5%	5%	5%
D. Mark Durcan	40%	30%	10%	5%	5%	5%	5%

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Ronald C. Foster	40%	35%	5%	5%	5%	5%	5%
Mario Licciardello	20%	25%	20%	0%	0%	35%	0%
Brian M. Shirley	20%	25%	20%	35%	0%	0%	0%

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Following a review of fiscal 2011 results, the Committee determined that the goals (b), (c), (d) and (f) were achieved at 100%, 125%, 125%, and 113% of target, respectively. The Committee determined that goals (a), (e) and (g) were not achieved. The average payout for fiscal 2011 bonuses under the EIP was 63% of target for our Named Executive Officers. As a result of meeting these goals the Named Executive Officers received bonuses in the following amounts:

Named Executive Officer	Bonus	% of Target
Steven R. Appleton	\$ 775,200	54%
D. Mark Durcan	421,056	54%
Ronald C. Foster	260,435	53%
Mario Licciardello	512,423	90%
Brian M. Shirley	453,750	94%

The foregoing amounts are included in the "Fiscal 2011 Summary Compensation Table" in the column "Non-Equity Incentive Plan Compensation."

The EIP calls for certain performance goals to be modified with respect to major corporate transactions if permitted by Section 162(m) of the Code. These events are more fully described in the EIP. Additionally, the Committee has the discretion to modify performance goals with respect to Target Awards that are not intended to satisfy Section 162(m) if the Committee determines that due to changes in our business, operations, corporate or capital structure, the existing performance goals are rendered unsuitable for a given performance period. Upon the occurrence of a "change in control" (as defined in the EIP), performance periods are deemed to have ended and the Committee will determine whether performance goals were achieved. Finally, the Committee always retains the ability to exercise "negative discretion" and reduce an amount otherwise earned pursuant to the EIP. In fiscal 2011, the Committee did not exercise any such discretion.

Fiscal 2011 long-term equity incentives

We believe long-term incentive compensation should be tied to our success and increases in shareholder value. Accordingly, stock options and performance-based restricted stock awards are significant components of our executive compensation program. We believe these types of awards are especially aligned with shareholders interests as their value is contingent upon an increase in stock price or the achievement of certain milestones. To ensure our long-term incentive program helps retain executives, we also grant time-based restricted stock awards. The Committee works with Mercer to determine the allocation and type of performance- and time-based awards to grant each fiscal year. In connection therewith, the Committee reviewed the Market Data, and found that 91% of the companies in the Compensation Peer Group used stock options, 55% of the companies used time-based restricted shares and 27% also used performance-based restricted shares as compensation vehicles for their executives. The Committee currently believes that a 50-25-25 split between stock options, performance-based restricted stock and time-based restricted stock, respectively, strikes the right balance between reward for our long-term success and retentive effect. Despite the 25-25 split for restricted shares, the actual number of restricted shares awarded with performance-based restrictions will not be the same as the number of such shares awarded having time-based restrictions because there is a "probability-of-achievement" discount applied to the value ascribed to performance-based restricted shares. This results in the actual number of shares in the two categories being different from one another with the number of performance-based shares exceeding the number of time-based shares. We use a 20% discount in calculating the number of performance-based restricted shares. The same approach was used by Mercer for valuing the performance-based equity of Compensation Peer Group companies to ensure Market Data and Micron values were comparable. For information on how the number of award shares is calculated and the application of the probability-of-achievement discount, please see the discussion below on "CEO Compensation Long-Term Equity Incentives."

With respect to the time-based restricted stock awards for fiscal 2011, the restrictions lapse as to one-fourth of the shares on each anniversary of the date of grant. With respect to the stock option awards for fiscal 2011, the options vest as to one-fourth of the shares on each anniversary of the date of grant. With respect to the performance-based restricted stock awards granted in fiscal 2011, the restrictions will lapse if we achieve a certain percentage return on assets ("ROA") over a consecutive rolling four-quarter period between the beginning of fiscal 2011 and the end of fiscal 2013 (the "Share Performance Period"). The achievement during the Share Performance Period of a lower threshold ROA percentage will result in the restrictions lapsing as to one-half of the fiscal 2011 performance-based shares. The achievement during the Share Performance Period of the target ROA percentage will result in the restrictions lapsing as to all of the fiscal 2011 performance-based shares. Both the threshold and target ROA percentages require significant effort with the achievement of neither ROA percentage being assured. In the absence of at least the threshold ROA percentage being achieved during the Share Performance Period, the restrictions will not lapse and the shares will be forfeited.

