

MICRON TECHNOLOGY INC  
Form S-4/A  
May 02, 2006

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As filed with the Securities and Exchange Commission on May 2, 2006

Registration No. 333-132757

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**Amendment No. 1  
To  
FORM S-4  
REGISTRATION STATEMENT  
Under  
The Securities Act of 1933**

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**Micron Technology, Inc.**

(Exact name of Registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**3674**  
(Primary Standard Industrial  
Classification Code Number)  
**8000 S. Federal Way  
Boise, Idaho 83716-9632  
(208) 368-4000**

**75-1618004**  
(I.R.S. Employer  
Identification Number)

(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

---

**W.G. Stover, Jr.**  
**Vice President of Finance and Chief Financial Officer**  
**8000 S. Federal Way  
Boise, Idaho 83716-9632  
(208) 368-4000**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

---

*Copies to:*

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**Approximate date of commencement of proposed sale of the securities to the public:** Upon completion of the merger described herein.

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If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If the form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If the form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

**The Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.**

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To Lexar stockholders:

You are cordially invited to attend a special meeting of Lexar stockholders to be held on June 2, 2006, at 8:00 a.m., local time. At the special meeting, Lexar stockholders will be asked to adopt the Agreement and Plan of Merger that Lexar entered into on March 8, 2006, with Micron Technology, Inc., or Micron, and March 2006 Merger Corp., a newly formed, wholly owned subsidiary of Micron. If the merger agreement is adopted, and the other conditions in the merger agreement are satisfied or waived, March 2006 Merger Corp. will merge with and into Lexar, and Lexar will become a wholly owned subsidiary of Micron. Upon completion of the merger, each outstanding share of Lexar common stock will be converted into the right to receive 0.5625 of a share of Micron common stock. This is a fixed exchange ratio that will not be adjusted for changes in the stock price of either Lexar or Micron before the merger is consummated. Micron common stock is listed on the New York Stock Exchange under the trading symbol "MU." On May 1, 2006, the closing sale price of Micron common stock was \$16.74.

**Lexar's board of directors has carefully reviewed and considered the terms and conditions of the merger agreement. Based on its review, Lexar's board of directors has unanimously determined that the merger is fair to, and in the best interests of, Lexar and its stockholders and declared the merger to be advisable. The Lexar board of directors unanimously recommends that you vote "FOR" adoption of the merger agreement. In reaching its determination, the Lexar board of directors considered a number of factors described more fully in the accompanying proxy statement/prospectus.**

**Your vote is very important.** Because adoption of the merger agreement requires the affirmative vote of the holders of a majority of the outstanding shares of Lexar common stock entitled to vote at the special meeting, a failure to vote will have the same effect as a vote "against" the merger. Each of our executive officers and directors and two affiliated entities of one of our directors have entered into an agreement with Micron to vote all shares of our common stock held by him, her or it in favor of the adoption of the merger agreement. As of the record date, these executive officers, directors and affiliated entities owned or controlled approximately 6.4% of the outstanding shares of our common stock. Please use this opportunity to take part in Lexar's affairs by voting on the business to come before this meeting. **Whether or not you plan to attend the meeting, please complete, date, sign and promptly return the enclosed proxy in the enclosed postage-paid envelope, or vote by telephone or via the Internet using the instructions on the proxy card before the meeting so that your shares will be represented at the meeting.** This will help to ensure the presence of a quorum at the meeting. Returning the proxy card, or voting by telephone or via the Internet does not deprive you of your right to attend the meeting and to vote your shares in person.

If you have any questions about the proposed merger or about how to vote your shares, please call Lexar's proxy solicitor, Innisfree M&A Incorporated, toll-free at 877-456-3427.

The accompanying proxy statement/prospectus explains the merger agreement and proposed merger in detail and provides specific information concerning the special meeting. Please review this document carefully. **In particular, you should carefully consider the matters discussed under "Risk Factors" beginning on page 23 of the accompanying proxy statement/prospectus.**

Thank you for your cooperation and continued support.

Sincerely,

Eric B. Stang  
*President, Chief Executive Officer and Chairman  
of the Board Directors*

**Neither the Securities and Exchange Commission nor any state securities regulator has approved or disapproved the merger described in this proxy statement/prospectus or the Micron common stock to be issued in connection with the merger, or determined if this proxy statement/prospectus is accurate or adequate. Any representation to the contrary is a criminal offense.**

*This proxy statement/prospectus is dated May 2, 2006, and is first being mailed to  
Lexar's stockholders on or about May 4, 2006.*

**Lexar Media, Inc.**

**47300 Bayside Parkway  
Fremont, California 94538**

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**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS**

**To Be Held on June 2, 2006**

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To Lexar stockholders:

You are cordially invited to attend a special meeting of stockholders of Lexar Media, Inc. to be held at the Fremont Marriott, 46100 Landing Parkway, Fremont, California on June 2, 2006 at 8:00 a.m., local time.

At the meeting, you will be asked to consider and vote upon the following matters:

1. To adopt the Agreement and Plan of Merger, dated as of March 8, 2006, by and among Micron Technology, Inc., March 2006 Merger Corp., a newly formed, wholly owned subsidiary of Micron, and Lexar (which proposal we refer to in this proxy statement/prospectus as Proposal No. 1); and
2. To grant the persons named as proxies discretionary authority to vote to adjourn the special meeting, if necessary, to solicit additional proxies if there are not sufficient votes in favor of adopting the merger agreement (which proposal we refer to in this proxy statement/prospectus as Proposal No. 2).

These proposals are more fully described in the attached proxy statement/prospectus, which we urge you to read very carefully. Only stockholders of record at the close of business on April 28, 2006, are entitled to notice of, and to vote at, the special meeting or any adjournment of the special meeting. At the close of business on the record date, there were 82,688,092 shares of Lexar common stock outstanding and entitled to vote.

Your vote is very important, regardless of the number of shares you own. The affirmative vote of the holders of a majority of the voting power of the shares of Lexar common stock outstanding on the record date for the special meeting is required for approval of Proposal No. 1 regarding adoption of the merger agreement. The affirmative vote of the holders of a majority of the votes cast in person or by proxy at the special meeting is required to approve Proposal No. 2 regarding granting discretionary authority to adjourn the special meeting, if necessary, to solicit additional proxies if there are not sufficient votes in favor of adopting the merger agreement.

Lexar's board of directors unanimously recommends that you vote "**FOR**" the proposal to adopt the merger agreement and "**FOR**" the proposal to grant discretionary authority to adjourn the special meeting, if necessary, to solicit additional proxies if there are not sufficient votes in favor of adopting the merger agreement.

All Lexar stockholders are cordially invited to attend the special meeting in person. **However, whether or not you plan to attend the special meeting in person, please complete, date, sign and promptly return the enclosed proxy card in the enclosed postage-paid envelope or vote using the telephone or via the Internet before the special meeting so that your shares will be represented at the special meeting.** If you sign, date and mail your proxy card without indicating how you wish to vote, your proxy will be counted as a vote "**FOR**" the proposal to adopt the merger agreement and "**FOR**" the proposal to grant discretionary authority to adjourn the special meeting, if necessary, to solicit additional proxies if there are not sufficient votes in favor of adopting the merger agreement. If you fail to return your proxy card or if you mark the "abstain" box on the proxy card or voting instruction card, the effect will be a vote "against" adopting the merger agreement, and if you fail to return your proxy card your shares will not be counted for purposes of determining whether a quorum is present at

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the special meeting. If you do attend the special meeting and wish to vote in person, you may withdraw your proxy and vote in person.

By Order of the Board of Directors

Very truly yours,

Eric S. Whitaker  
*Executive Vice President, General Counsel  
and Corporate Secretary*

Fremont, California  
May 2, 2006

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This proxy statement/prospectus incorporates important business and financial information about Micron and Lexar from documents that each company has filed with the Securities and Exchange Commission but that have not been included in or delivered with this proxy statement/prospectus. For a listing of documents incorporated by reference into this proxy statement/prospectus, please see the section entitled "Where You Can Find More Information" beginning on page 133 of this proxy statement/prospectus.

Micron will provide you with copies of this information relating to Micron (excluding all exhibits unless Micron has specifically incorporated by reference an exhibit in this proxy statement/prospectus), without charge, upon written or oral request to:

Micron Technology, Inc.  
8000 South Federal Way  
Boise, Idaho 83716  
Attention: General Counsel  
(208) 368-4000

Lexar will provide you with copies of this information relating to Lexar (excluding all exhibits unless Lexar has specifically incorporated by reference an exhibit in this proxy statement/prospectus), without charge, upon written or oral request to:

Lexar Media, Inc.  
47300 Bayside Parkway  
Fremont, California 94538  
Attention: Chief Financial Officer  
(510) 413-1200

**In order to receive the documents before the special meeting of Lexar stockholders, you must make your requests no later than May 25, 2006.**



**QUESTIONS AND ANSWERS REGARDING THE PROPOSED MERGER**

**General Questions and Answers**

The following is important information in a question-and-answer format regarding the special meeting and this proxy statement/prospectus.

**Q: Why am I receiving this proxy statement/prospectus?**

**A:** Micron Technology, Inc. has agreed to acquire Lexar Media, Inc. under the terms of a merger agreement that is described in this proxy statement/prospectus. Please see the section entitled "The Merger Agreement" beginning on page 101 of this proxy statement/prospectus. A copy of the merger agreement is attached to this proxy statement/prospectus as Annex A.

In order to complete the merger, Lexar stockholders must adopt the merger agreement by the affirmative vote of the holders of a majority of the shares of Lexar common stock outstanding on the record date for the special meeting and all other conditions to the merger must be satisfied or waived. Lexar will hold a special meeting of its stockholders to obtain this stockholder approval. This proxy statement/prospectus contains important information about the merger agreement, the merger and the special meeting, and you should read it carefully. The enclosed voting materials for the special meeting allow you to vote your shares of Lexar common stock without attending the special meeting. Stockholders of Micron are not required to approve the merger, the issuance of shares of Micron common stock in the merger or any matter relating to the merger, and accordingly, Micron will not hold a meeting of its stockholders in connection with the merger.

**Q: What is the merger?**

**A:** The merger is a proposed business combination between Micron and Lexar where a wholly owned subsidiary of Micron will merge with and into Lexar, with Lexar surviving the merger and becoming a wholly owned subsidiary of Micron immediately following the merger. The shares of Micron common stock to be issued to Lexar stockholders in connection with the merger are expected to represent approximately 6.9% of the outstanding shares of Micron common stock immediately following the consummation of the merger, based on the number of shares of Micron common stock outstanding on April 28, 2006, assuming that no Lexar or Micron stock options are exercised after April 28, 2006, and prior to the consummation of the merger. For a more complete description of the merger, please see the section entitled "Proposal No. 1 The Merger" beginning on page 64 of this proxy statement/prospectus.

**Q: Why are Micron and Lexar proposing the merger?**

**A:** Micron and Lexar believe that combining the strengths of the two companies is in the best interests of each company and their respective stockholders and customers. The merger is designed to combine Micron's technology and manufacturing leadership in NAND Flash memory with Lexar's leadership in NAND controller and system design technology, brand recognition and retail channel strength to create a vertically integrated entity fully focused on the NAND business. With Lexar integrated into Micron, Micron expects the combined company to:

Better serve the flash storage requirements of consumer electronics and enterprise customers by making use of Micron's NAND designs, technology, manufacturing capability and distribution channels;

Better align Lexar's cost structure with prevailing business conditions and increase Lexar's development and go-to-market scale to compete more effectively; and

Achieve significant cost synergies and become better positioned to satisfy customer needs and establish faster growth, especially in the emerging mobile handset business.

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Please see the sections entitled "Proposal No. 1 The Merger Lexar's Reasons for the Merger and Recommendation of Lexar's Board" beginning on page 77 of this proxy statement/prospectus for the numerous factors considered by the board of directors of Lexar in recommending that Lexar stockholders vote "**FOR**" the proposal to adopt the merger agreement. Please see the section entitled "Proposal No. 1 The Merger Micron's Reasons for the Merger" beginning on page 90 of this proxy statement/prospectus for Micron's reasons for the merger.

**Q:**

**How does Lexar's board of directors recommend that stockholders vote?**

**A:**

After careful consideration, Lexar's board of directors approved the merger agreement and the merger and unanimously determined that the merger is fair to, and in the best interests of, Lexar and its stockholders and declared the merger to be advisable. Accordingly, Lexar's board of directors unanimously recommends that you vote "**FOR**" the proposal to adopt the merger agreement and "**FOR**" the proposal to grant discretionary authority to the persons named as proxies to vote your shares to adjourn the special meeting, if necessary, to solicit additional proxies if there are not sufficient votes in favor of adopting the merger agreement. To review the background of the merger and Lexar's board of directors' reasons for recommending the merger in greater detail, see the sections entitled "Proposal No. 1 The Merger Background of the Merger" and "Proposal No. 1 The Merger Lexar's Reasons for the Merger and Recommendation of Lexar's Board" beginning on pages 64 and 77 of this proxy statement/prospectus.

