II-VI INC
Form 10-Q
February 08, 2013
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

x **Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the quarterly period ended December 31, 2012

¨ **Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
for the transition period from _________ to _________.

Commission File Number: 0-16195

II-VI INCORPORATED

(Exact name of registrant as specified in its charter)

PENNSYLVANIA	**25-1214948**
(State or other jurisdiction of	**(I.R.S. Employer**
incorporation or organization)	**Identification No.)**

375 Saxonburg Boulevard

Saxonburg, PA	**16056**
(Address of principal executive offices)	**(Zip Code)**

Registrant s telephone number, including area code: 724-352-4455

N/A

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨

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

Large accelerated filer	x	Accelerated filer	¨
Non-accelerated filer	¨	Smaller reporting company	¨

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

Indicate the number of shares outstanding of each of the issuer s classes of common stock, as of the latest practicable date:

At February 1, 2013, 62,199,324 shares of Common Stock, no par value, of the registrant were outstanding.

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PART I FINANCIAL INFORMATION

Item 1. Financial Statements

II-VI Incorporated and Subsidiaries

Condensed Consolidated Balance Sheets (Unaudited)

($000)

	December 31, 2012	June 30, 2012
Assets		
Current Assets		
Cash and cash equivalents	$ 162,810	$ 134,944
Accounts receivable less allowance for doubtful accounts of $1,498 at December 31, 2012 and $1,536 at June 30, 2012	93,758	104,761
Inventories	151,942	137,607
Deferred income taxes	10,861	10,796
Prepaid and refundable income taxes	4,936	8,488
Prepaid and other current assets	12,613	13,777
Total Current Assets	436,920	410,373
Property, plant & equipment, net	184,025	153,918
Goodwill	123,075	80,748
Other intangible assets, net	76,094	44,014
Investment	11,254	10,661
Deferred income taxes	6,519	145
Other assets	8,973	6,627
Total Assets	$ 846,860	$ 706,486
Liabilities and Shareholders Equity		
Current Liabilities		
Accounts payable	$ 29,930	$ 29,420
Accrued compensation and benefits	26,919	27,234
Accrued income tax payable	6,504	8,761
Deferred income taxes	129	209
Other accrued liabilities	18,978	18,104
Total Current Liabilities	82,460	83,728
Long-term debt	124,482	12,769
Deferred income taxes	4,632	5,883
Other liabilities	17,827	12,720
Total Liabilities	$ 229,401	$ 115,100
Shareholders Equity		
Preferred stock, no par value; authorized 5,000,000 shares; none issued		
Common stock, no par value; authorized 300,000,000 shares; issued 69,888,663 shares at December 31, 2012; 69,626,883 shares at June 30, 2012	186,136	176,295
Accumulated other comprehensive income	13,576	10,238
Retained earnings	463,589	438,671

	$ 663,301	$ 625,204
Treasury stock, at cost, 7,487,965 shares at December 31, 2012 and 6,793,928 shares at June 30, 2012	47,519	35,247
Total II-VI Incorporated Shareholders Equity	$ 615,782	$ 589,957
Noncontrolling Interests	1,677	1,429
Total Shareholders Equity	$ 617,459	$ 591,386
Total Liabilities and Shareholders Equity	$ 846,860	$ 706,486

See notes to condensed consolidated financial statements.

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II-VI Incorporated and Subsidiaries

Condensed Consolidated Statements of Earnings (Unaudited)

($000 except per share data)

	Three Months Ended December 31, 2012	2011
Revenues		
Domestic	$ 51,479	$ 50,156
International	74,410	76,601
Total Revenues	125,889	126,757
Costs, Expenses and Other Expense (Income)		
Cost of goods sold	79,019	83,289
Internal research and development	5,626	5,016
Selling, general and administrative	26,309	24,214
Interest expense	223	77
Other expense (income), net	(4,551)	(1,506)
Total Costs, Expenses, and Other Expense (Income)	106,626	111,090
Earnings Before Income Taxes	19,263	15,667
Income Taxes	6,796	2,147
Net Earnings	12,467	13,520
Less: Net Earnings Attributable to Noncontrolling Interests	267	233
Net Earnings Attributable to II-VI Incorporated	$ 12,200	$ 13,287
Net Earnings Attributable to II-VI Incorporated: Basic Earnings Per Share:	$ 0.19	$ 0.21
Net Earnings Attributable to II-VI Incorporated: Diluted Earnings Per Share:	$ 0.19	$ 0.21

See notes to condensed consolidated financial statements.

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II-VI Incorporated and Subsidiaries

Condensed Consolidated Statements of Earnings (Unaudited)

($000 except per share data)

	Six Months Ended December 31, 2012	Six Months Ended December 31, 2011
Revenues		
Domestic	$ 103,762	$ 105,725
International	154,419	159,405
Total Revenues	258,181	265,130
Costs, Expenses and Other Expense (Income)		
Cost of goods sold	162,476	166,652
Internal research and development	11,211	10,179
Selling, general and administrative	52,965	51,026
Interest expense	259	136
Other expense (income), net	(5,312)	(3,136)
Total Costs, Expenses, and Other Expense (Income)	221,599	224,857
Earnings Before Income Taxes	36,582	40,273
Income Taxes	10,983	8,039
Net Earnings	25,599	32,234
Less: Net Earnings Attributable to Noncontrolling Interests	681	368
Net Earnings Attributable to II-VI Incorporated	$ 24,918	$ 31,866
Net Earnings Attributable to II-VI Incorporated: Basic Earnings Per Share:	$ 0.40	$ 0.51
Net Earnings Attributable to II-VI Incorporated: Diluted Earnings Per Share:	$ 0.39	$ 0.50

See notes to condensed consolidated financial statements.

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II-VI Incorporated and Subsidiaries

Condensed Consolidated Statements of Comprehensive Income (Unaudited)

($000)

	Three Months Ended December 31,		Six Months Ended December 31,	
	2012	2011	2012	2011
Net earnings	$ 12,467	$ 13,520	$ 25,599	$ 32,234
Other comprehensive income:				
Foreign currency translation adjustments	2,043	(343)	3,122	597
Comprehensive income	$ 14,510	$ 13,177	$ 28,721	$ 32,831
Net earnings attributable to noncontrolling interests:	$ 267	$ 233	$ 681	$ 368
Other comprehensive income attributable to noncontrolling interests:				
Foreign currency translation adjustments attributable to noncontrolling interests	57		(216)	
Comprehensive income attributable to noncontrolling interests	$ 324	$ 233	$ 465	$ 368
Comprehensive income attributable to II-VI Incorporated	$ 14,186	$ 12,944	$ 28,256	$ 32,463

See notes to condensed consolidated financial statements.