In determining the amount of the long-term equity incentive award for Messrs. Durcan, Foster, Licciardello and Shirley, the Committee reviewed the Market Data and information provided by Mr. Appleton related to the other Named Executive Officer's performance and his recommendation as to the amount of their award. For fiscal 2011, the long-term equity incentive awards approved by the Committee for each of Messrs. Durcan, Foster, and Shirley fell between the 25th and 75th percentile of the Market Data for their position or rank. Because Mr. Licciardello is based in Italy, it was difficult to find comparable Market Data related to long-term equity incentives for his position. For information on Mr. Appleton's long-term equity incentive, please see the discussion below on "CEO Compensation Long-Term Equity Incentives."

We have not and do not plan to time the granting of long-term incentive awards (or the payment of any other compensation) with the release of material, non-public information. Historically, long-term incentive awards have been made in the first quarter of the fiscal year with the exact grant date corresponding with the date of the meeting of the Committee (which typically occurs approximately within the week following the announcement of our results for the fiscal year). Historically, long-term incentive grants to the Named Executive Officers are approved by the Committee on the same day as the grants to other officers and the exercise price of stock options is equal to the fair market value of our Common Stock as defined by the equity plan pursuant to which the award is granted. For purposes of our equity plans, fair market value is defined as the closing price as quoted on NASDAQ for the last market-trading day prior to the date of grant.

Other fiscal 2011 employee benefits

Executive perquisites, which for us are minor in scope and amount, are not considered to be material elements of compensation. We provide a competitive level of time off and health, welfare and retirement benefits to substantially all employees. The Named Executive Officers participate in the same plans with our other employees.

U.S. Time Off with Pay. The U.S.-based Named Executive Officers participate in our time-off plan. Under the time-off plan, all of our U.S.-based employees, including the Named Executive Officers, are allowed to accumulate up to 999 hours of time-off to be used for vacation, holiday, sick time, emergencies and personal needs. Until January 2009, amounts accumulated in excess of 999 hours, if any, were paid out as regular compensation to participants, including the Named Executive Officers. In January 2009, we changed our time-off program and no longer pay compensation for amounts over 999 hours.

U.S. 401(k) Retirement Benefits. We provide retirement benefits to our U.S.-based employees, including the Named Executive Officers, under our tax-qualified 401(k) plan. Due to market conditions, in March 2009, we suspended making matching contributions. In January 2011, we started making matching

contributions of up to 5% of the employee's eligible pay. The Named Executive Officers participate in the 401(k) plan on the same terms as our other employees.

Mr. Licciardello's Benefits. Mr. Licciardello is employed in Europe and does not receive the U.S. benefits described above. He was employed in Switzerland until December 1, 2010, when he transferred to employment in Italy. In Switzerland, Mr. Licciardello's benefit arrangements had been made by Numonyx and assumed by us. He did not participate in many of the benefit programs typical to our employees in Switzerland. Due to his age, Numonyx had been unable to obtain accident, life or disability insurance for Mr. Licciardello at a cost acceptable to Numonyx. As a result, Numonyx self-insured these risks and we continued this practice while Mr. Licciardello was employed in Switzerland. In addition, due to his age, Mr. Licciardello did not qualify for Numonyx's Swiss pension arrangements. In lieu of participation in a pension arrangement, while he was employed in Switzerland Mr. Licciardello was paid an additional amount per month based on the amount we would have otherwise contributed to a retirement account. While he was employed in Switzerland, Mr. Licciardello also received a monthly meal allowance and housing allowance.

As an Italy-based employee, Mr. Licciardello receives the same benefits as our other Italy-based senior leader level employees, including paid holidays and a vehicle allowance. Due to his age, Mr. Licciardello does not qualify for our disability insurance or for additional pension contributions.

CEO Compensation

In setting Mr. Appleton's compensation for fiscal 2011, the Committee reviewed his performance, our financial results and Market Data values at the 25th, 50th and 75th percentiles. Please see "Guiding Principles" above for a discussion of other factors the Committee considers in setting compensation levels and deviations from the market median. The following table shows how Mr. Appleton's compensation compared to CEO compensation in the Compensation Peer Group.