**Q:**

**What will I receive in the merger?**

**A:**

If the merger agreement is adopted by Lexar's stockholders, the other conditions to the merger are satisfied or waived and the merger is completed, you will receive 0.5625 of a share of Micron common stock for each share of Lexar common stock that you own. You will not receive fractional shares of Micron common stock. Instead, you will receive the cash value, without interest, of any fractional share of Micron common stock that you would otherwise be entitled to receive. The cash value will be determined based on the average closing price for Micron common stock for the 10 trading day period ending on the trading day immediately before the day the merger closes. Accordingly, if you own 100 shares of Lexar common stock, you will receive 56 shares of Micron common stock in exchange for your shares of Lexar common stock and cash for the remaining 0.25 of a share of Micron common stock.

The number of shares of Micron common stock to be issued for each share of Lexar common stock is fixed and will not be adjusted based upon changes in the value of Lexar common stock or Micron common stock. As a result, the value of the shares of Micron common stock you will receive in the merger will not be known before the completion of the merger, and will fluctuate as the market price of Micron's common stock fluctuates.

After the merger closes, Micron will arrange for a letter of transmittal to be sent to each Lexar stockholder. The merger consideration will be paid to each stockholder once that stockholder submits the completed letter of transmittal, properly endorsed stock certificates and any other required documentation.

**Q:**

**What will happen to Lexar's outstanding options in the merger?**

**A:**

At the effective time of the merger, Micron will assume any outstanding option to purchase shares of Lexar common stock with a per share exercise price less than or equal to \$9.00 that is held by either an employee of Lexar or any of its subsidiaries as of the effective time of the merger or a former employee of Lexar who terminated his or her employment within 90 days prior to the effective time of the merger. Each option assumed by Micron will be subject to, and exercisable and vested upon, the same terms and conditions as under the Lexar stock option plans and the applicable option and other related agreements issued pursuant to such plans, except that:

(i) 25%

of the shares subject to outstanding stock options that are unvested at the effective time of the merger will accelerate and become immediately exercisable, (ii) each assumed option will be exercisable for a number of shares of Micron common stock equal to the number of shares of Lexar common stock subject to such option immediately prior to the effective time of the merger, multiplied by 0.5625, rounded down to the nearest whole number and (iii) the exercise price per share of Micron common stock subject to any assumed option will equal the exercise price per share of Lexar common stock subject to such option in effect immediately prior to the effective time of the merger, divided by 0.5625, rounded up to the nearest whole cent. The exercise price per share for shares of Micron common stock under each assumed option will equal the exercise price for the Lexar common stock under the option divided by 0.5625, rounded up to the nearest whole cent. All other outstanding options to purchase shares of Lexar common stock that are unexpired, unexercised and outstanding immediately prior to the effective time of the merger will be terminated upon the effective time of the merger and the holders of such options will be entitled to receive an amount of cash equal to the product of (i) the number of shares of Lexar common stock subject to such option and (ii) the excess, if any, of \$9.00 over the per share exercise price of such option immediately prior to the effective time of the merger. For more information regarding the treatment of options held by Lexar's directors and executive officers in the merger, see "Proposal No. 1 The Merger Interests of Lexar's Directors and Executive Officers in the Merger" beginning on page 91 of this proxy statement/prospectus.

**Q:**  
**How will the merger affect my participation in the Lexar employee stock purchase plan?**

**A:**  
Lexar will terminate the Lexar employee stock purchase plan immediately before the merger is completed, and any purchase period then in effect will be shortened to the end of the business day immediately prior to the day the merger closes. Lexar will make adjustments under the Lexar employee stock purchase plan to reflect the shortened purchase period. Each outstanding share purchased during the shortened purchase period will be converted into the right to receive 0.5625 of a share of Micron common stock in the merger as described above.

**Q:**  
**What should I do now?**

**A:**  
After carefully reading this proxy statement/prospectus, including its annexes, Micron and Lexar urge you to respond by voting your shares through one of the following means:

*by mail*, by completing, signing, dating and mailing each proxy card (if you are a registered stockholder, meaning that you hold your stock in your name) or voting instruction card (if your shares are held in "street name," meaning that your shares are held in the name of a broker, bank or other nominee) and returning it in the envelope provided;

*via telephone*, using the toll-free number listed on each proxy card or voting instruction card (if your bank, broker or nominee makes telephone voting available);

*via the Internet*, at the address provided on each proxy card or voting instruction card (if your bank, broker or nominee makes Internet voting available); or

*in person*, by attending the special meeting and submitting your vote in person.

If you intend to vote by telephone or via the Internet, if available, please follow the instructions on your proxy card or voting instruction card to ensure that your vote is received in time to be represented at the special meeting, unless you instead attend and vote at the special meeting.

**Q:**  
**Do I need to send in my Lexar stock certificates now?**

**A:**  
No. You should not send in your Lexar stock certificates now. Following the merger, a letter of transmittal will be sent to Lexar stockholders informing them where to deliver their Lexar stock certificates in order to receive shares of Micron common stock and any cash in lieu of a fractional



share of Micron common stock. You should not send in your Lexar common stock certificates prior to receiving this letter of transmittal.

**Q: What vote is required to approve the proposals?**

**A:** The proposal to adopt the merger agreement requires the affirmative vote of holders of a majority of the outstanding shares of Lexar common stock entitled to vote at the Lexar special meeting of stockholders. The proposal to grant discretionary authority to the persons named as proxies to vote your shares to adjourn the special meeting, if necessary, to solicit additional proxies if there are not sufficient votes for the adoption of the merger agreement requires the affirmative vote of holders of a majority of the shares entitled to vote that are present in person or represented by proxy at the meeting and actually cast at the meeting. Executed proxies returned to Lexar but not marked to indicate your voting preference will be counted as votes **"FOR"** the proposal to adopt the merger agreement and **"FOR"** the proposal to grant discretionary authority to the persons named as proxies to vote your shares to adjourn the special meeting, if necessary, to solicit additional proxies if there are not sufficient votes in favor of adopting the merger agreement.

**Q: Are there any stockholders already committed to voting in favor of the merger?**

**A:** Yes. All of the executive officers and directors of Lexar and two affiliated entities of one of the directors have agreed to vote all of their shares of Lexar common stock, representing approximately 6.4% of the outstanding shares of Lexar common stock on April 28, 2006, in favor of adoption of the merger agreement and in favor of granting discretionary authority to the persons named as proxies to vote their shares to adjourn the special meeting, if necessary, to solicit additional proxies if there are not sufficient votes in favor of adopting the merger agreement. A copy of the form of voting agreement is attached as Annex B to this proxy statement/prospectus. See the section entitled "The Voting Agreements" beginning on page 119 of this proxy statement/prospectus.

**Q: When do you expect to complete the merger?**

**A:** Micron and Lexar are working toward completing the merger as quickly as possible. The merger is expected to close during the second calendar quarter of 2006. However, because completion of the merger is subject to various conditions, Micron and Lexar cannot predict the exact timing of the merger or whether the merger will occur at all.

**Q: As a Lexar stockholder, will I be able to trade the Micron common stock that I receive in connection with the merger?**

**A:** The shares of Micron common stock issued in connection with the merger will be freely tradable, unless you are an "affiliate" (as defined in the Securities Act of 1933, as amended, or the Securities Act) of Lexar. If you are an affiliate of Lexar, you will be required to comply with the applicable restrictions of Rule 145 under the Securities Act in order to resell shares of Micron common stock you receive in the merger. You will be notified if you are an affiliate of Lexar.

**Q: Am I entitled to appraisal rights?**

**A:** Stockholders of Lexar are not entitled to appraisal rights under Delaware law in connection with the merger and the other transactions contemplated by the merger agreement. For more information, see the section entitled "Proposal No. 1 The Merger No Appraisal Rights" on page 100 of this proxy statement/prospectus.

**Q: What are the United States federal income tax consequences of the merger?**

**A:** The merger has been structured to qualify as a "reorganization" within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended, or the Code. If the merger qualifies as a reorganization, Lexar stockholders will not recognize any gain or loss upon the



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receipt of Micron common stock in exchange for Lexar common stock in connection with the merger, except with respect to cash received in lieu of a fractional share of Micron common stock.

Lexar stockholders are urged to read the discussion in the section entitled "Proposal No. 1 The Merger Material United States Federal Income Tax Consequences of the Merger" beginning on page 96 of this proxy statement/prospectus and to consult their tax advisors as to the United States federal income tax consequences of the merger, as well as the effects of state, local and non-United States tax laws.

**Q:** **Are there any risks related to the proposed transaction or any risks related to owning Micron common stock that I should consider in deciding whether to approve the proposals?**

**A:** Yes. You should carefully review the section entitled "Risk Factors" beginning on page 23 of this proxy statement/prospectus.

### Questions and Answers About the Lexar Special Meeting

**Q:** **When and where will the Lexar special meeting be held?**

**A:** The special meeting will take place on June 2, 2006, at the Fremont Marriott, 46100 Landing Parkway, Fremont, California, commencing at 8:00 a.m., local time.

**Q:** **How can I vote?**

**A:** If you are a stockholder of record, you may submit a proxy for the special meeting: (i) by completing, signing, dating and returning the proxy card in the pre-addressed envelope provided; (ii) using the telephone; or (iii) via the Internet. For specific instructions on how to use the telephone or the Internet to submit a proxy for the special meeting, please refer to the instructions on your proxy card.

If you hold your shares of Lexar common stock in a stock brokerage account or if your shares are held by a bank or nominee (*i.e.*, in "street name"), you must provide the record holder of your shares with instructions on how to vote your shares. Please check the voting instruction card included by your bank, broker or nominee for directions on providing instructions to vote your shares and to see if you may use the telephone or the Internet to provide instructions on how to vote your shares.

If you are a stockholder of record, you may also vote in person at the special meeting. If you hold shares in street name, you may not vote in person at the special meeting unless you obtain a signed proxy from the record holder giving you the right to vote the shares.

**Q:** **How will my proxy be exercised with respect to the proposals?**

**A:** All valid proxies received before the special meeting will be exercised. All shares represented by a proxy will be voted, and where a stockholder specifies by means of his or her proxy a choice with respect to the proposal to adopt the merger agreement and the proposal to grant discretionary authority to adjourn the special meeting, the shares will be voted in accordance with the specification so made. If you submit your executed proxy but fail to indicate how you want to vote, your proxy will be counted as a vote in favor of the proposals.

**Q:** **What happens if I do not return a proxy card or vote?**

**A:** If you do not sign and send in your proxy card, vote using the telephone or via the Internet or vote in person at the special meeting, or if you mark the "abstain" box on the proxy card or voting instruction card, it will have the same effect as a vote against the proposal to adopt the merger agreement, but will have no effect on the proposal to grant discretionary authority to adjourn the special meeting.





**Q: If my shares are held in "street name," will my broker vote my shares for me?**

**A:** Your broker will vote your shares held in "street name" on the proposal to adopt the merger agreement only if you provide instructions on how to vote. Therefore, you should be sure to provide your broker with instructions on how to vote your shares. Without instructions, your shares will not be voted on the proposal to adopt the merger agreement, which will have the effect of a vote against the merger.

**Q: What should I do if I receive more than one set of voting materials?**

**A:** Please complete, sign, date and return each proxy card and voting instruction card that you receive. You may receive more than one set of voting materials, including multiple copies of this proxy statement/prospectus and multiple proxy cards or voting instruction cards. For example, if you hold shares in more than one brokerage account, you will receive a separate voting instruction card for each brokerage account in which you hold shares. If your shares are held in more than one name, you will receive more than one proxy or voting instruction card.

**Q: May I change my vote after I have mailed my signed proxy or voting instruction card or voted using the telephone or Internet if available?**

**A:** Yes. If you have submitted a proxy, you may change your vote at any time before your proxy is voted at the Lexar special meeting of stockholders. You can do this one of four ways:

send a written, dated notice to the Secretary of Lexar stating that you would like to revoke your proxy;

complete, sign, date and submit a new later-dated proxy card;

re-vote electronically via the Internet or by telephone; or

attend the special meeting and vote in person. Your attendance alone will not revoke your proxy.

If you have instructed a bank, broker or nominee to vote your shares of Lexar common stock by executing a voting instruction card or by using the telephone or Internet, you must follow the directions received from your bank, broker or nominee to change your instructions.

**Q: Who will bear the cost of this solicitation?**

**A:** Lexar will pay the expenses of soliciting proxies for the special meeting. Lexar has retained Innisfree M&A Incorporated, a proxy solicitation firm, to solicit proxies in connection with the special meeting at a cost of approximately \$50,000 plus expenses. In addition, Lexar may reimburse brokers, banks and other custodians, nominees and fiduciaries representing beneficial owners of shares for their expenses in forwarding soliciting materials to such beneficial owners. Lexar and/or its agents may also solicit proxies by mail, telephone, facsimile, email or in person. No additional compensation will be paid for these services.