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II-VI Incorporated and Subsidiaries

Condensed Consolidated Statements of Cash Flows (Unaudited)

($000)

	Six Months Ended December 31, 2012	Six Months Ended December 31, 2011
Cash Flows from Operating Activities		
Net earnings	$ 25,599	$ 32,234
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation	16,860	14,784
Amortization	2,374	2,048
Share-based compensation expense	6,534	7,176
Impairment of property, plant and equipment		434
Loss (gain) on foreign currency remeasurements and transactions	810	(595)
Earnings from equity investments	(593)	(484)
Deferred income taxes	2,307	(433)
Excess tax benefits from share-based compensation expense	(387)	(122)
Increase (decrease) in cash from changes in:		
Accounts receivable	20,932	7,694
Inventories	(6,445)	(14,501)
Accounts payable	(4,640)	1,464
Income taxes	1,688	797
Other operating net assets	(4,062)	(7,583)
Net cash provided by operating activities	60,977	42,913
Cash Flows from Investing Activities		
Additions to property, plant & equipment	(13,177)	(23,068)
Purchase of businesses, net of cash acquired	(126,397)	(46,141)
Proceeds received on contractual settlement from Thailand flood	2,436	
Proceeds from the collection of note receivable	1,395	
Other investing activities	70	24
Net cash used in investing activities	(135,673)	(69,185)
Cash Flows from Financing Activities		
Proceeds from long-term borrowings	113,000	7,000
Payments on long-term borrowings	(1,000)	(6,295)
Payment of debt issuance costs	(560)	
Purchases of treasury stock	(10,840)	
Distribution of noncontrolling interests	(217)	
Minimum tax withholding requirements	(137)	
Proceeds from exercises of stock options	1,625	452
Excess tax benefits from share-based compensation expense	387	122
Net cash provided by financing activities	102,258	1,279
Effect of exchange rate changes on cash and cash equivalents	304	(634)
Net increase (decrease) in cash and cash equivalents	27,866	(25,627)

Cash and Cash Equivalents at Beginning of Period	134,944	149,460
Cash and Cash Equivalents at End of Period	$ 162,810	$ 123,833
Cash paid for interest	$ 184	$ 119
Cash paid for income taxes	$ 6,379	$ 7,602
Non-cash transactions:		
Purchase of business utilizing earnout arrangement recorded in other long-term liabilities	$ 4,200	$
Purchase of business utilizing deferred purchase price recorded in other current liabilities	$ 700	$

See notes to condensed consolidated financial statements.

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II-VI Incorporated and Subsidiaries

Condensed Consolidated Statement of Shareholders Equity (Unaudited)

(000)

	Common Stock		Accumulated Other Comprehensive Income	Retained Earnings	Treasury Stock		Non-Controlling Interests	Total
	Shares	Amount			Shares	Amount		
Balance June 30, 2012	69,627	$ 176,295	$ 10,238	$ 438,671	(6,794)	$ (35,247)	$ 1,429	$ 591,386
Shares issued under share-based compensation plans	262	1,625						1,625
Minimum tax withholding requirements					(7)	(137)		(137)
Share-based compensation expense		6,534						6,534
Net earnings				24,918			681	25,599
Purchases of treasury stock					(617)	(10,840)		(10,840)
Treasury stock under deferred compensation arrangements		1,295			(70)	(1,295)		
Excess tax benefits from share-based compensation		387						387
Distributions of noncontrolling interests							(217)	(217)
Foreign currency translation adjustments			3,338				(216)	3,122
Balance December 31, 2012	69,889	$ 186,136	$ 13,576	$ 463,589	(7,488)	$ (47,519)	$ 1,677	$ 617,459

See notes to condensed consolidated financial statements.

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II-VI Incorporated and Subsidiaries

Notes to Condensed Consolidated Financial Statements (Unaudited)

Note 1. Basis of Presentation

The condensed consolidated financial statements of II-VI Incorporated (sometimes referred to herein as II-VI or the Company) for the three and six months ended December 31, 2012 and 2011 are unaudited. In the opinion of management, all adjustments considered necessary for a fair presentation for the periods presented have been included. All adjustments are of a normal recurring nature unless disclosed otherwise. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) have been condensed or omitted. These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company s Annual Report on Form 10-K (Annual Report) for the year ended June 30, 2012. The consolidated results of operations for the three and six months ended December 31, 2012 are not necessarily indicative of the results to be expected for the full fiscal year. The consolidated results of operations for the three and six months ended December 31, 2012, include M Cubed Technologies, Inc. and the Oclaro thin film filter business and product line since their respective dates of acquisition. LightWorks Optics, Inc. was acquired near the end of the quarter ended December 31, 2012 and had no contribution to our operating results during the three and six months ended December 31, 2012. For further information, see Note 3. Acquisitions. The June 30, 2012 Condensed Consolidated Balance Sheet information was derived from the Company s audited financial statements.

Effective July 1, 2012, the Company changed its reportable segments in accordance with how the Company s chief operating decision maker receives and reviews financial information. Effective July 1, 2012, VLOC Incorporated (VLOC) has been included in the Military & Materials operating segment for financial reporting purposes. Prior to July 1, 2012, the Company s VLOC business unit was included in the Near-Infrared Optics operating segment. The Company has revised the consolidated segment information for all periods presented in this Quarterly Report on Form 10-Q to reflect this reclassification.

Note 2. Recent Accounting Pronouncements

In July 2012, the Financial Accounting Standards Board (FASB) issued an accounting standard update related to impairment testing of indefinite-lived intangible assets. The update simplifies the guidance of testing for potential impairment of indefinite-lived intangible assets other than goodwill. The amendment provides entities the option to first assess qualitative factors to determine whether it is necessary to perform the quantitative impairment test. An entity electing to perform a qualitative assessment is no longer required to calculate the fair value of an indefinite-lived intangible asset unless the organization determines, based on a qualitative assessment, that it is more likely than not (that is, a likelihood of more than 50 percent) that the asset is impaired. The amendments in this update are effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012. Early adoption is permitted. The adoption of this standard is not expected to have a significant impact on the Company s consolidated financial statements and indefinite-lived intangible asset impairment testing.

In September 2011, the FASB issued an accounting standard update related to goodwill impairment testing. The objective of the accounting standard update is to simplify how entities test goodwill for impairment by permitting an assessment of qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test. This update also allows entities an unconditional option to bypass this qualitative assessment and proceed directly to performing the first step of the goodwill impairment test. An entity may resume performing the qualitative assessment in any subsequent period. This accounting standard update is effective for annual and interim goodwill impairment tests performed for fiscal years beginning on or after December 15, 2011, with early adoption permitted. The adoption of this standard is not expected to have a significant impact on the Company s consolidated financial statements and goodwill impairment testing.

In June 2011, the FASB issued changes to the presentation of comprehensive income that require entities to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. The option to present components of other comprehensive income as part of the statement of changes in stockholders equity is no longer permitted. This guidance, with retrospective application, was adopted by the Company in the first quarter of fiscal year 2013. Other than the change in presentation, these changes have had no impact on the consolidated financial statements and the calculation and presentation of earnings per share.