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The following charts show the compensation mix for Mr. Appleton and for CEOs in the Compensation Peer Group:

Base Salary

While the Market Data showed that Mr. Appleton's base salary was approximately 9% above the median, the Committee decided to keep Mr. Appleton's salary at \$950,000. Mr. Appleton's base salary has not changed since fiscal 2007.

Short-Term Incentive

The Market Data showed that for short-term incentives a Target Award of 150% of base salary is at the median. Mr. Appleton's Target Award has been at 150% since 2007. In fiscal 2011, Mr. Appleton received \$775,200 under the EIP. Information regarding Mr. Appleton's specific goals under the EIP is included in the discussion above on "Fiscal 2011 Short-Term Incentive Awards."

Long-Term Equity Incentive

The following charts show the long-term equity incentive mix for Mr. Appleton and for CEOs who were granted long-term equity incentives in the Compensation Peer Group:

While the Market Data showed that Mr. Appleton's long-term equity incentive opportunity based on value was approximately 16% above the median, the Committee decided to keep the value of

Mr. Appleton's targeted long-term equity incentive award for fiscal 2011 targeted at \$6,500,000. Mr. Appleton's long-term incentive award value has not changed since fiscal 2007.

The following table sets forth the elements and amounts of Mr. Appleton's long-term incentive award for fiscal 2011:

Security	Number of Options/Shares(1)(2)	Value(1)
Options	846,000	\$ 3,245,814
Time-based Restricted Stock	214,000	1,624,260
Performance-based Restricted Stock	268,000	1,627,296
	1,328,000	6,497,370

- (1) Information related to Mr. Appleton's long-term incentive award also is included in the "Grants of Plan-Based Awards in Fiscal 2011" table. The stock options are listed in the column "Option Awards: Number of Securities Underlying Options," the time-based share amounts are listed in the column "Stock Awards: Number of Shares of Stock or Units," and the performance-based share amounts are listed in the column "Estimated Future Payouts under Equity Incentive Plan Awards Target." The values included in those tables reflect the full fair value under ASC Topic 718 for external financial reporting. The amounts included on the table above are consistent with the approach used by Mercer and differ from the amounts included in the "Grants of Plan-Based Awards Table in Fiscal 2011" as they reflect the 20% "probability-of-achievement" discount applied to the performance-based shares.
- (2) The number of options granted to Mr. Appleton was determined by dividing \$3,250,000 (50% of \$6,500,000) by approximately \$3.84, the estimated fair value of our stock options at the time of the Committee's meeting on executive compensation. The number of time-based restricted shares granted to Mr. Appleton was determined by dividing \$1,625,000 (25% of \$6,500,000) by \$7.59, the approximate fair market value of our Common Stock at the time of the Committee's meeting on executive compensation. The number of performance-based restricted shares granted to Mr. Appleton was determined by dividing \$1,625,000 (25% of \$6,500,000) by approximately \$6.07 (20% discount to the \$7.59 share price).

Severance Agreements

We have entered into a severance agreement with each of our Named Executive Officers, except for Mr. Licciardello. Mr. Licciardello had entered into a severance agreement with Numonyx which had been assumed by us but which has since expired. However, Mr. Licciardello is eligible for a standard severance payment for our Italy-based employees who are at the senior leader level. We believe severance agreements for certain of our officers are in the best interests of us and our shareholders because they are necessary to attract and retain qualified executive talent, promote candid discussion among our officers, help provide for a smooth transition when there is a change in management, provide the officer with benefits in consideration of a promise not to compete with us after termination of employment, and release us, and our officers, directors, employees and agents from any and all claims.

Estimated payments as of the end of fiscal 2011 under the severance agreements and with regard to Mr. Licciardello can be found in the "Voluntary or Involuntary Termination of Employment" table on page 33.

Each of our Named Executive Officers, except Mr. Licciardello, has a similar severance agreement in place (the "Severance Agreements"). In general, the Severance Agreements provide for severance payments upon termination of employment for any reason, including death, voluntary or involuntary termination or termination with or without cause. The Severance Agreements provide for a "Transition Period," which begins upon a "separation of service" as defined in Section 409A of the Code, regardless of when a termination of employment or loss of officer status occurs, and ends after a period of one year.

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Provided an officer complies with post-employment restrictions described below and all other terms of the Severance Agreement, the officer is entitled to receive compensation during the Transition Period equivalent to the compensation and 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 and restricted shares. With respect to short-term incentive awards and long-term equity awards that are performance-based, the officer is entitled to receive such awards only if the goals are achieved before or during the applicable Transition Period. Such terminated officers are not entitled to receive any new awards under our equity plans or EIP or to the payment of any compensation that would be deferred past the Transition Period due to payment criteria of an incentive program, as those criteria exist as of the Termination Date.