**Q: Who can answer my questions about the merger or Lexar's special meeting of stockholders?**

**A:** If you would like additional copies of this proxy statement/prospectus without charge or if you have questions about the merger or Lexar's special meeting of stockholders, including the procedures for voting your shares, you should contact:

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Innisfree M&A Incorporated

Toll free from within the United States and Canada: (877) 456-3427

From outside the United States and Canada: +1-412-232-3651

Banks and brokers call collect: (212) 750-5833

## SUMMARY

The following is a summary of the information contained in this proxy statement/prospectus. This summary may not contain all of the information about the merger that is important to you. For a more complete description of the merger, Micron and Lexar encourage you to read carefully this entire proxy statement/prospectus, including the attached annexes. In addition, Micron and Lexar encourage you to read the information incorporated by reference into this proxy statement/prospectus, which includes important business and financial information about Micron and Lexar. You may obtain the information incorporated by reference into this proxy statement/prospectus without charge by following the instructions in the section entitled "Where You Can Find More Information" beginning on page 133 of this proxy statement/prospectus.

### **The Merger and the Merger Agreement (see pages 64 and 101)**

Micron has agreed to acquire Lexar under the terms of a merger agreement between the companies that is described in this proxy statement/prospectus. Under the terms of the merger agreement, a newly formed, wholly owned subsidiary of Micron will merge with and into Lexar with Lexar surviving the merger as a wholly owned subsidiary of Micron. Upon completion of the merger, stockholders of Lexar will be entitled to receive 0.5625 of a share of Micron common stock for each share of Lexar common stock that they then hold. A copy of the merger agreement is attached as Annex A to this proxy statement/prospectus, and Micron and Lexar encourage you to read the merger agreement in its entirety.

### **Parties to the Merger**

#### *Micron Technology, Inc.*

Micron is one of the world's largest companies focused on memory, storage and imaging semiconductor products from Dynamic Random Access Memory, or DRAM, to NAND Flash to CMOS image sensors. Micron's products are designed to add differentiated value to the applications its customers develop with a portfolio that includes leading-edge devices for mobile, computing, server, automotive, networking, security, industrial, consumer and medical applications.

Through innovative process and design technology, Micron has provided the market with next generation digital technology since its inception in 1978. Micron is an industry leader in accelerating development of next generation digital innovations for its customers. In addition to being a market leader in DRAM products and solutions, Micron has joined with Intel Corporation to form IM Flash Technologies, a joint venture to meet the needs of the rapidly growing flash memory segment. Micron is also a leading provider of specialty DRAM and pseudo-static RAM for mobile applications.

Micron has delivered higher density innovations before its competitors and pushed the boundaries of imaging technology with the development of the industry's smallest CMOS image sensor pixel. Micron's superior image quality has helped Micron become the industry's leading provider of CMOS image sensors, including over 30% of all image sensors used in camera cell phones worldwide.

Micron pioneered the strategy of implementing product "shrink" designs, along with reduced mask step processes to reduce production costs. Micron's products remain among the most cost-effective while meeting the unique needs of customers in multiple markets. Micron has over 15,000 patents in its portfolio and is consistently ranked among the top 10 annual recipients of patents in the United States. Micron has been ranked first by ipIQ (formerly the MIT Technology Review) in 2004 and 2005 in patent portfolio quality among semiconductor companies.

Micron Technology, Inc., a Delaware corporation, was incorporated in 1978. Micron's executive offices are located at 8000 South Federal Way, Boise, Idaho 83716 and its telephone number is

(208) 368-4000. Micron's website is located at [www.micron.com](http://www.micron.com). Information contained in this website does not constitute part of this proxy statement/prospectus.

*Lexar Media, Inc.*

Lexar Media, Inc. designs, develops, manufactures and markets through its retail and OEM channels, high-performance digital media products, as well as other flash based storage products. Lexar's digital media technologies are incorporated by Lexar or its customers into a variety of products for consumer and professional markets that utilize digital media for the capture and retrieval of digital content for the digital photography, consumer electronics, computer, industrial and communications markets. Lexar's digital media products include a variety of flash memory cards with a range of speeds, capacities and value-added features. Lexar's digital media products also include Lexar's JumpDrive products, which are high-speed, portable USB flash drives for consumer applications that serve a variety of uses, including floppy disk replacement, as well as digital media accessories and a variety of connectivity products that link Lexar's media products to PCs and other electronic host devices. In addition, Lexar markets and sells controllers and other components to other manufacturers of flash storage media. Lexar also licenses its technology to certain third parties.

Lexar's principal executive offices are located at 47300 Bayside Parkway, Fremont, California 94538, and its telephone number is (510) 413-1200. Lexar's website address is [www.lexar.com](http://www.lexar.com). Information contained in this website does not constitute part of this proxy statement/prospectus.

*March 2006 Merger Corp.*

March 2006 Merger Corp. is a wholly owned subsidiary of Micron formed on March 3, 2006. Micron formed March 2006 Merger Corp. solely to effect the merger, and March 2006 Merger Corp. has not conducted any business during any period of its existence.

**Special Meeting of Stockholders of Lexar (see page 61)**

*Time, Date and Place.* Lexar will hold a special meeting of its stockholders on June 2, 2006, at 8:00 a.m., local time, at the Fremont Marriott, 46100 Landing Parkway, Fremont, California, at which stockholders will be asked to vote to adopt the merger agreement and to grant discretionary authority to the persons named as proxies to vote your shares to adjourn the special meeting, if necessary, to solicit additional proxies if there are not sufficient votes for the adoption of the merger agreement.

*Record Date and Voting Power.* You are entitled to vote at the special meeting if you owned shares of Lexar common stock at the close of business on April 28, 2006, the record date for the special meeting. You will have one vote at the special meeting for each share of Lexar common stock you owned at the close of business on the record date. There are 82,688,092 shares of Lexar common stock entitled to be voted at the special meeting.

*Required Vote.* The affirmative vote of holders of a majority of the outstanding shares of Lexar common stock entitled to vote at the special meeting is required to approve the proposal to adopt the merger agreement. The proposal to grant discretionary authority to the persons named as proxies to vote your shares to adjourn the special meeting, if necessary, to solicit additional proxies if there are not sufficient votes for the adoption of the merger agreement requires the affirmative vote of holders of a majority of the shares entitled to vote that are present in person or represented by proxy at the meeting and actually cast at the meeting.

*Voting by Lexar's Directors and Executive Officers; Voting Agreements.* Each of the executive officers and directors of Lexar and two affiliated entities of one of the directors have agreed with Micron to vote all of their shares of Lexar common stock, representing approximately 6.4% of the outstanding shares of Lexar common stock on April 28, 2006, in favor of the proposal to adopt the merger

agreement and the proposal to grant discretionary authority to the persons named as proxies to vote their shares to adjourn the special meeting, if necessary, to solicit additional proxies if there are not sufficient votes for the proposal to adopt the merger agreement.

**Risk Factors (see page 23)**

The "Risk Factors" section should be considered carefully by Lexar stockholders in evaluating whether to approve the proposals. These risk factors should be considered along with any additional risk factors in the reports of Micron and Lexar filed with the Securities and Exchange Commission, or SEC, and any other information included in or incorporated by reference into this proxy statement/prospectus.

**Recommendation of the Lexar Board of Directors (see page 77)**

After careful consideration, the Lexar board of directors unanimously approved the merger agreement and the merger and determined that the merger is fair to, and in the best interests of, Lexar and its stockholders, and declared the merger to be advisable. The Lexar board of directors unanimously recommends that you vote "**FOR**" the proposal to adopt the merger agreement, and "**FOR**" the proposal to grant discretionary authority to the persons named as proxies to vote your shares to adjourn the special meeting, if necessary, to solicit additional proxies if there are not sufficient votes for the proposal to adopt the merger agreement.

**Lexar's Reasons for the Merger (see page 77)**

After careful consideration the Lexar board of directors approved the merger agreement and the merger, and determined that the merger would be fair to, and in the best interests of, Lexar and its stockholders, based on a number of factors, including, but not limited to, the following:

the belief that Lexar, as a combined entity, would be able to achieve vertical integration and enhance gross margin percentages by gaining access to Micron's low-cost flash memory supply when it becomes available;

the belief that Lexar, as a combined entity, would more likely be able to quickly and effectively enhance its products and develop products for new market opportunities, especially with respect to opportunities in the emerging mobile handset and solid state computing segments;

the belief in the strength of Micron's flash business, financial position, strategic partnership with Intel and anticipated future performance in flash development and manufacturing;

the potential achievement of cost synergies by combining the operations of Lexar and Micron to enable Lexar to improve inventory management, optimize product architectures to reduce production costs and reduce product handling, testing and packaging charges;

Lexar's uncertain prospects as an independent company, including, but not limited to:

- (  
) Lexar's recent financial results and anticipated difficulty in returning to profitability, its accumulated deficit and its continued inability to achieve sustained profitability;
- (  
) the decline in revenue with respect to its retail customers in the last three quarters of 2005 as compared with the same periods in 2004;
- (  
) the fact that Lexar's revenue growth in 2005 was largely driven by sales of controllers and components to OEM customers, which is not anticipated to be a stable source of revenue in future periods;



- (
  - ) increasing competitive and pricing pressures in Lexar's markets, which have had a negative effect on Lexar's operating results, and the expectation that this pricing environment would continue to prevail for the foreseeable future;
- (
  - ) uncertainty regarding Lexar's ability to secure a sufficient supply of cost-effective flash memory;
- (
  - ) the difficulty Lexar faced in growing its licensing revenue, the costs of its ongoing intellectual property litigation matters and the uncertainty surrounding the amount and timing of any recovery of damages in the Toshiba trade secrets litigation; and
- (
  - ) Lexar's need to maintain global operations and invest substantial sums for continued research and development in order to successfully compete with companies with greater resources;

Lexar's exploration during the past year, with the assistance of Deutsche Bank Securities Inc., or Deutsche Bank, of potential strategic opportunities with many companies;

Lexar's inability to obtain, after lengthy discussions with flash memory suppliers, a consistent, cost-effective dependable flash supply that would provide Lexar with a sustainable competitive position relative to its competitors;

the opinion of Deutsche Bank that on March 8, 2006, based upon and subject to the assumptions made, matters considered and limits of the review undertaken by Deutsche Bank, the exchange ratio was fair, from a financial point of view, to the stockholders of Lexar;

the belief that the merger with Micron could be consummated in light of the probability of receiving regulatory approvals and clearances and satisfying the other conditions needed to complete the transaction;

the receipt by Lexar stockholders of freely tradable shares of Micron common stock, subject to certain restrictions applicable to Lexar's affiliates, in a tax-free exchange at a premium over the market price of Lexar common stock prior to the public announcement of the proposed merger that would, by virtue of ownership of Micron common stock, permit Lexar stockholders to participate in the potential strategic and operational synergies to be achieved through the combination of the two companies;

a merger agreement that, subject to certain conditions, would permit the Lexar board of directors to consider unsolicited acquisition proposals that constitute a superior proposal and enter into a definitive agreement with respect to such superior proposal upon, among other things, payment of a termination fee; and

the terms of a patent cross-license agreement that included the following: (i) a release for all patent infringement claims for past uses and distributions of products that were licensed as part of the agreement; (ii) a license that was not assignable or sublicensable by Micron to a third party; (iii) a license to Lexar in its field of use to Micron's extensive patent portfolio, which license would continue subject to certain reasonable limits in the event Lexar is acquired by another party; (iv) a non-exclusive license only to Micron and to certain of its subsidiaries and not to joint venture partners or to downstream combination products incorporating Micron products where the combination was done by downstream component purchasers; (v) except with respect to controllers designed by or for Micron, a license that did not permit the manufacture and sale of third party controller products; (vi) a term that was reasonably limited in duration and patents included in the scope of the license; (vii) terms that would allow another party to acquire Lexar and obtain all of the benefits of Lexar's intellectual property, subject to not being able to assert infringement claims based on Lexar's patents against Micron for a limited period

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of time; and (viii) appropriate provisions to terminate the cross-license on March 8, 2007, if the merger agreement is terminated under certain circumstances.

### **Opinion of Lexar's Financial Advisor Regarding the Merger (see page 84)**

On March 3, 2006, Deutsche Bank delivered its oral opinion to the Lexar board of directors, subsequently confirmed orally on March 7, 2006 and in writing on March 8, 2006, to the effect that, as of such dates, based upon and subject to the assumptions made, matters considered and limits of the review undertaken by Deutsche Bank, the exchange ratio was fair, from a financial point of view, to the stockholders of Lexar. The full text of Deutsche Bank's written opinion, which discusses, among other things, the assumptions made, matters considered and limits on the review undertaken by Deutsche Bank in connection with the opinion, is attached as Annex C to this proxy statement/prospectus and is incorporated into this proxy statement/prospectus by reference. Deutsche Bank provided its opinion for the information and assistance of Lexar's board of directors in connection with its consideration of the merger and the merger agreement. The Deutsche Bank opinion is not a recommendation as to how any holder of Lexar common stock should vote with respect to the proposal to adopt the merger agreement. Lexar's stockholders are urged to read this opinion in its entirety.