Note 3. Acquisitions
M Cubed Technologies, Inc.

On November 1, 2012, the Company acquired all of the outstanding shares of M Cubed Technologies, Inc. (M Cubed), a privately-held company based in Connecticut with manufacturing locations in Monroe and Newtown, Connecticut, and Newark, Delaware. The total consideration consisted of cash of $68.2 million, net of cash acquired of $5.7 million. M Cubed develops advanced ceramic materials and precision motion control products addressing the semiconductor, display, industrial and defense markets. As a result of the acquisition, the Company will diversify its engineered materials product portfolio in the reaction bonded silicon carbide ceramics and metal matrix composite markets while realizing synergies in engineered materials growth and processes. Due to the timing of the

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acquisition, the Company is still in the process of completing its fair market valuation, including the valuation of certain tangible, and intangible assets as well as deferred income taxes. The following table presents the preliminary allocation of the purchase price of the assets acquired and liabilities assumed at the date of acquisition, as the Company intends to finalize its accounting for the acquisition of M Cubed during fiscal year 2013 ($000):

Assets	
Accounts receivable, net	$ 7,424
Inventories	4,811
Prepaid and other assets	518
Deferred income taxes	21,089
Property, plant & equipment	19,884
Intangible assets	11,078
Goodwill	18,132
Total assets acquired	$ 82,936
Liabilities	
Accounts payable	$ 2,807
Deferred income taxes	11,100
Other accrued liabilities	864
Total liabilities assumed	$ 14,771
Net assets acquired	$ 68,165

The goodwill of M Cubed of $18.1 million is included in the Advanced Products Group segment and is attributed to the expected synergies and the assembled workforce of M Cubed. None of the goodwill is deductible for income tax purposes. The fair value of accounts receivable acquired was $7.4 million with the gross contractual amount being $7.5 million. At the time of acquisition, the Company expected $0.1 million of accounts receivable to be uncollectible. The majority of the deferred tax assets of M Cubed are related to net operating loss carryforwards. The Company has considered any carryforward limitations and expirations and expects to fully utilize these carryforwards to offset future income taxes.

The amount of revenues of M Cubed included in the Company s Condensed Consolidated Statement of Earnings for the three and six months ended December 31, 2012 was $7.3 million. The amount of earnings of M Cubed included in the Company s Condensed Consolidated Statements of Earnings for the three and six months ended December 31, 2012 were not material.

Thin Film Filter Business and Interleaver Product Line

On December 3, 2012, the Company purchased the thin film filter and interleaver product line of Oclaro, Inc. (Oclaro) for $27.4 million in cash. These businesses design and manufacture thin film filter optical chips and products for optical communications, life sciences, and industrial applications and will report within the Company s Photop Technologies, Inc. (Photop) business unit as part of the Company s Near-Infrared Optics operating segment for financial reporting purposes. Due to the timing of the acquisition, the Company is still in the process of completing its fair market valuation, including the valuation of certain tangible and intangible assets. The following table presents the preliminary allocation of the purchase price of the assets acquired at the date of acquisition, as the Company intends to finalize its accounting for this acquisition during fiscal year 2013 ($000):

Assets	
Inventories	$ 1,085

Prepaid and other assets	129
Property, plant & equipment	10,400
Intangible assets	7,882
Goodwill	7,951
Total assets acquired	$ 27,447

The goodwill of $8.0 million is included in the Near-Infrared Optics segment and is attributed to the expected synergies and the assembled workforce of the business and is fully deductible for income tax purposes.

The amount of revenues and earnings of these businesses included in the Company s Condensed Consolidated Statement of Earnings for the three and six months ended December 31, 2012 were not material.

LightWorks Optics, Inc.

On December 21, 2012, the Company purchased all of the outstanding shares of LightWorks Optics, Inc. (LightWorks), a privately held company based in Tustin, California with manufacturing locations in both Tustin and Vista, California. Under the terms of the merger agreement, the initial consideration consisted of cash paid at acquisition date of $30.8 million and other closing adjustments of $0.7 million, which are expected to be paid by March 31, 2013. In addition, the agreement provided up to a maximum of $4.2 million of additional cash earnout arrangement based upon LightWorks achieving certain agreed upon financial targets for revenues and customer orders in calendar year 2013, which if earned, would be payable in March 2014. The final purchase price is subject to customary closing adjustments, including working capital adjustments. LightWorks manufactures precision optical systems and components, including visible, infrared, and laser-based systems and subassemblies addressing the defense, aerospace, industrial and life science markets. LightWorks will work cooperatively with the Company s Exotic Electro-Optics (EEO) business unit to broaden and expand current product offerings in the defense and aerospace markets while strengthening customer relationships through complementary technology and product development. Due to the timing of the acquisition, the Company is still in the process of completing its fair market valuation, including the valuation of certain tangible and intangible assets, as well as the earnout arrangement. The following table presents the preliminary allocation of the purchase price of the assets acquired and liabilities assumed at the date of acquisition, as the Company intends to finalize its accounting for the acquisition of LightWorks during fiscal year 2013 ($000):

Assets	
Accounts receivable, net	$ 2,412
Inventories	463
Prepaid and other assets	270
Property, plant & equipment	3,453
Intangible assets	15,351
Goodwill	15,894
Total assets acquired	$ 37,843
Liabilities	
Accounts payable	$ 692
Other accrued liabilities	1,451
Total liabilities assumed	$ 2,143
Net assets acquired	$ 35,700

The goodwill of LightWorks of $15.9 million is included in the Military & Materials segment and is attributed to the expected synergies and the assembled workforce of LightWorks. All goodwill acquired is deductible for income tax purposes. The gross contractual amount and fair value of accounts receivable acquired was $2.4 million as the Company believes the entire amount to be fully collectible.

In conjunction with the acquisitions of M Cubed, the Oclaro business and interleaver product line and LightWorks, the Company expensed transaction costs of approximately $0.9 million and $1.2 million, respectively, during the three and six months ended December 31, 2012, which are recorded in selling, general and administrative expenses in the Condensed Consolidated Statements of Earnings.

Pro Forma Information

The following unaudited pro forma consolidated results of operations for fiscal year 2013 have been prepared as if the acquisitions of M Cubed, the Oclaro business and interleaver product line and LightWorks had occurred on July 1, 2011, the beginning of the Company s fiscal year 2012, which is the fiscal year prior to acquisition ($000 except per share data).

	Three Months Ended December 31,		Six Months Ended December 31,	
	2012	2011	2012	2011
Net revenues	$ 139,172	$ 145,191	$ 296,746	$ 301,897
Net earnings attributable to II-VI Incorporated	13,009	13,845	30,179	31,439
Basic earnings per share	0.21	0.22	0.48	0.50
Diluted earnings per share	0.20	0.22	0.47	0.49

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The pro forma results are not necessarily indicative of what actually would have occurred if the transactions had occurred on July 1, 2011, and are not intended to be a projection of future results and do not reflect any cost savings that might be achieved from the combined operations.