Terminated officers are subject to the following obligations and restrictions:

A one-year noncompetition obligation.

Confidentiality obligations related to our proprietary and confidential information that last indefinitely.

A nondisparagement and confidentiality obligation surrounding the reasons for, and circumstances of, the officer's termination of employment or change in officer status that lasts indefinitely. However, we may disclose such information if we determine, in our sole discretion, it is either required by law to be disclosed or necessary to be disclosed to serve a valid business purpose.

Nonsolicitation and noninterference provisions relating to our employees and business partners.

Upon receipt of all benefits under the Severance Agreement, we and the officer are considered to have settled, waived, and voluntarily released any and all claims each has or may have against the other, inclusive of any of our affiliates, officers, directors, employees or agents, both individually and in their official capacities, which claims are accruing prior to the end of the Transition Period.

Change in Control Arrangements

We do not have separate change in control agreements for our executive officers and directors. The Severance Agreements referenced above provide for transitional benefits in the event of termination of employment, including following a change in control. In addition, under the terms of our executive incentive plan and our equity compensation plans, awards may be substituted, assumed or accelerated upon a change in control, depending upon the circumstances. The compensation that executive officers and directors could receive if a change of control occurs is intended to allow them to evaluate objectively whether a potential change in control is in the best interest of us and our shareholders. Estimated value that the Named Executive Officers could receive from our change in control provisions can be found in the "Change in Control" table on page 34.

Consideration of Tax Consequences when Making Compensation Decisions

Section 162(m) of the Code generally disallows a tax deduction to public companies for compensation over \$1,000,000 paid to certain of our Named Executive Officers. Qualifying performance-based compensation is not subject to the deduction limit if certain requirements are met. The key components of our long-term incentives in the form of stock option grants and performance-based restricted stock awards are designed to comply with the statute. Awards under the EIP also are generally designed to comply with the statute. Although the Committee believes it is important to preserve the deductibility of compensation under Section 162(m) whenever practicable, it reserves the right to grant or approve compensation or awards that may be non-deductible when it believes such compensation or awards are in our and our shareholders' best interests.

"Market Data" Defined

Compensation data is gathered by Mercer from proxy statements of the Compensation Peer Group and from published compensation surveys. The relevant survey and Compensation Peer Group data for fiscal 2011, each as discussed below, were weighted equally by the Committee and are collectively referred to throughout this discussion as the "Market Data."

Compensation Peer Group Data

Data is gathered from proxy statements and other documents that are filed with the SEC to develop the Compensation Peer Group data.

Mercer works with the Committee and our management team, including our CEO, to identify peer companies for compensation comparison purposes. The peer companies are primarily selected based on their industry, degree of business match (i.e., semiconductor or electronics manufacturing), and comparability of revenue size. All the peer companies have a Global Industry Classification Standard economic sector classification of Information Technology and an industry classification related to semiconductor or other electronic equipment. The companies selected generally fall within a revenue range of approximately 40% to 150% of the size of Micron and have a high degree of business match. We believe our custom peer group is comprised of companies that are likely to be our competitors for executive talent.

Each year we reevaluate the composition of our Compensation Peer Group to ensure that it reflects industry or economic changes that may have occurred during the fiscal year, such as changes in business strategies, operations, revenues, product lines or availability of information. For fiscal 2011, the Compensation Peer Group of companies changed from the group used for fiscal 2010, with the addition of Seagate Technology Plc and Western Digital Corp, and the removal of Analog Devices, Inc., National Semiconductor Corporation and ON Semiconductor Corporation, which were removed due to their relative small size. As a result of these changes, our Compensation Peer Group for 2011 consisted of: Advanced Micro Devices, Inc., Agilent Technologies, Inc., Applied Materials, Inc., Broadcom Corporation, Infineon Technologies AG, Marvell Technology Group Ltd, Nvidia Corporation, QUALCOMM Incorporated, SanDisk Corporation, Seagate Technology Plc, STMicroelectronics N.V., Texas Instruments Incorporated and Western Digital Corp. These companies are referred to in the compensation discussion and analysis as the "Compensation Peer Group."