### **Lexar's Directors and Executive Officers Have Interests in the Merger (see page 91)**

When Lexar stockholders consider Lexar's board of directors' recommendation that they vote in favor of the proposal to adopt the merger agreement, they should be aware that the executive officers of Lexar and the members of Lexar's board of directors have interests in the merger that may be different from, or in addition to, the interests of stockholders generally. These interests include, among other things: (i) acceleration of options held by the directors and executive officers upon completion of the merger and, for certain executive officers, an additional time period in which to exercise such options; (ii) the right of certain executive officers to receive a cash payment upon completion of the merger; (iii) severance benefits (including cash payments, additional option acceleration and, for certain executive officers, reimbursement for health and life insurance benefits) if an executive officer's employment is terminated following the merger under certain circumstances; (iv) the right of directors who are not employees of Lexar or one of its subsidiaries to receive a cash payment for their Lexar stock options equal to the product of (A) the number of shares subject to the directors' unexpired, unexercised and outstanding options; and (B) the excess, if any, of \$9.00 over the per share exercise price of their options; and (v) the right of one of Lexar's executive officers to a capped tax gross-up for change-in-control excise tax. Micron has also agreed to, and will cause Lexar, as the surviving company after the merger, to fulfill Lexar's indemnification obligations as in effect on the date of the merger agreement and maintain directors' and officers' liability insurance for six years following the effective time of the merger. Lexar's board of directors was aware of these interests when they approved the merger agreement.

### **What Is Needed to Complete the Merger (see page 113)**

Several conditions must be satisfied or waived before Micron and Lexar complete the merger, including those summarized below:

adoption of the merger agreement by the affirmative vote of holders of a majority of the shares of Lexar common stock outstanding on the record date;

absence of any law, regulation or order making the merger illegal or otherwise prohibiting the merger;

receipt of certain antitrust approvals;



receipt of opinions by Micron and Lexar from their respective tax counsel that the merger will qualify as a "reorganization" under the Code;

the parties' respective representations and warranties contained in the merger agreement must be true and correct except as would not have a material adverse effect on such party, other than in the case of a limited number of representations and warranties of Lexar, which must be true and correct in all material respects, or in the case of a limited number of other representations and warranties of Lexar, which must be true and correct in all respects;

material compliance by each party with its covenants in the merger agreement;

no material adverse effect with respect to either party having occurred; and

no pending or overtly threatened suit, action or proceeding asserted by a governmental entity challenging or threatening to restrain or prohibit the merger or seeking to require one of the parties to make a divestiture.

If the law permits, either Lexar or Micron could choose to waive a condition to its obligation to complete the merger even though that condition has not been satisfied. Stockholders of Micron are not required to approve the merger, the issuance of shares of Micron common stock in the merger or any matter relating to the merger, and, accordingly, Micron will not hold a meeting of its stockholders in connection with the merger.

**Lexar Is Prohibited from Soliciting Other Offers (see page 106)**

The merger agreement contains detailed provisions that prohibit Lexar and its subsidiaries, and their officers and directors, from taking any action to solicit or engage in discussions or participate in negotiations with any person or group with respect to an acquisition proposal, as defined in the merger agreement, including an acquisition that would result in the person or group acquiring more than a 20% interest in Lexar's total outstanding voting securities, a merger or other business combination involving Lexar, a sale or license of more than 20% of Lexar's assets that is not in the ordinary course of business or any liquidation or dissolution of Lexar. Lexar is also required to use all reasonable efforts to cause its advisors to comply with these restrictions. The merger agreement does not, however, prohibit Lexar or its board of directors from considering and, in the event of a tender or exchange offer made directly to Lexar stockholders, from potentially recommending, an unsolicited bona fide written acquisition proposal from a third party if specified conditions are met.

**Change of Board Recommendation (see page 108)**

Subject to specified conditions, the board of directors of Lexar may withdraw or modify its recommendation in support of the adoption of the merger agreement by Lexar's stockholders. In the event that the board of directors of Lexar withdraws or modifies its recommendation in a manner adverse to Micron, Lexar may be required to pay a termination fee of \$22 million to Micron.

**Micron and Lexar May Terminate the Merger Agreement under Specified Circumstances (see page 115)**

Under circumstances specified in the merger agreement, either Micron or Lexar may terminate the merger agreement. These circumstances generally include if:

the boards of directors of Micron and Lexar authorize the termination of the merger agreement;

the merger is not completed by December 6, 2006, except that this right to terminate is not available to any party whose action or failure to act was a principal cause of or resulted in the failure of, the merger to occur on or before such date and such action or failure to act constitutes a breach of the merger agreement;

a final, non-appealable order of a court or other action or inaction of any governmental entity has the effect of permanently prohibiting completion of the merger;

the required approval of Lexar stockholders has not been obtained at the special meeting, except that this right to terminate is not available to Lexar if Lexar's action or failure to act caused the failure to obtain the requisite vote and such action or failure to act constitutes a breach of the merger agreement;

there has occurred a material adverse effect on either party since March 8, 2006, that is not reasonably capable of being cured prior to December 6, 2006, or that is not cured prior to the earlier of December 6, 2006, and 30 days following receipt of written notice from the other party of such material adverse effect; or

the other party breaches its representations, warranties or covenants in the merger agreement such that the conditions to completion of the merger regarding its representations, warranties or covenants would not be satisfied, subject to a 30-day cure period.

Additionally, prior to the adoption of the merger agreement by the Lexar stockholders, Micron may terminate the merger agreement if the board of directors of Lexar takes any of the actions in opposition to the merger described as a triggering event in the merger agreement. Lexar may terminate the merger agreement if it enters into a definitive agreement with respect to an alternative acquisition under specified conditions and pays the termination fee to Micron.

**Lexar May Be Required to Pay a Termination Fee under Specified Circumstances (see page 117)**

If the merger agreement is terminated under specified circumstances, Lexar may be required to pay a termination fee of \$22 million to Micron.

**Formation of IP LLC and Transfer of Patents, Patent Applications and Draft Applications (see page 111)**

Prior to the closing of the merger, Lexar will form a Delaware limited liability company, referred to herein as IP LLC, and immediately prior to the closing of the merger, Lexar will, and will cause its subsidiaries to, transfer, assign and convey all of its patents, patent applications and draft applications to IP LLC, together with the rights to sue for infringement and to collect past damages with respect to those patents. Lexar, as the surviving company of the merger, will be the minority member of IP LLC and one or more private investors that are not affiliated with Micron, Lexar or any of their respective executive officers or directors will own the remaining equity interest in IP LLC. Lexar's executive officers and directors will not have any equity interest in IP LLC following the completion of the merger other than their interests as Micron stockholders generally. If the merger is not consummated, Lexar and its subsidiaries will not transfer their patent rights to IP LLC and this provision of the merger agreement will have no further effect.

**The Patent Cross-License Agreement (see page 121)**

On March 8, 2006 Micron and Lexar entered into a patent cross-license agreement under which, among other things, each party granted to the other party and its subsidiaries a royalty-free, fully-paid, non-exclusive, term license, without the right to sublicense, to all patents and applications owned by the granting party for use in certain defined fields of use flash memory products, in the case of Lexar, and memory products, image sensors, and imaging devices, but excluding controllers the designs for which were not created by or for Micron, in the case of Micron. In addition, each party agreed to release the other party for any past infringements of the releasing party's patents that would have otherwise been within the field of use granted to the released party under the patent cross-license agreement. The patent cross-license agreement is effective until March 8, 2011, but may be terminated

by either party on March 8, 2007 under certain circumstances, as provided in the agreement. A copy of the patent cross-license agreement is attached as Annex D to this proxy statement/prospectus, and Micron and Lexar encourage you to read the patent cross-license agreement in its entirety.

**Material United States Federal Income Tax Consequences of the Merger (see page 96)**

The merger has been structured to qualify as a "reorganization" within the meaning of Section 368(a) of the Code, and it is a condition to closing that each of Micron and Lexar receive opinions from legal counsel to the effect that the merger will so qualify. If the merger qualifies as a reorganization, Lexar stockholders will not recognize any gain or loss upon the receipt of Micron common stock in exchange for Lexar common stock in connection with the merger, except with respect to cash received in lieu of a fractional share of Micron common stock.

Lexar stockholders are urged to read the discussion in the section entitled "Proposal No. 1 The Merger Material United States Federal Income Tax Consequences of the Merger" and to consult their tax advisors as to the United States federal income tax consequences of the merger, as well as the effect of state, local and non-United States tax laws.

**Accounting Treatment of the Merger (see page 97)**

In accordance with United States generally accepted accounting principles, Micron will account for the merger under the purchase method of accounting for business combinations.

**The Merger Is Subject to Antitrust Laws (see page 99)**

Micron and Lexar were required to make filings under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, or the HSR Act, with the Antitrust Division of the United States Department of Justice, or the DOJ, and the United States Federal Trade Commission, or the FTC. Micron and Lexar filed the required notification and report forms on March 24, 2006 and requested early termination of the required waiting period. The waiting period expired on April 24, 2006. In addition, Micron and Lexar made the necessary filings with competition authorities in China on April 11, 2006, Germany on April 6, 2006, Ireland on April 7, 2006, Norway on April 6, 2006 and South Korea on April 24, 2006. Reviewing agencies or governments or private persons may challenge the merger under antitrust or similar laws at any time before or after its completion.

**Micron Will List Shares of Micron Common Stock on the New York Stock Exchange (see page 99)**

If Micron and Lexar complete the merger, Lexar stockholders will be able to trade the shares of Micron common stock they receive in the merger on the New York Stock Exchange, subject to restrictions on affiliates of Lexar described in the section entitled "Proposal No. 1 The Merger Restrictions on Sales of Shares of Micron Common Stock Received in the Merger" beginning on page 99 of this proxy statement/prospectus. If Micron and Lexar complete the merger, Lexar stock will no longer be quoted on the Nasdaq National Market or any other market or exchange.

**No Appraisal Rights (see page 100)**

Under Delaware law, Lexar stockholders will not have appraisal rights pursuant to the merger and the other transactions contemplated by the merger agreement.

**SELECTED HISTORICAL CONSOLIDATED  
FINANCIAL DATA OF MICRON**

The selected historical consolidated financial data in the table below as of and for the six months ended March 2, 2006 and March 3, 2005, were derived from Micron's unaudited consolidated financial statements. The data as of and for the fiscal years ended September 1, 2005, September 2, 2004, August 28, 2003, August 29, 2002 and August 30, 2001, were derived from Micron's audited consolidated financial statements. This information should be read in conjunction with Micron's consolidated financial statements and related notes contained in the annual, quarterly and other reports filed by Micron with the SEC which have been incorporated by reference into this proxy statement/prospectus. See the section entitled "Where You Can Find More Information" beginning on page 133 of this proxy statement/prospectus.

	Six months ended		Year ended				
	March 2, 2006	March 3, 2005	September 1, 2005	September 2, 2004	August 28, 2003	August 29, 2002	August 30, 2001
(amounts in millions except per share amounts)							
<b>Consolidated Statements of Operations Data:</b>							
Net sales	\$ 2,586.8	\$ 2,568.2	\$ 4,880.2	\$ 4,404.2	\$ 3,091.3	\$ 2,589.0	\$ 3,935.9
Gross margin	546.4	777.0	1,145.8	1,314.7	(20.7)	(110.6)	110.7
Operating income (loss)	249.6	301.3	217.5	249.7	(1,186.5)	(1,025.3)	(976.5)
Income (loss) from continuing operations	255.8	272.8	198.6	157.2	(1,273.2)	(907.0)	(521.2)
Loss from discontinued PC operations, net of taxes and minority interest							(103.8)
Net income (loss)	255.8	272.8	188.0	157.2	(1,273.2)	(907.0)	(625.0)
Diluted earnings (loss) per share:							
Continuing operations	\$ 0.37	\$ 0.40	\$ 0.29	\$ 0.24	\$ (2.11)	\$ (1.51)	\$ (0.88)
Discontinued operations							(0.18)
Net income (loss)	\$ 0.37	\$ 0.40	\$ 0.29	\$ 0.24	\$ (2.11)	\$ (1.51)	\$ (1.05)

As of

	March 2, 2006	March 3, 2005	September 1, 2005	September 2, 2004	August 28, 2003	August 29, 2002	August 30, 2001
(amounts in millions)							

**Consolidated Balance Sheets Data:**

Cash and short-term investments	\$ 2,584.8	\$ 1,133.6	\$ 1,290.4	\$ 1,231.0	\$ 921.8	\$ 985.7	\$ 1,678.3
Total current assets	4,286.0	2,888.6	2,925.6	2,638.7	2,037.0	2,118.8	3,137.7
Property, plant and equipment, net	4,711.9	4,791.7	4,683.8	4,712.7	4,510.5	4,699.5	4,704.1
Total assets	9,377.4	8,078.9	8,006.4	7,760.0	7,158.2	7,555.4	8,363.2
Total current liabilities	1,204.8	1,093.1	978.6	972.1	993.0	752.7	687.0
Long-term debt	312.1	909.2	1,020.2	1,027.9	997.1	360.8	445.0
Redeemable common stock					66.5		
Total stockholders' equity	6,954.2	5,909.2	5,846.8	5,614.8	4,971.0	6,306.4	7,134.8

In 2001, Micron disposed of its PC business. The selected financial data above presents the net effect of discontinued PC operations separate from the results of Micron's continuing operations.