Note 4. Investment

The Company has an equity investment in Guangdong Fuxin Electronic Technology (Fuxin) based in Guangdong Province, China of 20.2%, which is accounted for under the equity method of accounting. The total carrying value of this investment recorded at December 31, 2012 and June 30, 2012 was $11.3 million and $10.7 million, respectively. During the three and six months ended December 31, 2012, the Company s pro-rata share of earnings from this investment was $0.2 million and $0.6 million, respectively, and was $0.3 million and $0.7 million, respectively, for the three and six months ended December 31, 2011 and were recorded in other expense (income), net in the Condensed Consolidated Statements of Earnings for all periods.

Note 5. Inventories

The components of inventories were as follows ($000):

	December 31, 2012	June 30, 2012
Raw materials	$ 62,551	$ 59,105
Work in progress	46,469	39,292
Finished goods	42,922	39,210
	$ 151,942	$ 137,607

Note 6. Property, Plant & Equipment

Property, plant & equipment consists of the following ($000):

	December 31, 2012	June 30, 2012
Land and land improvements	$ 2,236	$ 2,236
Buildings and improvements	80,894	78,149
Machinery and equipment	273,078	228,564
Construction in progress	16,156	17,614
	372,364	326,563
Less accumulated depreciation	(188,339)	(172,645)
	$ 184,025	$ 153,918

Note 7. Goodwill and Other Intangible Assets

Changes in the carrying amount of goodwill are as follows ($000):

	Six Months Ended December 31, 2012				
	Infrared Optics	Near-Infrared Optics	Military & Materials	Advanced Products Group	Total
Balance beginning of period	$ 9,612	$ 48,496	$ 12,326	$ 10,314	$ 80,748
Goodwill acquired		7,951	15,894	18,132	41,977
Foreign currency translation	147	203			350
Balance end of period	$ 9,759	$ 56,650	$ 28,220	$ 28,446	$ 123,075

The Company reviews the recoverability of goodwill at least annually and any time business conditions indicate a potential change in recoverability. The measurement of a potential impairment begins with comparing the current fair value of the Company s reporting units to the recorded value (including goodwill). The Company uses a discounted cash flow model (DCF model) and a market analysis to determine the current fair value of its reporting units. A number of significant assumptions and estimates are involved in estimating the forecasted cash flows used in the DCF model, including markets and market shares, sales volume and pricing, costs to produce, working capital changes and income tax rates. Management considers historical experience and all available information at

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the time the fair values of the reporting units are estimated. However, actual fair values that could be realized could differ from those used to evaluate the impairment of goodwill.

The gross carrying amount and accumulated amortization of the Company s intangible assets other than goodwill as of December 31, 2012 and June 30, 2012 were as follows ($000):

	December 31, 2012			June 30, 2012		
	Gross Carrying Amount	Accumulated Amortization	Net Book Value	Gross Carrying Amount	Accumulated Amortization	Net Book Value
Patents	$ 38,202	$ (8,631)	$ 29,571	$ 21,856	$ (7,640)	$ 14,216
Trademarks	15,005	(926)	14,079	13,166	(888)	12,278
Customer Lists	42,187	(9,743)	32,444	25,816	(8,296)	17,520
Other	1,380	(1,380)		1,375	(1,375)	
Total	$ 96,774	$ (20,680)	$ 76,094	$ 62,213	$ (18,199)	$ 44,014

As a result of the preliminary valuations, the Company recorded approximately $34.3 million of identifiable intangible assets in connection with the acquisitions of M Cubed, the Oclaro business and interleaver product line and LightWorks. These identifiable intangible assets included patents, customer lists and trademarks of $16.3 million, $16.2 million and $1.8 million, respectively. The Company intends to finalize its identifiable intangible asset valuations for these acquisitions during fiscal year 2013.

Amortization expense recorded on all intangible assets was $1.3 million and $2.4 million, respectively, for the three and six months ended December 31, 2012 and was $1.0 million and $2.0 million for the three and six months ended December 31, 2011, respectively. Patents are being amortized over a range of 60 to 240 months with a weighted average remaining life of approximately 142 months. Customer lists are being amortized over approximately 120 months with a weighted average remaining life of approximately 103 months. The gross carrying amount of trademarks includes $13.2 million of all acquired trade names. These trade names have indefinite lives and are not amortized but tested annually for impairment or more frequently if a triggering event occurs. Included in the gross carrying amount and accumulated amortization of the Company s intangible assets is the effect of foreign currency translation on that portion of the intangible assets relating to the Company s German subsidiaries, Photop and Photop AOFR Pty. Ltd. (Photop AOFR).

At December 31, 2012, the estimated amortization expense for existing intangible assets for each of the five succeeding fiscal years is as follows ($000):

Year Ending June 30,	
Remaining 2013	$ 3,704
2014	6,985
2015	6,703
2016	6,636
2017	6,627

Note 8. Debt

In October 2012, the Company exercised the accordion feature of its $50 million unsecured credit facility to increase the size of its credit facility from $50 million to $80 million. Except for the increase in size, the credit facility continued pursuant to its existing terms and conditions. The Company used a portion of its increased available credit facility to finance the acquisition of M Cubed. See Note 3. Acquisitions.

In November 2012, the Company entered into a new credit agreement. The Company s new credit facility is a $140 million unsecured line of credit which under certain conditions may be expanded by an additional $35 million. The revolving credit facility has an expiration date of November 2017 and has interest rates of LIBOR, as defined in the agreement, plus 0.75% to LIBOR plus 1.75% based on the Company s ratio of consolidated indebtedness to consolidated EBITDA; however until the date when the Company submits its compliance certificate for the period ending June 30, 2013, interest accrues at LIBOR plus 1.25%. The December 31, 2012 interest rate was 1.46% on the outstanding borrowings. Additionally, the facility is subject to certain covenants, including those relating to minimum interest coverage and maximum leverage ratios. As of December 31, 2012, the Company was in compliance with all covenants.

The Company s Yen denominated line of credit is a 500 million Yen facility that has a five-year term through June 2016 and has an interest rate equal to LIBOR, as defined in the loan agreement, plus 0.625% to 1.50%. Additionally, the facility is subject to certain covenants, including those relating to minimum interest coverage and maximum leverage ratios. As of December 31, 2012, the Company was in compliance with all covenants.