When collecting and assessing market compensation data we collect data based on job descriptions first. This permits the Committee to "match" positions held by our executives with those of other companies and, as described more fully below, deviate from benchmarked data based on the factors described earlier. If we are not able to match positions to a reasonable number of companies within the Compensation Peer Group, we look to the rank of the person involved and match ranks, e.g., highest paid Company officer is ranked to the highest paid officer at each company within the Compensation Peer Group.

Survey Data

Survey data may vary from year to year. For fiscal 2011, Mercer used the Buck Executive Total Compensation Survey, Radford Executive Survey and Towers Perrin Survey. We believe these surveys are particularly relevant for high technology companies given the high level of participation by such companies in the survey. We used survey data as guidance in reviewing Mr. Licciardello's compensation. Because Mr. Licciardello is based in Italy, peer data can be difficult to compile.

Stock Ownership Guidelines

We have established stock ownership guidelines for our officers and directors. The Committee believes that officers will more effectively manage a company in the best interests of the shareholders if they are also shareholders. The minimum ownership guideline for officers ranges from 10,000 to 90,000

shares, depending on the officer's position. Officers are given five years to meet the ownership guidelines. The Governance Committee reviews the Ownership Guidelines and monitors each covered executive's progress toward, and continued compliance with, the guidelines. Stock sales restrictions may be imposed upon officers and directors if the stock ownership guidelines are not met. Our directors are expected to hold at least 5,000 shares of our Common Stock. For fiscal 2011, all officers and directors were in compliance with the guidelines.

The following table shows the guidelines for each of the Named Executive Officer's and their share holdings as of November 28, 2011.

Named Executive Officer	Share Holdings		Guideline
	Common Stock*	Restricted Stock**	
Steven R. Appleton	1,093,536	1,336,750	90,000
D. Mark Durcan	745,833	781,500	90,000
Ronald C. Foster	154,570	453,689	30,000
Mario Licciardello	37,799		10,000
Brian M. Shirley	106,891	308,500	10,000

*

Includes shares held directly and indirectly by Named Executive Officer.

**

Includes time-based and performance-based restricted stock which is subject to forfeiture.

COMPENSATION COMMITTEE REPORT

The Compensation Committee has reviewed and discussed with management the disclosures contained in the Compensation Discussion and Analysis section of this Proxy Statement. Based upon this review and our discussions, the Compensation Committee has recommended to our Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement.

The Compensation Committee
 Dr. Teruaki Aoki
 Patrick J. Byrne
 Lawrence N. Mondry

Compensation Committee Interlocks and Insider Participation

No member of the Compensation Committee (Dr. Aoki and Messrs. Byrne and Mondry) is or has been one of our officers or employees or an officer or employee of any of our subsidiaries. During fiscal 2011, none of our executive officers served on the Compensation Committee (or equivalent), or the board of directors of another entity whose executive officer(s) served on our Compensation Committee or Board of Directors.

FISCAL 2011 SUMMARY COMPENSATION TABLE

The following table details the total compensation earned by our Named Executive Officers in fiscal 2011, 2010 and 2009.

Name and Principal Position	Year	Salary(1)	Bonus(2)	Stock Awards(3)	Option Awards(3)	Non-Equity	All Other Compensation(5)	Total
						Incentive Plan Compensation(4)		
Steven R. Appleton Chief Executive Officer (Principal Executive Officer)	2011	\$ 950,000		\$ 3,658,380	\$ 3,245,814	\$ 775,200	\$ 12,250	\$ 8,641,644
	2010	806,405	\$ 807,500	3,655,400	3,237,051	1,282,500		9,788,856
	2009	731,865		3,637,760	3,793,402		22,959	8,185,986
D. Mark Durcan President and Chief Operating Officer	2011	641,366		1,692,570	1,500,134	421,056	12,250	4,267,376
	2010	507,692	456,000	1,693,420	1,494,327	612,000		4,763,439
	2009	462,231		1,680,000	1,752,223		2,178	3,896,632
Ronald C. Foster(6) Chief Financial Officer (Principal Financial Officer)	2011	486,769		1,123,320	997,531	260,435	12,250	2,880,305
	2010	404,654	264,000	1,126,460	997,532	405,000		3,197,646
	2009	375,923		1,120,000	1,167,378		8,081	2,671,382
Mario Licciardello Vice President of Wireless Solutions	2011	510,616		842,490	748,149	512,423	79,491	2,693,169
	2010	165,118		3,959,874		498,868	37,602	4,661,462
Brian M. Shirley Vice President of DRAM Solutions	2011	484,000		842,490	748,149	453,750	12,250	2,540,639
	2010	433,452	284,200	842,980	745,192	363,000		2,668,824
	2009	400,589		837,760	876,112		2,178	2,116,639

(1)

In light of the impact of the global financial crisis on our operations, in October 2008, we implemented a 20% reduction in the base salaries of all our officers. In addition, in January 2009, Messrs. Appleton and Durcan reduced their base salary by an additional 10%. In March 2010, the officers' full salary was reinstated.