IM Flash Technologies, LLC, or IMFT, which began operations on January 6, 2006, is a joint venture between Micron and Intel Corporation, or Intel, and was formed to manufacture NAND Flash memory products for the exclusive benefit of its partners. In connection with the formation of IMFT, Micron contributed assets and cash with an aggregate fair value of \$1.245 billion. Intel contributed \$1.196 billion in cash and notes to IMFT. As a result of these contributions, Micron owns 51% and Intel owns 49% of IMFT. The parties share the output of IMFT generally in proportion to their ownership in IMFT. Micron has determined that IMFT is a variable interest entity as defined by FASB Interpretation No. 46(R) and that Micron is the primary beneficiary of the venture. Accordingly,



IMFT's financial results were included in the accompanying consolidated financial statements of Micron beginning in the second quarter of 2006.

Since 1998, Micron has participated in TECH Semiconductor Singapore Pte. Ltd., or TECH, a semiconductor memory manufacturing joint venture in Singapore among Micron, the Singapore Economic Development Board, or EDB, Canon Inc. and Hewlett Packard Company. As of March 3, 2006, Micron had an approximate 43% ownership interest in TECH. TECH is considered a variable interest entity under FASB Interpretation No. 46(R). Micron entered into an agreement with EDB, effective March 3, 2006, whereby EDB granted Micron an option to purchase from EDB, and Micron granted EDB an option to sell to Micron, EDB's shares of TECH common stock. As a result of the option agreement, Micron has concluded that it is the primary beneficiary of TECH and, therefore, began consolidating TECH's financial results from March 3, 2006.

**SELECTED HISTORICAL CONSOLIDATED  
FINANCIAL DATA OF LEXAR**

The selected historical consolidated financial data in the table below as of and for the years ended December 31, 2005, 2004, 2003, 2002 and 2001 were derived from Lexar's audited consolidated financial statements. This information should be read in conjunction with Lexar's consolidated financial statements and related notes contained in the annual, quarterly and other reports filed by Lexar with the SEC, which have been incorporated by reference into this proxy statement/prospectus. See the section entitled "Where You Can Find More Information" beginning on page 133 of this proxy statement/prospectus.

**Year ended December 31,**

	2005	2004	2003	2002	2001
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(amounts in thousands except per share amounts)

**Consolidated Statements of Operations Data:**

Total net revenues	\$ 852,723	\$ 681,671	\$ 412,265	\$ 174,039	\$ 73,641
Gross margin	97,553	36,814	105,448	45,840	5,996
Income (loss) from operations	(27,891)	(72,997)	44,621	10,738	(39,086)
Net income (loss) per common share basic	\$ (0.45)	\$ (0.96)	\$ 0.57	\$ 0.07	\$ (0.82)
Net income (loss) per common share diluted	\$ (0.45)	\$ (0.96)	\$ 0.49	\$ 0.06	\$ (0.82)

**As of December 31,**

	2005	2004	2003	2002	2001
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(amounts in thousands)

**Consolidated Balance Sheets Data:**

Cash, cash equivalents, restricted cash and short-term investments	\$ 176,318	\$ 40,443	\$ 120,698	\$ 52,383	\$ 10,989
Total current assets	405,966	401,262	315,675	122,993	33,078
Property and equipment, net	10,823	10,305	3,579	2,887	2,341
Total assets	419,717	411,996	320,355	126,921	36,452
Total current liabilities	262,891	297,129	133,385	80,583	28,483
Total liabilities	336,891	297,302	134,076	85,356	30,244
Total stockholders' equity	82,826	114,694	186,279	41,565	6,208

During the fourth quarter of 2004, Lexar experienced rapid decreases in market pricing for Lexar's products, which resulted in Lexar reporting a substantial net loss for the fourth quarter of 2004. Starting in the fourth quarter of 2004, Lexar determined that, due to the high volatility of prices in the retail market, Lexar was no longer able to reasonably estimate the level of revenue allowances and product returns, and accordingly, Lexar became unable to determine the selling price of Lexar products at the time the sale takes place. As a result, effective October 1, 2004, for all of Lexar's retail customers, where Lexar offered return rights and price protection, substantially all revenues and the cost of revenues were deferred until Lexar's customers either sold the product to their customers or a time period that is reasonably estimated to allow Lexar's customers to sell the product to their customers had elapsed. As a result of recording revenues from all retail customers on a sell-through basis effective October 1, 2004, the first quarter of 2005 was the first quarter in which Lexar recorded significant revenue that was deferred from the prior quarter. At no point does Lexar recognize product revenues or cost of product revenues while deferring product margin. The change in the timing of recognizing substantially all the revenue related to Lexar's resellers now on a sell-through basis, some of which were previously recognized on a sell-to basis, had the initial one-time effect of reducing net revenues recorded in the fourth quarter of 2004 by \$63.6 million, reducing gross margin by \$9.4 million, and increasing net loss by \$8.6 million. As of December 31, 2005 and December 31, 2004, deferred product margin from sales to resellers was \$13.1 million, and \$23.2 million, respectively.

**Subsequent Events**

On April 27, 2006, Lexar reported its operating results for the first quarter of 2006. Lexar recorded total first quarter revenues of \$124.7 million as compared to \$232.4 million in the same period last year and \$239.1 million in the previous quarter. License and royalty revenues increased to \$4.0 million for the first quarter of 2006 as compared to \$0.8 million in the same period last year and \$9.7 million in the previous quarter. Net loss for the first quarter of 2006 was \$36.8 million, or \$0.45 per diluted share, as compared to a net loss of \$9.6 million, or \$0.12 per diluted share, in the same period last year and a net loss of \$23.8 million, or \$0.29 per diluted share, in the previous quarter. Included in the net loss for the first quarter of 2006 was \$1.9 million in stock based compensation expense.

**COMPARATIVE HISTORICAL PER SHARE DATA**

The following table sets forth certain historical per share data of Micron and Lexar and certain equivalent Lexar per share data. The information set forth below should be read in conjunction with "Selected Historical Consolidated Financial Data of Micron" and "Selected Historical Consolidated Financial Data of Lexar" on pages 15 and 17 of this proxy statement/prospectus. The equivalent Lexar per share data is calculated based on an exchange ratio of 0.5625 of a share of Micron common stock for each share of Lexar common stock. Neither Micron nor Lexar have declared or paid cash dividends in the last five years. Pro forma Micron data giving effect to the merger under the purchase method of accounting have not been presented because it is not materially different from historical Micron information.

**Historical Micron**

## Net income per share:

For the twelve months ended September 1, 2005	\$ 0.29
For the six months ended March 2, 2006	\$ 0.37

Book value per share<sup>(1)</sup>:

As of September 1, 2005	\$ 9.49
As of March 2, 2006	\$ 10.29

**Historical Lexar**

## Net loss per share:

For the twelve months ended December 31, 2005	\$ (0.45)
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Book value per share<sup>(1)</sup>:

As of December 31, 2005	\$ 1.02
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**Equivalent Lexar**

## Net loss per share:

For the twelve months ended December 31, 2005	\$ (0.25)
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Book value per share<sup>(1)</sup>:

As of December 31, 2005	\$ 0.58
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(1) Historical book value per share is computed by dividing total stockholders' equity by the number of shares outstanding at the end of each period.



**COMPARATIVE PER SHARE MARKET PRICE DATA**

Micron common stock trades on the New York Stock Exchange, or NYSE, under the symbol "MU." Lexar common stock trades on the Nasdaq National Market under the symbol "LEXR."

The following table shows the high and low sales prices per share of Micron common stock, as reported on the NYSE, and Lexar common stock, as reported on the Nasdaq National Market, on (i) March 7, 2006, the last full trading day preceding the public announcement that Micron and Lexar had entered into the merger agreement, and (ii) May 1, 2006, the last full trading day for which high and low sales prices were available as of the date of this proxy statement/prospectus.

The table also includes the equivalent high and low sales prices per share of Lexar common stock on those dates. These equivalent high and low sales prices per share reflect the fluctuating value of the 0.5625 of a share of Micron common stock that Lexar stockholders would receive in exchange for each share of Lexar common stock if the merger was completed on either of these dates.

	<b>Micron Common Stock</b>		<b>Lexar Common Stock</b>		<b>Equivalent Price Per Share</b>	
	<b>High</b>	<b>Low</b>	<b>High</b>	<b>Low</b>	<b>High</b>	<b>Low</b>
March 7, 2006	\$ 15.65	\$ 14.95	\$ 7.14	\$ 6.70	\$ 8.80	\$ 8.41
May 1, 2006	\$ 17.10	\$ 16.73	\$ 9.74	\$ 9.56	\$ 9.62	\$ 9.41

The above table shows only historical comparisons. These comparisons may not provide meaningful information to Lexar stockholders in determining whether to adopt the merger agreement. Lexar stockholders are urged to obtain current market quotations for Micron and Lexar common stock and to review carefully the other information contained in this proxy statement/prospectus or incorporated by reference into this proxy statement/prospectus in considering whether to adopt the merger agreement. See the section entitled "Where You Can Find More Information" beginning on page 133 of this proxy statement/prospectus.

**RECENT DEVELOPMENTS**

**Litigation Related to the Merger**

On March 9, 10, 20 and 27, 2006, alleged holders of Lexar common stock filed purported class action lawsuits captioned *Greenan v. Lexar Media, Inc., et al.*, Case No. RG 6259118, or the Greenan Action, *Davies v. Lexar Media, Inc., et al.*, Case No. RG 6259255, *Ember v. Lexar Media, Inc., et al.*, Case No. RG 6260699, or the Ember Action, and *Bain v. Lexar Media Inc., et al.*, Case No. RG6261868, in California Superior Court for the County of Alameda. The complaints name as defendants Lexar and each of Lexar's directors. Micron is also named as a defendant in the Greenan and Ember Actions. Copies of the complaints are attached to this proxy statement/prospectus as Annex E. On April 12, 2006, the Court entered an order consolidating the actions. Pursuant to that order, plaintiffs are expected to file a consolidated class action complaint.

In the complaints filed to date, the plaintiffs have alleged that, in pursuing the transaction with Micron and approving the merger agreement, the directors of Lexar breached their fiduciary duties to Lexar's stockholders by, among other things, engaging in self-dealing, failing to engage in an effort to obtain the highest price reasonably available for Lexar and its stockholders and failing to properly value Lexar. The plaintiffs have further alleged that the merger agreement resulted from a flawed process and that the directors tailored the terms of the merger to meet the needs of Micron. The plaintiffs in the Greenan and Ember Actions have also alleged that Micron aided and abetted the Lexar directors' alleged breaches of fiduciary duties.

The complaints filed by plaintiffs to date seek, among other things, certification of the litigation as a class action, a declaration that the merger agreement was entered into in breach of the Lexar directors' fiduciary duties, a preliminary and permanent injunction enjoining Lexar, the Lexar directors and others from consummating the merger, a direction requiring that the Lexar directors exercise their fiduciary duties to obtain a transaction which is in the best interests of Lexar stockholders, rescission of the merger or any of the terms thereof to the extent implemented, unspecified damages, an award of costs, including attorneys' and experts' fees, and other unspecified relief.

Based on their review of the complaints, Lexar and the other defendants believe that the allegations are without merit and intend to defend the litigation vigorously. In the event that holders of a majority of shares of Lexar common stock vote to adopt the merger agreement, Lexar and the other defendants may rely upon the approval of the adoption of the merger agreement in defense of the claims asserted in the litigation. Specifically, Lexar and the other defendants may argue, among other things, that such approval operates as a ratification and acceptance of the conduct challenged in the litigation, and a waiver by each Lexar stockholder of any and all claims that have been, or could have been, asserted in the litigation or any later-filed lawsuit seeking damages relating to the merger agreement or the transactions related to the merger agreement.