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The components of debt for the periods indicated were as follows ($000):

	December 31, 2012	June 30, 2012
Line of credit, interest at LIBOR, as defined, plus 1.25% and 0.625%, respectively	$ 121,000	$ 9,000
Yen denominated line of credit, interest at LIBOR, as defined, plus 0.625%	3,482	3,769
Total debt	124,482	12,769
Current portion of long-term debt		
Long-term debt, less current portion	$ 124,482	$ 12,769

The Company had aggregate availability of $20.2 million and $42.3 million under its lines of credit as of December 31, 2012 and June 30, 2012, respectively. The amounts available under the Company s lines of credit are reduced by outstanding letters of credit. As of December 31, 2012 and June 30, 2012, total outstanding letters of credit supported by the credit facilities were $1.1 million and $0.9 million, respectively.

The weighted average interest rate of total borrowings was 1.2% for the three and six months ended December 31, 2012 and was 1.0% for the three and six months ended December 31, 2011.

Note 9. Income Taxes

The Company s year-to-date effective income tax rate at December 31, 2012 and 2011 was 30.0% and 20.0%, respectively. The variations between the Company s effective tax rates and the U.S. statutory rate of 35.0% were primarily due to the consolidation of the Company s foreign operations, which are subject to income taxes at lower statutory rates. A change in the mix of pretax income from these various tax jurisdictions could have a material impact on the Company s effective tax rate. During the six months ended December 31, 2012, the Company recorded certain interim tax adjustments in accordance with current accounting standards. As a result, the Company recorded additional income tax expense of $1.2 million during the three months ended December 31, 2012. In addition, the Company experienced a shift in earnings to higher tax jurisdictions resulting in a higher effective tax rate for the period.

U.S. GAAP clarifies the accounting for uncertainty in income taxes recognized in an enterprise s financial statements and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. As of December 31, 2012 and June 30, 2012, the gross unrecognized income tax benefit was $3.1 million and $2.9 million, respectively. The Company has classified the uncertain tax positions as non-current income tax liabilities, as the amounts are not expected to be paid within one year. If recognized, substantially all of the gross unrecognized tax benefits at December 31, 2012 would impact the effective tax rate. The Company recognizes interest and penalties related to uncertain tax positions in the income tax provision on the Condensed Consolidated Statements of Earnings. The amount of accrued interest and penalties included in the $3.1 million and $2.9 million of gross unrecognized income tax benefit at December 31, 2012 and June 30, 2012 was immaterial. Fiscal years 2010 to 2012 remain open to examination by the United States Internal Revenue Service, fiscal years 2008 to 2012 remain open to examination by certain state jurisdictions, and fiscal years 2005 to 2012 remain open to examination by certain foreign taxing jurisdictions.

Note 10. Earnings Per Share

The following table sets forth the computation of earnings per share attributable to II-VI Incorporated for the periods indicated. Weighted average shares issuable upon the exercise of stock options and the release of performance and restricted shares that were not included in the calculation were approximately 450,000 and 433,000, respectively, for the three and six months ended December 31, 2012 and 147,000 and 209,000, respectively, for the three and six months ended December 31, 2011, because they were anti-dilutive ($000 except per share data):

	Three Months Ended December 31, 2012	Three Months Ended December 31, 2011	Six Months Ended December 31, 2012	Six Months Ended December 31, 2011
Net earnings attributable to II-VI Incorporated	$ 12,200	$ 13,287	$ 24,918	$ 31,866
Divided by:				
Weighted average shares	62,580	62,720	62,683	62,709
Basic earnings attributable to II-VI Incorporated per common share	$ 0.19	$ 0.21	$ 0.40	$ 0.51
Net earnings attributable to II-VI Incorporated	$ 12,200	$ 13,287	$ 24,918	$ 31,866
Divided by:				
Weighted average shares	62,580	62,720	62,683	62,709
Dilutive effect of common stock equivalents	1,442	1,474	1,427	1,457
Diluted weighted average common shares	64,022	64,194	64,110	64,166
Diluted earnings attributable to II-VI Incorporated per common share	$ 0.19	$ 0.21	$ 0.39	$ 0.50

Note 11. Segment Reporting

The Company reports its business segments using the management approach model for segment reporting. The Company determines its reportable business segments based on the way the chief operating decision maker organizes business segments within the Company for making operating decisions and assessing performance.

Effective July 1, 2012, the Company s VLOC business unit has been included in the Military & Materials operating segment for financial reporting purposes in accordance with how the Company s chief operating decision maker receives and reviews financial information. Prior to July 1, 2012, VLOC was included in the Near-Infrared Optics operating segment. The Company has revised the consolidated segment information for all periods presented in this Quarterly Report on Form 10-Q to reflect this reclassification.

The Company has four reportable segments. The Company s chief operating decision maker receives and reviews financial information in this format. The Company evaluates business segment performance based upon reported business segment earnings, which is defined as earnings before income taxes, interest and other income or expense. The segments are managed separately due to the production requirements and facilities that are unique to each segment. The Company had the following reportable segments at December 31, 2012: (i) Infrared Optics, which consists of the Company s infrared optics and material products businesses, HIGHYAG Lasertechnologie GmbH (HIGHYAG) and certain remaining corporate activities, primarily corporate assets and capital expenditures; (ii) Near-Infrared Optics, which consists of Photop, Photop Aegis, Inc. (Photop Aegis) and Photop AOFR; (iii) Military & Materials, which consists of the Company s EEO business unit, VLOC, Max Levy Autograph (MLA), LightWorks and Pacific Rare Speciality Metals & Chemicals, Inc. (PRM); and (iv) Advanced Products Group, which consists of Marlow Industries, Inc. (Marlow), M Cubed, the Wide Bandgap Materials Group (WBG) and the Worldwide Materials Group (WMG); which is responsible for the corporate research and development activities.

The Infrared Optics segment is divided into geographic locations in the U.S., Singapore, China, Germany, Switzerland, Japan, Belgium, the U.K. and Italy. The Infrared Optics segment is directed by a general manager, while each geographic location is also directed by a general manager, and is further divided into production and administrative units that are directed by managers. The Infrared Optics segment designs, manufactures and markets optical and electro-optical components and materials sold under the II-VI brand name and used primarily in high-power CO_2 lasers. The Infrared Optics segment also manufactures fiber-delivered beam delivery systems and processing tools for industrial lasers sold under the HIGHYAG brand name.

The Near-Infrared Optics segment is located in the U.S., China, Vietnam, Australia, Germany, Japan, the U.K., Italy and Hong Kong. The Near-Infrared Optics segment is directed by a Corporate Executive Vice President and is further divided into production and administrative units that are directed by managers. The Near-Infrared Optics segment manufactures crystal materials, optics, microchip lasers and opto-electronic modules for use in optical communication networks and other diverse consumer and commercial applications sold under the Photop brand name, and manufactures tunable optical devices and couplers and combiners required for high speed optical networks sold under the Photop Aegis and Photop AOFR brand names, respectively.