Mr. Licciardello joined us in May 2010 following our acquisition of Numonyx. Mr. Licciardello's base salary was approximately \$500,000 (EUR 365,538) for each of the years reported. The amount shown for 2010 reflects his prorated salary. Mr. Licciardello was paid in Swiss francs from May 2010 through November 30, 2010 and thereafter has been paid in euros. Dollar amounts shown for Mr. Licciardello in fiscal 2011 were calculated using the conversion ratio of 1.02 for Swiss francs, which is the average daily exchange rate for the period from September 3, 2010 through November 30, 2010 and 1.40 for euros, which is the average daily exchange rate for the period from December 1, 2010 to September 1, 2011. Dollar amounts shown for Mr. Licciardello in fiscal 2010 were calculated using the conversion ratio of 0.92 for Swiss francs, which is the average daily exchange rate for the period from May 7, 2010 to September 2, 2010.

(2)

Includes amounts paid in fiscal 2010 pursuant to a supplemental bonus for our officers for extraordinary achievement in fiscal 2010. Pursuant to this program, Mr. Appleton received \$427,500, Mr. Durcan received \$216,000, Mr. Foster received \$135,000 and Mr. Shirley received \$145,200.

Also includes bonus amounts paid in April 2010 to team members, including our officers, whose base salary was reduced in fiscal 2009 in response to the global financial crisis. Pursuant to this program, Mr. Appleton received \$380,000, Mr. Durcan received \$240,000, Mr. Foster received \$129,000 and Mr. Shirley received \$139,000.

(3)

Assumptions used in determining the fair values of these option awards is set forth in the "Equity Plans" note to our financial statements included in its annual reports on Form 10-K for fiscal years 2011, 2010 and 2009, which are incorporated herein by reference.

(4)

All amounts shown for Messrs. Appleton, Durcan, Foster and Shirley were paid pursuant to the Executive Officer Incentive Plan (the "EIP") and relate to the achievement of certain performance milestones. In fiscal 2009, the EIP was suspended and no payments were made to the Named Executive Officers. For Mr. Licciardello, amount shown for fiscal 2011 was paid in euros pursuant to the EIP and amount shown for fiscal 2010 was paid in Swiss francs pursuant to a legacy Numonyx bonus plan. Dollar amounts shown for Mr. Licciardello in fiscal 2011 were calculated using the conversion ratio of 1.45 for euros, which is the exchange rate on September 1, 2011. Dollar amounts shown for Mr. Licciardello in fiscal 2010 was calculated using the conversion ratio of 0.92 for Swiss francs, which is the average daily exchange rate for the period from May 7, 2010 to September 2, 2010.

(5)

Amounts shown reflect the following compensation for each Named Executive Officer:

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Matching contributions allocated by us to each of the Named Executive Officers pursuant to our 401(k) plan. For fiscal 2011, the contribution for Messrs. Appleton, Durcan, Foster and Shirley was \$12,250. No matching contributions were made in fiscal 2010. For fiscal 2009, the contribution for Messrs. Appleton, Durcan, Foster and Shirley was \$2,178.

Under our time-off plan, unused time-off in excess of 999 hours cannot be carried forward and prior to January 2009 was paid out in cash. In fiscal 2009, Mr. Appleton received \$20,781 under the time off plan.

Mr. Foster was reimbursed for relocation expenses of \$5,903 in fiscal 2009, related to his move from California to Idaho.

Mr. Licciardello's amounts for fiscal 2011 include a meal allowance of \$914, a pension allowance of \$3,808, a housing allowance of \$16,492, payout of accrued Swiss vacation time of \$31,785, tax support of \$466 and a vehicle allowance of \$26,026. Mr. Licciardello's amounts for 2010 include a meal allowance of \$1,131, a pension allowance of \$4,717 and a housing allowance of \$31,752.