**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION**

The SEC encourages companies to disclose forward-looking information so that investors can better understand a company's future prospects and make informed investment decisions. This proxy statement/prospectus contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. All statements included in or incorporated by reference into this proxy statement/prospectus other than statements of historical fact regarding Micron or Lexar are forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. Words such as "anticipate," "believe," "estimate," "expect," "intend," "may," "plan," "project," "seek," "will," "should," "continue," "predict," "potential" and words and terms of similar substance used in connection with any discussion of future operating or financial performance, the combination or the business of the combined organization identify forward-looking statements. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. Forward-looking statements include, among others, statements about:

strategies, objectives and benefits for future operations, including that the merger will:

- ( ) strengthen the combined company's activities;
- ( ) add a base of new customers and expand the scope of the combined company's products; and
- ( ) better position the combined company to take advantage of market opportunities;

expectations regarding the completion of the merger and statements regarding future acquisitions;

integration plans;

proposed services or developments, including that the combined company will have significant opportunities for product synergies;

future economic conditions, performance or business prospects;

successful use of Lexar's retail channels and successful vertical integration;

statements of belief, including that:

- ( ) the merger will enhance long-term growth opportunities; and
- ( ) the merger will expand the total addressable market available to the combined company;

the anticipated results of outstanding litigation, including the recently filed stockholder class actions;

competitors or competitive actions;

launch dates for licensed products;

plans regarding sales and marketing;

manufacturing efficiencies; and

assumptions underlying any of the foregoing.

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These forward-looking statements are not guarantees of future performance, but reflect the present expectations of future events by Micron's and Lexar's management and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. In addition to the risks related to the businesses of Micron, Lexar and the combined company, the uncertainty concerning the completion of the merger, the possible failure to realize the anticipated benefits of the merger and the matters discussed under "Risk Factors," among others, could cause actual results to differ materially from those described in the forward-looking statements. Investors are cautioned not to place undue reliance on the forward-looking statements. Neither Micron nor Lexar is under any obligation, and each expressly disclaims any obligation, to update or alter any forward-looking statements, whether as a result of new information, future events or otherwise.

## RISK FACTORS

Micron and Lexar will operate as a combined company in a market environment that cannot be predicted and that involves significant risks, many of which will be beyond the combined company's control. In addition to the other information contained in, or incorporated by reference into, this proxy statement/prospectus, you should carefully consider the risks described below before deciding how to vote your shares. Additional risks and uncertainties not presently known to Micron and Lexar or that are not currently believed to be important to you, if they materialize, also may adversely affect the merger and Micron and Lexar as a combined company.

### Risks Related to the Merger

*The combined company may not realize the benefits of the proposed merger because of integration and other challenges.*

The failure of the combined company to meet the challenges involved in integrating the operations of Micron and Lexar successfully or otherwise to realize any of the anticipated benefits of the merger could seriously harm the results of operations of the combined company. Realizing the benefits of the merger by the combined company will depend in part on the timely integration of technology, operations, and personnel. The integration of the companies will be a complex, time-consuming and expensive process that, even with proper planning and implementation, could significantly disrupt the businesses of Micron and Lexar. The challenges involved in this integration include the following:

combining product and service offerings;

coordinating research and development activities to enhance the development and introduction of new products and services;

preserving customer, supplier and other important relationships of both Micron and Lexar and resolving potential conflicts that may arise;

managing product channels effectively during the period of combining operations;

minimizing the diversion of management attention from ongoing business concerns;

addressing differences in the business cultures of Micron and Lexar to maintain employee morale and retain key employees;

optimizing inventory management over a broad distribution chain; and

coordinating and combining overseas operations, relationships and facilities, which may be subject to additional constraints imposed by geographic distance and local laws and regulations.

The combined company may not successfully integrate the operations of Micron and Lexar in a timely manner, or at all, and the combined company may not realize the anticipated benefits or synergies of the merger to the extent, or in the timeframe, anticipated. The anticipated benefits and synergies are based on projections and assumptions, not actual experience, and assume a successful integration. In addition to the integration risks discussed above, the combined company's ability to realize these benefits and synergies could be adversely affected by practical or legal constraints on its ability to combine operations.

*Because Lexar stockholders will receive a fixed number of shares of Micron common stock in the merger rather than a fixed dollar value, if the market price of Micron common stock declines, Lexar stockholders will receive consideration in the merger of lesser value.*

At the closing of the merger, each share of Lexar common stock will be exchanged for 0.5625 of a share of Micron common stock. Since the exchange ratio is fixed, there will be no adjustment in the



number of shares of Micron common stock distributed to Lexar stockholders because of changes in the market price of either Micron common stock or Lexar common stock. Accordingly, the specific dollar value of Micron common stock that Lexar stockholders will receive upon the merger's completion will depend entirely upon the market value of Micron common stock at the time the merger is completed. This value may substantially decrease from the date you submit your proxy. Moreover, completion of the merger may occur some time after Lexar stockholder approval has been obtained, so that the specified dollar value of Micron common stock that Lexar stockholders will receive upon the merger's completion may substantially decrease from the date of the special meeting of Lexar stockholders. In addition, Lexar may not terminate the merger agreement or refuse to consummate the merger solely because of changes in the market price of Micron common stock or Lexar common stock. The share prices of Micron common stock and Lexar common stock are subject to the general price fluctuations in the market for publicly traded equity securities, and the prices of both companies' common stock have experienced volatility in the past. Micron and Lexar urge you to obtain recent market quotations for Micron common stock and Lexar common stock. Neither Micron nor Lexar can predict or give any assurances as to the respective market prices of its common stock at any time before or after the completion of the merger.

***The directors and executive officers of Lexar have interests and arrangements that could affect their decision to support or approve the merger.***

When considering the Lexar board of directors' recommendation that Lexar stockholders vote in favor of the proposal to adopt the merger agreement, Lexar stockholders should be aware that Lexar's directors and executive officers have interests in the merger that may be different from, or in addition to, the interests of Lexar stockholders generally. The directors and executive officers have stock options to purchase Lexar common stock under the terms of Lexar's 2000 Equity Incentive Plan, or the Plan, that provide them with accelerated vesting of their options upon completion of the merger and certain executive officers have retention agreements or offer letters that provide them with an additional time period in which to exercise such options. Additionally, the retention agreements for certain executive officers and the transition bonus plan for one of the executive officers also entitle them to receive a cash payment upon completion of the merger, and one of the executive officers will receive a capped tax gross-up for change in control related excise tax. The executive officers are also entitled to receive severance benefits under the terms of their retention agreements or offer letters if their employment is terminated following the merger under certain circumstances, including, among other things, a cash payment, additional option acceleration and, for certain executive officers, reimbursement for health and life insurance benefits. Directors who are not employees of Lexar or one of its subsidiaries have the right to receive a cash payment for their Lexar stock options equal to the product of (i) the number of shares subject to the directors' unexpired, unexercised and outstanding options; and (ii) the excess, if any, of \$9.00 over the per share exercise price of their options. Finally, the directors and executive officers will receive continuing indemnification from the company surviving the merger and Micron against liabilities after the merger is completed. All of the directors and executive officers of Lexar and two entities affiliated with one of the directors of Lexar have entered into voting agreements with Micron pursuant to which they agreed to vote their shares of Lexar common stock, representing approximately 6.4% of all outstanding shares of Lexar common stock as of the close of business on the record date for the special meeting, in favor of the proposal to adopt the merger agreement. For a more detailed description of the interests of Lexar's directors and executive officers in the merger, please see the section entitled "Proposal No. 1 The Merger Interests of Lexar's Directors and Executive Officers in the Merger" beginning on page 91 of this proxy statement/prospectus.



***Micron and Lexar may be unable to obtain the regulatory approvals required to complete the merger or, in order to do so, the combined company may be required to comply with material restrictions or conditions.***

Micron and Lexar may be unable to obtain the regulatory approvals required to complete the transaction or, in order to do so, the combined company may be required to comply with material restrictions or conditions. The merger is subject to review by the DOJ and the FTC under the HSR Act. Micron and Lexar made filings under the HSR Act on March 24, 2006, and the statutory waiting period thereunder must expire or be terminated prior to completing the merger. The statutory waiting period expired on April 24, 2006. In addition, the merger is also subject to review by the governmental authorities of various other jurisdictions under the antitrust laws of those jurisdictions. Any resulting delay in the completion of the merger could diminish the anticipated benefits of the merger or result in additional transaction costs, loss of revenue or other effects associated with uncertainty about the transaction.

The reviewing authorities may not permit the merger at all or may impose restrictions or conditions on the merger that may seriously harm the combined company if the merger is completed. These conditions could include a complete or partial license, divestiture, spin-off or the holding separate of assets or businesses. Pursuant to the terms of the merger agreement, Micron may refuse to complete the merger if governmental authorities impose any material restrictions or limitations on Micron, Lexar or their respective subsidiaries and their ability to conduct their respective businesses. Micron and Lexar also may agree to restrictions or conditions imposed by antitrust authorities in order to obtain regulatory approval, and these restrictions or conditions could harm the combined company's operations.

In addition, during or after the statutory waiting periods, and even after completion of the merger, governmental authorities could seek to block or challenge the merger as they deem necessary or desirable in the public interest. In addition, in some jurisdictions, a competitor, customer or other third party could initiate a private action under the antitrust laws challenging or seeking to enjoin the merger, before or after it is completed. Micron, Lexar or the combined company may not prevail, or may incur significant costs, in defending or settling any action under the antitrust laws.

***Micron and Lexar expect to incur significant costs associated with the merger.***

Micron estimates that it will incur direct transaction costs of approximately \$2.8 million associated with the merger, which will be included as part of the total purchase price for financial accounting purposes. In addition, Lexar estimates that it will incur direct transaction costs of approximately \$8.6 million, which will be recognized as expenses as incurred. Micron and Lexar believe the combined entity may incur charges to operations, which are not currently reasonably estimable, in the quarter in which the merger is completed or the following quarters, to reflect costs associated with integrating the two companies. There can be no assurance that the combined company will not incur additional material charges in subsequent quarters to reflect additional costs associated with the merger and the integration of the two companies.

***Failure to complete the merger with Micron could materially and adversely affect Lexar's results of operations and Lexar's stock price.***

Consummation of the merger is subject to customary closing conditions, including antitrust approvals and approval by Lexar's stockholders. There can be no assurance that these conditions will be met or waived, that the necessary approvals will be obtained, or that Lexar will be able to successfully consummate the merger as currently contemplated under the merger agreement or at all.

If the merger is not consummated:

Lexar will remain liable for significant transaction costs, including legal, accounting, financial advisory and other costs relating to the merger;

under some circumstances, Lexar may have to pay a termination fee to Micron in the amount of \$22 million; see "The Merger Agreement Payment of Termination Fee" beginning on page 117 of this proxy statement/prospectus;

any operational investments that Lexar may delay due to the pending transaction would need to be made, potentially on an accelerated timeframe, which could then prove costly and more difficult to implement; and

the market price of Lexar's common stock may decline to the extent that the current market price reflects a market belief that the merger will be completed.

Additionally, the announcement of the pending merger may lead to uncertainty for Lexar's employees and some of Lexar's customers and suppliers. This uncertainty may mean:

the attention of Lexar's management and Lexar's employees may be diverted from day-to-day operations;

Lexar's customers and suppliers may seek to modify or terminate existing agreements, or prospective customers may delay entering into new agreements or purchasing Lexar's products as a result of the announcement of the merger; and

Lexar's ability to attract new employees and retain Lexar's existing employees may be harmed by uncertainties associated with the merger.

The occurrence of any of these events individually or in combination could materially and adversely affect Lexar's results of operations and Lexar's stock price.

***Stockholder lawsuits have been filed against Lexar and its directors challenging the merger, and an unfavorable judgment or ruling in these lawsuits could prevent or delay the consummation of the merger and result in substantial costs to Lexar.***

On March 9, 2006, March 10, 2006, March 20, 2006 and March 27, 2006, stockholder class actions were filed in the Superior Court of the State of California for the County of Alameda against Lexar and its directors asserting claims relating to the merger agreement, and other stockholder class actions may be filed in the future. Micron is also named as a defendant in two of the actions. The complaints allege that, among other things, Lexar and its directors engaged in self-dealing and breached their fiduciary duties in connection with the merger agreement, and that the consideration to be received by Lexar's stockholders pursuant to the merger agreement is inadequate. Plaintiffs seek, among other things, unspecified monetary damages, attorneys' fees and certain forms of equitable relief, including enjoining the consummation of the merger, rescinding the merger agreement and imposing a constructive trust. The suits have subsequently been consolidated, and plaintiffs are expected to file a consolidated class action complaint. Lexar has obligations under certain circumstances to hold harmless and indemnify each of the Lexar directors against judgments, fines, settlements and expenses related to claims against such directors and otherwise to the fullest extent permitted under Delaware law and Lexar's bylaws and certificate of incorporation. Such obligations may apply to this litigation. An unfavorable outcome in the litigation could prevent or delay the consummation of the merger and result in substantial costs to Lexar.