The Military & Materials segment is located in the U.S. and the Philippines. The Military & Materials segment is directed by a Corporate Vice President, while each geographic location is directed by a general manager. The Military & Materials segment is further divided into production and administrative units that are directed by managers. The Military & Materials segment designs, manufactures and markets infrared, near infrared and UV Filter products, as well as micro-fine conductive mesh patterns for military applications under the EEO, LightWorks, MLA and VLOC brand names. This segment also refines specialty metals and rare earth elements, primarily selenium and tellurium, under the PRM brand name.

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The Advanced Products Group is located in the U.S., Vietnam, Japan, China and Germany and is directed by a Corporate Executive Vice President. In the Advanced Products Group segment, Marlow designs and manufactures thermoelectric cooling and power generation solutions for use in defense and space, optical communications, medical, consumer and industrial markets. M Cubed develops advanced ceramic materials and precision motion control products addressing the semiconductor, display, industrial and defense markets. WBG manufactures and markets single crystal silicon carbide substrates for use in solid-state lighting, wireless infrastructure, radio frequency (RF) electronics and power switching industries. WMG directs the corporate research and development initiatives.

The accounting policies of the segments are the same as those of the Company. All of the Company s corporate expenses are allocated to the segments. The Company evaluates segment performance based upon reported segment earnings, which is defined as earnings before income taxes, interest and other income or expense. Inter-segment sales and transfers have been eliminated.

On November 1, 2012, the Company completed its acquisition of M Cubed. On December 3, 2012 the Company completed its acquisition of the Oclaro business and interleaver product line. On December 21, 2012, the Company completed its acquisition of LightWorks. See Note 3. Acquisitions. The operating results of these acquisitions have been reflected in the selected segment financial information of the Company s operating segments since the respective dates of acquisition.

The following tables summarize selected financial information of the Company s operations by segment:

	Three Months Ended December 31, 2012					
	Infrared Optics	Near-Infrared Optics	Military & Materials	Advanced Products Group	Eliminations	Total
Revenues	$ 45,410	$ 36,996	$ 21,360	$ 22,123	$	$ 125,889
Inter-segment revenues	651	636	798	1,376	(3,461)	
Segment earnings (loss)	10,532	5,141	(1,075)	337		14,935
Interest expense						223
Other income, net						(4,551)
Income taxes						6,796
Net earnings						12,467
Depreciation and amortization	2,168	4,385	1,587	2,022		10,162
Segment assets	207,715	309,342	143,319	186,484		846,860
Expenditures for property, plant and equipment	1,448	2,558	676	2,566		7,248
Investment				11,254		11,254
Goodwill	9,759	56,650	28,220	28,446		123,075

	Three Months Ended December 31, 2011					
	Infrared Optics	Near-Infrared Optics	Military & Materials	Advanced Products Group	Eliminations	Total
Revenues	$ 46,762	$ 32,525	$ 30,646	$ 16,824	$	$ 126,757
Inter-segment revenues	1,046	653	2,976	1,133	(5,808)	
Segment earnings (loss)	11,470	2,386	(1,088)	1,470		14,238
Interest expense						77
Other income, net						(1,506)
Income taxes						2,147
Net earnings						13,520
Depreciation and amortization	2,139	4,349	991	1,043		8,522
Segment assets	206,543	244,958	123,490	103,506		678,497
Expenditures for property, plant and equipment	2,127	1,997	3,118	3,114		10,356
Investments				15,938		15,938
Goodwill	9,696	52,449	12,326	10,314		84,785

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	Six Months Ended December 31, 2012					
	Infrared Optics	Near-Infrared Optics	Military & Materials	Advanced Products Group	Eliminations	Total
Revenues	$ 96,966	$ 77,642	$ 45,295	$ 38,278	$	$ 258,181
Inter-segment revenues	1,151	968	2,338	2,560	(7,017)	
Segment earnings (loss)	22,374	12,863	(3,223)	(485)		31,529
Interest expense						259
Other income, net						(5,312)
Income taxes						10,983
Net earnings						25,599
Depreciation and amortization	4,232	8,672	3,074	3,256		19,234
Expenditures for property, plant and equipment	2,588	4,203	2,006	4,380		13,177

	Six Months Ended December 31, 2011					
	Infrared Optics	Near-Infrared Optics	Military & Materials	Advanced Products Group	Eliminations	Total
Revenues	$ 97,558	$ 63,514	$ 61,426	$ 42,632	$	$ 265,130
Inter-segment revenues	1,704	1,195	4,911	1,917	(9,727)	
Segment earnings	23,827	4,946	1,022	7,478		37,273
Interest expense						136
Other income, net						(3,316)
Income taxes						8,039
Net earnings						32,234
Depreciation and amortization	4,334	7,412	3,106	1,980		16,832
Expenditures for property, plant and equipment	3,827	6,213	6,630	6,398		23,068

Note 12. Share-Based Compensation

The Board of Directors adopted the II-VI Incorporated 2012 Omnibus Incentive Plan (the Plan) which was approved by the shareholders of the Company at the Company s Annual Meeting in November 2012. The Plan provides for the grant of non-qualified stock options, stock appreciation rights, restricted shares, restricted share units, deferred shares, performance shares and performance share units to employees, officers, directors and consultants of the Company. The Company records share-based compensation expense for these awards in accordance with U.S. GAAP, which requires the recognition of the fair value of share-based compensation in net earnings. The Company recognizes the share-based compensation expense over the requisite service period of the individual grantees, which generally equals the vesting period.

Share-based compensation expense for the three and six months ended December 31, 2012 and 2011 is as follows ($000):

	Three Months Ended December 31, 2012	Three Months Ended December 31, 2011	Six Months Ended December 31, 2012	Six Months Ended December 31, 2011
Stock Options and Stock Appreciation Rights	$ 1,175	$ 1,092	$ 2,764	$ 4,028
Restricted Share Awards and Restricted Share Unit Awards	1,035	717	2,096	1,486
Performance Share Awards and Performance Share Unit Awards	1,051	806	2,027	1,658
	$ 3,261	$ 2,615	$ 6,887	$ 7,172

The share-based compensation expense is allocated approximately 20% to cost of goods sold and 80% to selling, general and administrative expense in the Condensed Consolidated Statements of Earnings, based on the employee classification of the grantees.