GRANTS OF PLAN-BASED AWARDS IN FISCAL 2011

The table below sets forth the plan-based award grants to our Named Executive Officers in fiscal 2011.

Name	Plan Name	Grant Date	Estimated Future Payouts under Non-Equity Incentive Plan Awards(1)			Estimated Future Payouts under Equity Incentive Plan Awards(2)		Stock Awards:	Option Awards:	Close Price of Stock (or Underlying Price of Options)(5)	Grant Date of Stock (or Option)(6)
			Threshold	Target	Max	Threshold	Target	Number of Shares of Stock or Units(3)	Number of Securities Underlying Options(4)		
Steven R. Appleton Chief Executive Officer	2004 Plan	10/11/10				134,000	268,000				\$ 2,034,120
	2004 Plan	10/11/10						214,000			1,624,260
	2001 Plan	10/11/10							846,000	\$ 7.59	\$ 7.67
	EIP	10/11/10	\$ 178,125	\$ 1,425,000	\$ 1,531,875						
D. Mark Durcan President and Operating Officer	2004 Plan	10/11/10				62,000	124,000				941,160
	2004 Plan	10/11/10						99,000			751,410
	2001 Plan	10/11/10							391,000	7.59	7.67
	EIP	10/11/10	96,750	774,000	832,050						
Ronald C. Foster Chief Financial Officer	2004 Plan	10/11/10				41,000	82,000				622,380
	2004 Plan	10/11/10						66,000			500,940
	2001 Plan	10/11/10							260,000	7.59	7.67
	EIP	10/11/10	49,000	490,000	520,625						
Mario Licciardello Vice President of Wireless Solutions	2004 Plan	10/11/10				31,000	62,000				470,580
	2004 Plan	10/11/10						49,000			371,910
	2004 Plan	10/11/10							195,000	7.59	7.67
	EIP	10/11/10	157,361	572,220	650,900						
Brian M. Shirley Vice President of DRAM Solutions	2004 Plan	10/11/10				31,000	62,000				470,580
	2004 Plan	10/11/10						49,000			371,910
	2001 Plan	10/11/10							195,000	7.59	7.67
	EIP	10/11/10	133,100	484,000	550,550						

- (1) Represents estimated future payouts set in fiscal 2011 under the EIP. Payment of bonuses under the EIP is dependent upon meeting specified performance goals. Certain EIP goals were established with only Target payouts, i.e., no Threshold or Max payouts were set. For those goals the amount that would have been paid upon the successful achievement of the goal is included in both the Target and Max column. Payments made to Mr. Licciardello were paid in euros. Amount shown is based on conversion rate as of September 1, 2011, of 1.45.
- (2) Represents restricted stock awarded in fiscal 2011 under the 2004 Equity Incentive Plan (the "2004 Plan") with performance-based restrictions. Information related to the performance-based restrictions associated with these shares is contained in Compensation Discussion and Analysis. Target amounts represent the maximum number of shares that may be awarded.
- (3) Represents restricted stock awarded in fiscal 2010 under the 2004 Plan with time-based restrictions. Time-based restrictions lapse in four equal installments over a four-year period from the date of the award.
- (4)

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Represents options awarded pursuant to our 2001 Stock Option Plan (the "2001 Plan") and 2004 Plan. All options have a term of six years and vest in equal installments over a four year period.

- (5) Under our equity plans options are required to have exercise prices equal to the fair market value. Fair market value is defined as the closing price on the last market-trading day prior to the date of grant. For purposes of our equity plans and the calculation of "Grant Date Fair Value," the fair market value of our Common Stock on the date of grant referenced in this table for October 11, 2010, was \$7.59 (the closing price on October 8, 2010). The closing price of our Common Stock on the date of grant referenced in this table was \$7.67 on October 11, 2010.
- (6) The expense shown for stock awards is based solely on the fair value as of the date of grant, disregarding any assumptions as to estimated forfeitures based on continued service. No other assumptions are used in the expense calculation for the stock awards. Assumptions used in determining the fair values of these option awards are set forth in the "Equity Plans" note to our financial statements included in our annual report on Form 10-K for fiscal 2011.