***Charges to earnings resulting from the application of the purchase method of accounting may adversely affect the market value of Micron's common stock following the merger.***

In accordance with United States generally accepted accounting principles, the combined company will account for the merger using the purchase method of accounting, which will result in charges to earnings that could have a material adverse effect on the market value of the common stock of Micron following completion of the merger. Under the purchase method of accounting, the combined company will allocate the total estimated purchase price to Lexar's net tangible assets and amortizable intangible assets based on their fair values as of the date of completion of the merger, and record the excess of the purchase price over those fair values as goodwill. The combined company will incur amortization expense over the useful lives of amortizable intangible assets acquired in connection with the merger. In addition, to the extent the value of goodwill becomes impaired, the combined company may be required to incur material charges relating to the impairment of that asset. These amortization and potential impairment charges could have a material impact on the combined company's results of operations.

***In order to be successful, the combined company will need to retain and motivate key employees, which may be more difficult in light of uncertainty regarding the merger, and failure to do so could seriously harm the combined company.***

In order to be successful, the combined company will need to retain and motivate executives and other key employees, including those in managerial and technical positions. Experienced management and technical personnel in the semiconductor and digital media industries are in high demand and competition for their talents is intense. Employee retention may be a particularly challenging issue in connection with the merger. Employees of Micron or Lexar may experience uncertainty about their future role with the combined company until or after strategies with regard to the combined company are announced or executed. In addition, a portion of Lexar's employee options will be terminated upon the effective time of the merger. These circumstances may adversely affect the combined company's ability to attract and retain key management and technical personnel. The combined company also must continue to motivate employees and keep them focused on the strategies and goals of the combined company, which may be particularly difficult due to the potential distractions of the merger.

***The market price of the shares of Micron common stock may be affected by factors different from those affecting the shares of Lexar common stock.***

Upon completion of the merger, holders of Lexar common stock will become holders of Micron common stock. An investment in Micron common stock has different risks than an investment in Lexar common stock. Therefore, former holders of Lexar common stock will be subject to different risks upon exchange of their shares of Lexar common stock for Micron common stock in the merger, some of which are described below in the section entitled "Risks Related to Micron" beginning on page 28 of this proxy statement/prospectus. For a discussion of the businesses of Micron and Lexar, see the documents incorporated by reference into this document and referred to in the section entitled "Where You Can Find More Information" beginning on page 133 of this proxy statement/prospectus.

***Micron's internal control over financial reporting could be adversely affected by material weaknesses in Lexar's internal controls.***

In Lexar's Annual Report on Form 10-K/A for the year ended December 31, 2005, Lexar reported two material weaknesses with respect to its revenue recognition controls and inventory accounting controls. These control deficiencies resulted in audit adjustments to revenues, accounts receivable, cost of product revenues, deferred revenue, sales related accruals and inventory in Lexar's 2005 consolidated financial statements. As a result of these material weaknesses, Lexar concluded in its Annual Report that its control over financial reporting was not effective as of December 31, 2005. While Lexar

continues to take steps to remediate these material weaknesses, there can be no assurance that Lexar will completely remediate its material weaknesses such that it will be able to conclude that its internal control over financial reporting is effective. Micron will consolidate the financial results of Lexar following the effective date of the merger. To the extent Lexar's material weaknesses have not been remediated, the effectiveness of Micron's internal control over financial reporting may be adversely affected.

***The combined company's net operating loss carryforwards may be limited as a result of the merger.***

Micron and Lexar have net operating loss carryforwards for federal income tax purposes. Both entities have provided significant valuation allowances against the tax benefit of such losses as well as certain tax credit carryforwards. Utilization of these net operating losses and credit carryforwards are dependent upon the combined company achieving profitable results following the merger. As a consequence of the merger, as well as earlier issuances of common stock consummated by both companies and business combinations by Micron, utilization of the tax benefits of these carryforwards are subject to limitations imposed by Section 382 of the Code. The determination of the limitations is complex and requires significant judgment and analysis of past transactions. At this time neither company has completed the analyses required to determine what portion, if any, of these carryforwards will have their availability restricted or eliminated by that provision. Accordingly, some portion or all of these carryforwards may not be available to offset any future taxable income.

***Lexar depends on a limited number of suppliers of flash memory and these suppliers may terminate their agreements with Lexar in response to the merger.***

The market for flash memory remains tight with a limited number of providers. Despite diversifying its suppliers of flash memory in the past two years, Lexar is still dependent on a relatively small number of suppliers and, more particularly, upon Samsung Electronics Co., Ltd., or Samsung, which continues to be its largest provider of high density flash chips. To the extent that Lexar's suppliers of flash memory believe that Micron is a competitor, they may seek to set aside such contractual relationships, avoid their legal obligations thereunder or otherwise attempt to do less business with Lexar. In addition, to the extent that the announcement of the merger creates uncertainty among current and prospective suppliers and they delay decisions pending consummation of the proposed merger, Lexar's results of operations and profitability could be negatively affected. Unfavorable changes in Lexar's relationship with its flash suppliers or the loss of significant relationships as a result of the merger would materially and adversely affect Lexar's revenue and results of operations.

#### **Risks Related to Micron**

***Micron has experienced dramatic declines in average selling prices for its memory products which have adversely affected Micron's business.***

Per megabit average selling prices for Micron's semiconductor memory products decreased 45% in the first six months of 2006 as compared to the first six months of 2005. In recent years, Micron has also experienced annual decreases in per megabit average selling prices for its semiconductor memory products including: 24% in 2005, 17% in 2003, 53% in 2002 and 60% in 2001. At times, average selling prices for Micron's semiconductor memory products have been below its costs. If average selling prices for Micron's memory products decrease faster than Micron can decrease per megabit costs, its business, results of operations or financial condition could be materially adversely affected.

***Increased worldwide semiconductor memory production or lack of demand for semiconductor memory could lead to further declines in average selling prices.***

The transitions to smaller line-width process technologies and 300mm wafers in the industry have resulted in significant increases in the worldwide supply of DRAM and could continue to lead to future increases. Increases in worldwide supply of DRAM also result from DRAM fab capacity expansions, either by way of new facilities, increased capacity utilization or reallocation of other semiconductor production to DRAM production. Several of Micron's competitors have announced plans to increase production through construction of new facilities or expansion of existing facilities. Increases in worldwide supply of DRAM, if not accompanied with increases in demand, could lead to further declines in average selling prices for Micron's products and could materially adversely affect its business, results of operations or financial condition.

***As the consumer PC industry matures and as the rate of growth for sales of computers or for semiconductor memory included in such computers decreases, sales of Micron's semiconductor products could decrease.***

The majority of the semiconductor products Micron sells are PC DRAM. These products are used primarily in the consumer PC market. In recent years, this market has matured and grown at a rate significantly slower than in the past. A reduction in the rate of growth for sales of consumer computers or for semiconductor memory included in such computers could reduce sales of Micron's PC DRAM and Micron's business, results of operations or financial condition could be materially adversely affected.

***Micron may be unable to reduce its per megabit manufacturing costs at the same rate as it has in the past.***

Historically, Micron's gross margin has benefited from decreases in per unit manufacturing costs achieved through improvements in Micron's manufacturing processes, including reducing the die size of Micron's existing products. In future periods, Micron may be unable to reduce its per unit manufacturing costs or reduce costs at historical rates due to the ever increasing complexity of manufacturing processes, to changes in process technologies or products which inherently may require relatively larger die sizes, or to strategic product diversification decisions affecting product mix. Per unit manufacturing costs may also be affected by the relatively smaller production quantities and shorter product lifecycles of imaging and certain specialty memory products.

***Micron's formation of IMFT and the resulting plans to significantly increase Micron's NAND Flash memory production has numerous risks.***

On January 6, 2006, Micron initiated operations of the IMFT joint venture with Intel and, as a result, Micron plans to significantly increase its NAND Flash production in future periods. The IMFT agreement and Micron's NAND Flash strategy in general require substantial investment in capital expenditures for equipment and new facilities. They also require significant investments in research and development as well as investments to grow and develop new operations at multiple sites. These investments involve numerous risks. Micron is required to devote a significant portion of its existing semiconductor manufacturing capacity to the production of NAND Flash instead of its other products. In conjunction with the IMFT agreement, Micron has entered into a contract with Apple Corporation to provide a significant portion of Micron's NAND Flash output for an extended period of time at contractually determined prices. Micron currently has a relatively small share of the world-wide market for NAND Flash.

Micron's NAND Flash investments and commitments involve numerous risks, and may include the following:

increasing Micron's exposure to changes in average selling prices for NAND Flash;

difficulties in establishing new production operations at multiple locations;

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increasing capital expenditures to increase production capacity and modify existing processes to produce NAND Flash;

increasing debt to finance future investments;

diverting management's attention from normal daily operations;

managing larger operations and facilities and employees in separate geographic areas; and

hiring and retaining key employees.

Micron's NAND Flash strategy may not be successful and could materially adversely affect Micron's business, results of operations or financial condition.

***The future success of Micron's imaging business will be dependent on continued market acceptance of Micron's products and the development, introduction and marketing of new imaging products.***

Micron's imaging business has grown rapidly in the recent periods. Sales of imaging products increased substantially from the second quarter of 2005 to the second quarter of 2006 and represented 13% of Micron's net sales in the second quarter of 2006. Micron's imaging products have much higher gross margins than the overall gross margins from Micron's memory products. As Micron continues to expand its imaging business, there can be no assurance that Micron will be able to maintain these growth rates or gross margins. The continued success of Micron's imaging products will depend on a number of factors, including:

development of products that maintain a technological advantage over the products of Micron's competitors;

accurate prediction of market requirements and evolving standards, including pixel resolution, output interface standards, power requirements, optical lens size, input standards and other requirements;

timely completion and introduction of new imaging products that satisfy customer requirements;

timely achievement of design wins with prospective customers, as manufacturers may be reluctant to change their source of components due to the significant costs, time, effort and risk associated with qualifying a new supplier; and

efficient, cost-effective manufacturing as Micron transitions to new products and higher volumes.

***Micron may not be able to generate sufficient cash flows to fund its operations and make adequate capital investments.***

Micron's cash flows from operations depend primarily on the volume of semiconductor memory sold, average selling prices and per megabit manufacturing costs. To develop new product and process technologies, support future growth, achieve operating efficiencies and maintain product quality, Micron must make significant capital investments in manufacturing technology, facilities and capital equipment, research and development, and product and process technology. Cash and investments of IMFT and TECH are not available to finance Micron's other operations. In addition to cash provided by operations, Micron has, from time to time, utilized external sources of financing. Depending on general market and economic conditions or other factors, Micron may not be able to generate sufficient cash flows to fund its operations and make adequate capital investments.

***The semiconductor industry is highly competitive.***

Micron faces intense competition in the semiconductor memory market from a number of companies, including Elpida Memory, Inc., Hynix Semiconductor Inc., Infineon Technologies AG,



Samsung Electronics Co., Ltd., SanDisk Corporation and Toshiba Corporation. Additionally, Micron faces competition from emerging companies in Taiwan and China that have announced plans to significantly expand the scale of their operations. Micron faces competition in the image sensor market from a number of suppliers of CMOS image sensors as well as a large number of suppliers of CCD image sensors. Some of Micron's competitors are large corporations or conglomerates that may have greater resources to withstand downturns in the semiconductor markets in which Micron competes, invest in technology and capitalize on growth opportunities. Micron's competitors seek to increase silicon capacity, improve yields, reduce die size and minimize mask levels in their product designs. These factors have significantly increased worldwide supply and put downward pressure on prices.

***Changes in foreign currency exchange rates could materially adversely affect Micron's business, results of operations or financial condition.***

Micron's financial statements are prepared in accordance with U.S. generally accepted accounting principles and are reported in U.S. dollars. Across Micron's multi-national operations, there are transactions and balances denominated in other currencies, primarily the yen and euro. Micron estimates that, based on its assets and liabilities denominated in currencies other than U.S. dollar as of March 2, 2006, a 1% change in the exchange rate versus the U.S. dollar would result in foreign currency gains or losses of approximately \$1.2 million for the yen and \$1.2 million for the euro. In the event that the U.S. dollar weakens significantly compared to the yen or euro, Micron's results of operations or financial condition will be adversely affected.

***If Micron's supply of semiconductor products from TECH is disrupted, its business, results of operations or financial condition could be materially adversely affected.***

TECH supplied approximately 25% of Micron's total megabits of memory produced in the second quarter of 2006. Micron has agreements to purchase all of the products manufactured by TECH subject to specific terms and conditions. Any reduction in supply could materially adversely affect Micron's business, results of operations or financial condition. In the event that Micron's supply of semiconductor products from TECH is reduced or eliminated, Micron's revenues and results of operations would be adversely affected.