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Stock Options and Stock Appreciation Rights:

The Company utilizes the Black-Scholes valuation model for estimating the fair value of these awards. The weighted-average fair values of awards granted under the Plan were $8.19 and $8.45 per award, respectively, during the three and six months ended December 31, 2012, and $8.33 and $9.33 per award, respectively, during the three and six months ended December 31, 2011, using the following assumptions:

	Three Months Ended December 31, 2012	Three Months Ended December 31, 2011	Six Months Ended December 31, 2012	Six Months Ended December 31, 2011
Risk free interest rate	0.95%	0.78%	0.94%	1.06%
Expected volatility	48%	49%	49%	59%
Expected life of options	6.0 years	4.5 years	5.7 years	5.5 years
Dividend yield	None	None	None	None

The risk-free interest rate is derived from the average U.S. Treasury Note rate during the period, which approximates the rate in effect at the time of grant related to the expected life of the awards. The risk free interest rate shown above is the weighted average rate for all awards granted during the fiscal year. Expected volatility is based on the historical volatility of the Company s Common Stock over the period commensurate with the expected life of the awards. The expected life calculation is based on the observed time to post-vesting exercise and/or forfeitures of awards by our employees. The dividend yield of zero is based on the fact that the Company has never paid cash dividends and currently has no intention to pay cash dividends in the future. The estimated annualized forfeitures are based on the Company s historical experience of award cancellations pre-vesting and are estimated at a rate of 16%. The Company will record additional expense in future periods if the actual forfeiture rate is lower than estimated, and will adjust expense in future periods if the actual forfeitures are higher than estimated.

Restricted Share Awards and Restricted Share Unit Awards:

The restricted share awards and restricted share unit awards compensation expense was calculated based on the number of shares or units expected to be earned by the grantee multiplied by the stock price at the date of grant and is being recognized over the vesting period. Generally, the restricted share awards and restricted share unit awards have a three year cliff-vesting provision and an estimated forfeiture rate of 7.5%.

Performance Share Awards and Performance Share Unit Awards:

The Compensation Committee of the Board of Directors of the Company has granted certain named executive officers and employees performance share awards and performance share unit awards under the Plan. As of December 31, 2012, the Company had outstanding grants covering performance periods ranging from 24 to 48 months. These awards are intended to provide continuing emphasis on specified financial performance goals that the Company considers important contributors to long-term shareholder value. These awards are payable only if the Company achieves specified levels of financial performance during the performance periods.

The performance share awards and performance share unit awards compensation expense is calculated based on the estimated number of shares or units expected to be earned multiplied by the stock price at the date of grant.

Note 13. Fair Value of Financial Instruments

The FASB defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous markets for the asset and liability in an orderly transaction between market participants at the measurement date. The Company estimates fair value of its financial instruments utilizing an established three-level hierarchy in accordance with U.S. GAAP. The hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date as follows:

Level 1 Valuation is based upon unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 Valuation is based upon quoted prices for similar assets and liabilities in active markets, or other inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instruments.

Level 3 Valuation is based upon other unobservable inputs that are significant to the fair value measurements.

The classification of fair value measurements within the hierarchy is based upon the lowest level of input that is significant to the measurement. At December 31, 2012, the Company had foreign currency forward contracts recorded at fair value. The fair values of these instruments were measured using valuations based upon quoted prices for similar assets and liabilities in active markets (Level 2) and are valued by reference to similar financial instruments, adjusted for credit risk and restrictions and other terms specific to the contracts. At December 31, 2012, the Company had a contingent earnout arrangement related to the December 2012 acquisition of LightWorks recorded at a preliminary fair value. Due to the timing of the acquisition, the Company is still in the process of completing its fair market valuation, including the valuation of certain tangible and intangible assets, as well as the earnout

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arrangement. The Company intends to finalize its accounting for the acquisition of LightWorks during fiscal year 2013. The fair value of the earnout arrangement was based on significant inputs not observable in the market and represents a Level 3 measurement as defined in ASC 820. The Company uses the income approach in measuring the fair value of the earnout arrangement, which assumed 100% probability and no discount as the earnout period ends on December 31, 2013. There were no fair value remeasurements recorded on the earnout arrangement for the three and six months ended December 31, 2012 and 2011. The following table provides a summary by level of the fair value of financial instruments that are measured on a recurring basis as of December 31, 2012 ($000):

		Fair Value Measurements at December 31, 2012 Using:		
	December 31, 2012	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Foreign currency forward contracts	$ 240	$	$ 240	$
Liabilities:				
Contingent earnout arrangement	$ 4,200	$	$	$ 4,200

		Fair Value Measurements at June 30, 2012 Using:		
	June 30, 2012	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Liabilities:				
Foreign currency forward contracts	$ 174	$	$ 174	$

The Company s policy is to report transfers into and out of Levels 1 and 2 of the fair value hierarchy at fair values as of the beginning of the period in which the transfers occur. There were no transfers in and out of Levels 1 and 2 of the fair value hierarchy during the three and six months ended December 31, 2012.

The following table presents a reconciliation of the beginning and ending fair value measurements of the Company s Level 3 contingent earnout arrangement related to the acquisition of LightWorks:

	Significant Unobservable Inputs (Level 3)
Balance beginning of period	$
Earnout arrangement	4,200
Changes in fair value	

Balance end of period References in this prospectus to "Micron Technology," the "Company," "we," "us" and "our" refer to Micron Technology, Inc. and its subsidiaries, unless otherwise specified.

Micron Technology

We are a global manufacturer of semiconductor devices, principally semiconductor memory products (including DRAM and NAND Flash) and CMOS image sensors. We operate in two segments: Memory and Imaging. Our products are used in a broad range of electronic applications including personal computers, workstations, network servers, mobile phones and other consumer applications including Flash memory cards, USB storage devices, digital still cameras, MP3/4 players and in automotive applications. We market our products through our internal sales force, independent sales representatives and distributors primarily to original equipment manufacturers and retailers located around the world. Our success is largely dependent on the market acceptance of a diversified portfolio of semiconductor memory products, efficient utilization of our manufacturing infrastructure, successful ongoing development of advanced process technologies and generation of sufficient return on research and development investments.

We were originally incorporated in Idaho in 1978. In 1984, we were reincorporated in Delaware. Our executive offices are located at 8000 South Federal Way, Boise, Idaho 83716-9632 and our telephone number is (208) 368-4000. Information about the Company is available on the internet at *www.micron.com*. The information contained or incorporated in our website is not part of this prospectus.

RATIO OF EARNINGS TO FIXED CHARGES

The ratio of earnings to fixed charges for each of the periods indicated is as follows.

	Fiscal Year Ended					Six Months Ended
	September 2, 2004	September 1, 2005	August 31, 2006	August 30, 2007	August 28, 2008	March 5, 2009
Ratio of earnings to fixed charges(1)	6.3x	4.5x	10.4x	N/A	N/A	N/A

(1) For the purpose of calculating such ratios, "earnings" consist of income from continuing operations before income taxes, equity in net losses of equity method investees and noncontrolling interests plus fixed charges and "fixed charges" consist of interest expense (net of capitalized portion), capitalized interest, amortization of debt discount and the portion of rental expense representative of interest expense. Earnings before fixed charges were inadequate to cover total fixed charges by $184 million and $1,622 million for the fiscal years ended August 30, 2007 and August 28, 2008, respectively, and by $1,504 million for the six months ended March 5, 2009.