Plan Information

In fiscal 2011, compensatory awards were made to the Named Executive Officers pursuant to the EIP, the 2001 Plan and the 2004 Plan. The EIP was approved by our shareholders in 2004 and 2009. The purpose of the EIP is to attract, retain and reward qualified executives who are important to our success by providing performance-based, incentive cash awards for outstanding performance at the individual, business-unit and company-wide level. The purpose of the 2001 Plan and the 2004 Plan is to promote our success by linking the personal interests of its employees, officers, directors and consultants to those of our shareholders, and by providing participants with an incentive for outstanding performance. Permissible awards under the 2004 Plan include: options, restricted stock, restricted stock units, stock appreciation rights, deferred stock units and dividend equivalent rights. We have issued options, restricted stock and

restricted stock units under the 2004 Plan. Options granted under the 2001 Plan and 2004 Plan have an exercise price equal to the fair market value (as defined by the plan) on the date of grant and a term of six years. For purposes of share counting, each share of restricted stock issued under the 2004 Plan reduces the number of shares available for issuance by two.

Lapsing of Restrictions Associated with Restricted Stock Awards

The restrictions associated with the restricted stock granted to the Named Executive Officers include both time-based restrictions and performance-based restrictions. Time-based restrictions applicable to awards made after fiscal 2006 lapse in four equal installments over a four-year period. The restrictions associated with performance-based awards are described below.

Issuance of Performance-based Awards

Restricted Stock

Our executive officers have been granted restricted stock with performance-based restrictions related to the achievement of a minimum specified return on assets ("ROA") goal. The restrictions related to these shares lapse if we achieve a certain ROA over a consecutive rolling four-quarter period (the "Share Performance Period"). The achievement during the Share Performance Period of a lower threshold ROA percentage will result in the restrictions lapsing as to one-half of the performance-based shares. The achievement during the Share Performance Period of the target ROA percentage will result in the restrictions lapsing as to all the performance-based shares. Both the threshold and target ROA percentages require significant effort with the achievement of neither ROA percentage being assured. In the absence of at least the threshold ROA percentage being achieved during the Share Performance Period, the restrictions will not lapse and the shares will be forfeited. The ROA goal associated with the performance-based restricted stock granted in fiscal 2009 and fiscal 2010 were achieved and the restrictions as to those shares lapsed in July 2010 and October 2010, respectively. The ROA goal associated with the performance-based stock granted in fiscal 2011 have not yet been achieved and those shares will be forfeited if the goal is not met by the end of fiscal 2013.

Cash Awards

The performance milestones related to the payment of bonuses under the EIP for fiscal 2011, 2010 and 2009 were partially achieved or not achieved at all. As a result, bonuses for those fiscal years were not paid out at the levels indicated in the columns labeled "Estimated Future Payouts under Non-equity Incentive Plan Awards" on the "Grants of Plan-Based Awards in Fiscal 2011" table. The EIP was suspended in 2009 and no bonuses were paid. The actual amount of the EIP bonuses paid for fiscal 2011, 2010 and 2009 performance are included in the "Fiscal 2011 Summary Compensation Table" in the column labeled "Non-Equity Plan Incentive Compensation." The performance milestones related to the EIP are discussed in Compensation Discussion and Analysis.

In light of achieving historical highs for revenue, income and cash flows in fiscal 2010, our officers received supplemental bonuses for extraordinary achievement in October 2010. The amounts awarded pursuant to this supplemental bonus are included in the "Fiscal 2011 Summary Compensation Table" in the column "Bonus."

Stock Option Vesting

Since September 2004, options granted generally vest in four equal installments over a four-year period from the date of grant and have a term of six years.

Determination of Stock-based Compensation

Under the provisions of ASC Topic 718, stock-based compensation cost is estimated at the grant date based on the fair value of the award and is recognized as expense ratably over the requisite service period of the award. Determining the appropriate fair value model and calculating the fair value of stock-based awards at the grant date requires considerable judgment, including estimating stock price volatility, expected option life and forfeiture rates. We develop our estimates based on historical data and market information which can change significantly over time. A small change in the estimates used can result in a relatively large change in the estimated valuation.

The fair values of option awards were estimated as of the dates of grant using the Black-Scholes option valuation model. The Black-Scholes model requires the input of assumptions, including the expected stock price volatility and estimated option life. The expected volatilities utilized were based on implied volatilities from traded options on our stock and on historical volatility. The expected lives of options granted were based, in part, on historical experience and on the terms and conditions of the options. The risk-free interest rates utilized were based on the U.S. Treasury yield in effect at the time of the grant. No dividends were assumed in estimated option values.