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CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

This prospectus, any prospectus supplement and the documents we incorporate by reference in this prospectus contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These statements relate to our expectations for future events and time periods. All statements other than statements of historical fact are statements that could be deemed to be forward-looking statements, including, but not limited to, statements regarding:

- our DRAM development costs relative to Nanya;
- Inotera's transition to our stack process technology and manufacturing plans for CMOS image sensors;
- production levels for the third quarter of 2009 and future increases in NAND production;
- the effects of production slowdowns on costs for the third quarter of 2009 and future charges for inventory write-downs;
- research and development expenses for the third quarter of 2009;
- the remaining costs of restructure plans;
- capital spending in 2009;
- future distributions from IM Flash to Intel and capital contributions to TECH; and
- the impact from the adoption of new accounting standards.

Generally, the words "anticipate," "believe," "plan," "expect," "future," "intend," "may," "will," "should," "estimate," "predict," "potential," "continue" and similar expressions identify forward-looking statements. Our forward-looking statements are based on current expectations, forecasts and assumptions and are subject to risks, uncertainties and changes in condition, significance, value and effect. As a result of the factors described in this prospectus, any applicable prospectus supplement or free writing prospectus and the documents we incorporate by reference in this prospectus, we undertake no obligation to publicly disclose any revisions to these forward-looking statements to reflect events or circumstances occurring subsequent to the filing of such document.

USE OF PROCEEDS

Unless otherwise indicated in the applicable prospectus supplement, we anticipate that the net proceeds from the sale of the securities that we may offer under this prospectus and any applicable prospectus supplement or free writing prospectus will be used for general corporate purposes. We will have significant discretion in the use of any net proceeds. Investors will be relying on the judgment of our management regarding the application of the proceeds of any sale of the securities. We may invest the net proceeds temporarily until we use them for their stated purpose. If we decide to use the net proceeds from a particular offering of securities for a specific purpose, we will describe that purpose in the applicable prospectus supplement and/or free writing prospectus.

DESCRIPTION OF THE SECURITIES

We may issue from time to time, in one or more offerings, the following securities:

- shares of common stock;
- warrants exercisable for debt securities or common stock; and
- debt securities, which may be senior or subordinated, and which may be convertible into our common stock or be non-convertible.

We will set forth in the applicable prospectus supplement and/or free writing prospectus a description of the common stock, warrants and debt securities that may be offered under this prospectus. The terms of the offering of securities, the initial offering price and the net proceeds to us will be contained in the prospectus supplement, and other offering material, relating to such offer.

LEGAL MATTERS

In connection with offerings of particular securities in the future, and if stated in the appropriate prospectus supplement, the validity of the securities may be passed upon for us by our counsel, Wilson Sonsini Goodrich & Rosati, Professional Corporation, Palo Alto, California.

EXPERTS

The financial statements and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control over Financial Reporting) incorporated in this prospectus by reference to the Annual Report on Form 10-K for the year ended August 28, 2008 have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

INCORPORATION OF CERTAIN INFORMATION BY REFERENCE

The Securities and Exchange Commission allows us to "incorporate by reference" the information we file with them, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this prospectus, and information that we file later with the Securities and Exchange Commission will automatically update and supersede information included or previously incorporated by reference in this prospectus from the date we file the document containing such information. Except to the extent furnished and not filed with the Securities and Exchange Commission pursuant to Item 2.02 or Item 7.01 of Form 8-K or as otherwise permitted by the Securities and Exchange Commission rules, we incorporate by reference the documents listed below and any future filings we will make with the Securities and Exchange Commission under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, from the date of this prospectus until the completion of the offering in the relevant prospectus supplement to which this prospectus relates or this offering is terminated.

The documents we incorporate by reference into this prospectus are:

- our Annual Report on Form 10-K for the fiscal year ended August 28, 2008, including portions of our Proxy Statement for our 2008 Annual Meeting of Stockholders held on December 11, 2008 to the extent specifically incorporated by reference into such Form 10-K;

- our Quarterly Reports on Form 10-Q for the fiscal quarters ended December 4, 2008 and March 5, 2009;

- our Current Reports on Form 8-K, filed with the Securities and Exchange Commission on October 14, 2008, October 15, 2008, November 26, 2008, December 3, 2008, December 23, 2008, February 25, 2009 and February 27, 2009, as well as the portion of our Current Report on Form 8-K deemed filed and not furnished on October 1, 2008 and April 2, 2009; and

- the description of our common stock, $0.10 par value per share, contained in the Registration Statement on Form 8-A (Registration No. 1-10658) declared effective by the Securities and Exchange Commission on November 28, 1990, including any amendments or reports filed for the purpose of updating that description.

Any statements made in this prospectus or in a document incorporated or deemed to be incorporated by reference into this prospectus will be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained in this prospectus or in any other subsequently filed document that is also incorporated or deemed to be incorporated by reference into this prospectus modifies or supersedes the statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this prospectus.

You may request a copy of these filings (excluding exhibits, unless specifically incorporated by reference), at no cost, by writing or calling us at the following address or telephone number:

Investor Relations
Micron Technology, Inc.
Mail Stop 407
8000 South Federal Way
P.O. Box 6
Boise, ID 83707-0006

WHERE YOU CAN FIND MORE INFORMATION

We are subject to the informational requirements of the Securities Exchange Act of 1934. We therefore file periodic reports, current reports, proxy statements and other information with the Securities and Exchange Commission. The public may read and copy any materials filed with the Securities and Exchange Commission at the Securities and Exchange Commission's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Information on the operations of the Public Reference Room may be obtained by calling the Securities and Exchange Commission at 1-800-SEC-0330. In addition, the Securities and Exchange Commission maintains an internet site (*http://www.sec.gov*) that contains reports, proxy and information statements and other information regarding issuers that file electronically.

Our Internet address is *www.Micron.com*. We make available, free of charge, through our Internet website copies of our recent filings with the Securities and Exchange Commission pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as soon as reasonably practicable after filing such material electronically or otherwise furnishing it to the Securities and Exchange Commission. Information contained on our website is not incorporated by reference to this prospectus.

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Our common stock is quoted on the New York Stock Exchange under the symbol "MU" and you may inspect reports and other information concerning us at the offices of the New York Stock Exchange, 11 Wall Street, New York, New York 10005.

We have filed a registration statement on Form S-3 regarding this offering with the Securities and Exchange Commission under the Securities Act of 1933. This prospectus, which constitutes a part of the registration statement, does not contain all the information contained in the registration statement, certain items of which are contained in exhibits to the registration statement as permitted by the rules and regulations of the Securities and Exchange Commission. You should refer to the registration statement and its exhibits to read that information. Statements made in this prospectus as to the content of any contract, agreement or other document are not necessarily complete and you should refer to the contracts, agreements and other documents attached exhibits to the registration statement for a more complete description of the agreements, contracts and other documents.

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MICRON TECHNOLOGY, INC.

COMMON STOCK
WARRANTS
DEBT SECURITIES

PROSPECTUS

April 7, 2009

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