***New product development may be unsuccessful.***

Micron is developing new products that complement its traditional memory products or leverage their underlying design or process technology. Micron has made significant investments in product and process technologies and anticipates expending significant resources for new semiconductor product development over the next several years. The process to develop imaging and certain specialty memory products requires Micron to demonstrate advanced functionality and performance, many times well in advance of a planned ramp of production, in order to secure design wins with its customers. There can be no assurance that Micron's product development efforts will be successful, that it will be able to cost-effectively manufacture these new products, that Micron will be able to successfully market these products or that margins generated from sales of these products will recover costs of development efforts.

***An adverse determination that Micron's products or manufacturing processes infringe the intellectual property rights of others could materially adversely affect Micron's business, results of operations or financial condition.***

As is typical in the semiconductor and other high technology industries, from time to time, others have asserted, and may in the future assert, that Micron's products or manufacturing processes infringe their intellectual property rights. In this regard, Micron is engaged in litigation with Rambus, Inc., or Rambus, relating to certain of Rambus' patents and certain of Micron's claims and defenses. On



August 28, 2000, Micron filed a complaint (subsequently amended) against Rambus in the U.S. District Court for the District of Delaware seeking monetary damages and declaratory and injunctive relief. Among other things, Micron's amended complaint alleges violation of federal antitrust laws, breach of contract, fraud, deceptive trade practices, and negligent misrepresentation. The complaint also seeks a declaratory judgment (i) that certain Rambus patents are not infringed by Micron, are invalid, and/or are unenforceable, (ii) that Micron has an implied license to those patents, and (iii) that Rambus is estopped from enforcing those patents against Micron. On February 15, 2001, Rambus filed an answer and counterclaim in Delaware denying that Micron is entitled to relief, alleging infringement of the eight Rambus patents named in Micron's declaratory judgment claim, and seeking monetary damages and injunctive relief. A number of other suits are pending in Europe alleging that certain of Micron's SDRAM and DDR SDRAM products infringe various of Rambus' country counterparts to its European patent 525 068, including: on September 1, 2000, Rambus filed suit against Micron Semiconductor (Deutschland) GmbH in the District Court of Mannheim, Germany; on September 22, 2000, Rambus filed a complaint against Micron and Reptronic (a distributor of Micron's products) in the Court of First Instance of Paris, France; and on September 29, 2000, Micron filed suit against Rambus in the Civil Court of Milan, Italy, alleging invalidity and non-infringement. In addition, on December 29, 2000, Micron filed suit against Rambus in the Civil Court of Avezzano, Italy, alleging invalidity and non-infringement of the Italian counterpart to European patent 1 004 956. Additionally, other suits are pending alleging that certain of Micron's DDR SDRAM products infringe Rambus' country counterparts to its European patent 1 022 642, including: on August 10, 2001, Rambus filed suit against Micron and Assitec (an electronics retailer) in the Civil Court of Pavia, Italy; and on August 14, 2001, Rambus filed suit against Micron Semiconductor (Deutschland) GmbH in the District Court of Mannheim, Germany. In the European suits against Micron, Rambus is seeking monetary damages and injunctive relief. Subsequent to the filing of the various European suits, the European Patent Office declared Rambus' 525 068 and 1 004 956 European patents invalid and revoked the patents. Micron also is engaged in litigation with Tessera, Inc., or Tessera, relating to certain of Tessera's patents and certain of Micron's patents. On March 1, 2005, Tessera filed suit against Micron in the U.S. District Court for the Eastern District of Texas alleging infringement of five Tessera patents. On June 22, 2005, Micron filed an answer and counterclaim denying Tessera's claims and alleging infringement of eight of Micron's patents. Micron also is engaged in litigation with Tadahiro Ohmi, or Ohmi. On June 2, 2005, Ohmi filed suit against Micron in the U.S. District Court for the Eastern District of Texas (amended on August 31, 2005) alleging infringement of a single Ohmi patent.

Among other things, the above lawsuits pertain to certain of Micron's SDRAM, DDR SDRAM, and DDR2 SDRAM products, which account for a significant portion of Micron's net sales. A court determination that Micron's products or manufacturing processes infringe the intellectual property rights of others could result in significant liability and/or require Micron to make material changes to its products and/or manufacturing processes. Micron is unable to predict the outcome of assertions of infringement made against it. Any of the foregoing could have a material adverse effect on Micron's business, results of operations or financial condition.

Micron has a number of patent and intellectual property license agreements. Some of these license agreements require Micron to make one time or periodic payments. Micron may need to obtain additional patent licenses or renew existing license agreements in the future. Micron is unable to predict whether these license agreements can be obtained or renewed on acceptable terms.

***Allegations of anticompetitive conduct.***

On June 17, 2002, Micron received a grand jury subpoena from the U.S. District Court for the Northern District of California seeking information regarding an investigation by the DOJ, into possible antitrust violations in the DRAM industry. Micron is cooperating fully and actively with the DOJ in its investigation of the DRAM industry. Micron's cooperation is pursuant to the terms of the DOJ's

Corporate Leniency Policy, which provides that in exchange for Micron's full, continuing and complete cooperation in the pending investigation, Micron will not be subject to prosecution, fines or other penalties from the DOJ.

Subsequent to the commencement of the DOJ investigation, a number of purported class action lawsuits have been filed against Micron and other DRAM suppliers. Eighteen cases have been filed in various federal district courts (two of which have been dismissed) asserting claims on behalf of a purported class of individuals and entities that purchased DRAM directly from various DRAM suppliers during the period from April 1, 1999 through at least June 30, 2002. All of the cases have been transferred to the U.S. District Court for the Northern District of California for consolidated proceedings. The complaints allege price-fixing in violation of federal antitrust laws and seek treble monetary damages, costs, attorneys' fees, and an injunction against the allegedly unlawful conduct. Additionally, four cases have been filed in the U.S. District Court for the Northern District of California asserting claims on behalf of a purported class of individuals and entities that indirectly purchased DRAM and/or products containing DRAM from various DRAM suppliers during the time period from April 1, 1999 through at least June 30, 2002. The complaints allege price fixing in violation of federal antitrust laws and various state antitrust and unfair competition laws and seek treble monetary damages, restitution, costs, interest and attorneys' fees. In addition, at least 62 cases have been filed in various state and federal courts (five of which have been dismissed) asserting claims on behalf of a purported class of indirect purchasers of DRAM. Cases have been filed in the following states: Arkansas, Arizona, California, Florida, Hawaii, Iowa, Kansas, Massachusetts, Maine, Michigan, Minnesota, Mississippi, Montana, North Carolina, North Dakota, Nebraska, New Hampshire, New Jersey, New Mexico, Nevada, New York, Ohio, Pennsylvania, South Dakota, Tennessee, Utah, Vermont, Virginia, Wisconsin, and West Virginia, and also in the District of Columbia and Puerto Rico. The complaints purport to be on behalf of individuals and entities that indirectly purchased DRAM and/or products containing DRAM in the respective jurisdictions during various time periods ranging from 1999 through the filing date of the various complaints. The complaints allege violations of various jurisdictions' antitrust, consumer protection and/or unfair competition laws relating to the sale and pricing of DRAM products and seek treble monetary damages, restitution, costs, interest and attorneys' fees. A number of these cases have been removed to federal court and transferred to the U.S. District Court for the Northern District of California (San Francisco) for consolidated proceedings. Additionally, three cases have been filed in the following Canadian courts: Superior Court, District of Montreal, Province of Quebec; Ontario Superior Court of Justice, Ontario; and Supreme Court of British Columbia, Vancouver Registry, British Columbia. The substantive allegations in these cases are similar to those asserted in the cases filed in the United States. Based upon Micron's analysis of the claims made and the nature of the DRAM industry, Micron believes that class treatment of these cases is not appropriate and that any purported injury alleged by plaintiffs would be more appropriately resolved on a purchaser-by-purchaser basis. In addition, the Attorneys General of Alaska, Arizona, Arkansas, California, Colorado, Delaware, Florida, Hawaii, Idaho, Illinois, Iowa, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Nebraska, Nevada, New Jersey, New Mexico, New York, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia and Wisconsin are investigating potential state and federal civil claims against Micron and other DRAM suppliers on behalf of state and governmental entities that were direct or indirect purchasers of DRAM and potentially on behalf of other indirect purchasers of DRAM. Micron has been served with civil investigative demands or subpoenas issued by at least six of the state Attorneys General and is responding to those requests. Micron is unable to predict the outcome of these lawsuits and investigations. The final resolution of these alleged violations of antitrust laws could result in significant liability and could have a material adverse effect on Micron's business, results of operations or financial condition.

On May 5, 2004, Rambus filed a complaint in the Superior Court of the State of California (San Francisco County) against Micron and other DRAM suppliers. The complaint alleges various causes of

action under California state law including conspiracy to restrict output and fix prices on Rambus DRAM, or RDRAM, and unfair competition. Tessera also has asserted certain antitrust and unfair competition claims relating to Tessera's packaging technology. These complaints seek treble damages, punitive damages, attorneys' fees, costs, and a permanent injunction enjoining the defendants from the conduct alleged in the complaints. Micron is unable to predict the outcome of the suit. A court determination against Micron could result in significant liability and could have a material adverse effect on its business, results of operations or financial condition.

***Allegations of violations of securities laws.***

On February 24, 2006, a putative class action complaint was filed against Micron and certain of its officers in the U.S. District Court for the District of Idaho alleging claims under Section 10(b) and 20(a) of the Securities Exchange Act of 1934, as amended, and Rule 10b-5 promulgated thereunder. Three substantially similar complaints have been filed subsequently. The cases purport to be brought on behalf of a class of purchasers of Micron's stock during the period February 24, 2001 to February 13, 2003. The complaints generally allege violations of federal securities laws based on, among other things, claimed misstatements or omissions regarding alleged illegal price-fixing conduct or Micron's operations and financial results. The complaints seek unspecified damages, interest, attorneys' fees, costs, and expenses. Micron expects that these four lawsuits will be consolidated and that a single consolidated class action complaint will be filed.

In addition, on March 23, 2006 a stockholder derivative action was filed in the Fourth District Court for the State of Idaho (Ada County), allegedly on behalf of and for Micron's benefit, against certain of its current and former officers and directors. Micron was also named as a nominal defendant. The complaint is based on the same allegations of fact as in the securities class actions filed in the U.S. District Court for the District of Idaho and alleges breach of fiduciary duty, abuse of control, gross mismanagement, waste of corporate assets, unjust enrichment, and insider trading. The complaint seeks unspecified damages, restitution, disgorgement of profits, equitable and injunctive relief, attorneys' fees, costs, and expenses. The complaint is derivative in nature and does not seek monetary damages from Micron. However, Micron may be required, throughout the pendency of the action, to advance payment of legal fees and costs incurred by the defendants.

***Current economic and political conditions may harm Micron's business.***

Global economic conditions and the effects of military or terrorist actions may cause significant disruptions to worldwide commerce. If these disruptions result in delays or cancellations of customer orders, a decrease in corporate spending on information technology or Micron's inability to effectively market, manufacture or ship its products, Micron's business, results of operations or financial condition could be materially adversely affected.

***Micron faces risks associated with its international sales and operations that could materially adversely affect its business, results of operations or financial condition.***

Sales to customers outside the United States approximated 67% of Micron's consolidated net sales for the second quarter of 2006. In addition, Micron has manufacturing operations in Italy, Japan, Puerto Rico, Scotland and Singapore. Micron's international sales and operations are subject to a variety of risks, including:

currency exchange rate fluctuations;

export and import duties, changes to import and export regulations, and restrictions on the transfer of funds;

political and economic instability;

problems with the transportation or delivery of Micron's products;

issues arising from cultural or language differences and labor unrest;

longer payment cycles and greater difficulty in collecting accounts receivable; and

compliance with trade and other laws in a variety of jurisdictions.

These factors may materially adversely affect Micron's business, results of operations or financial condition.

***If Micron's manufacturing process is disrupted, Micron's business, results of operations or financial condition could be materially adversely affected.***

Micron manufactures products using highly complex processes that require technologically advanced equipment and continuous modification to improve yields and performance. Difficulties in the manufacturing process or the effects from a shift in product mix can reduce yields or disrupt production and may increase Micron's per megabit manufacturing costs. From time to time, Micron has experienced minor disruptions in its manufacturing process as a result of power outages or equipment failures. If production at a fabrication facility is disrupted for any reason, manufacturing yields may be adversely affected or Micron may be unable to meet its customers' requirements and they may purchase products from other suppliers. This could result in a significant increase in manufacturing costs or loss of revenues or damage to customer relationships, which could materially adversely affect Micron's business, results of operations or financial condition.

***Disruptions in Micron's supply of raw materials could materially adversely affect its business, results of operations or financial condition.***

Micron's operations require raw materials that meet exacting standards. Micron generally has multiple sources of supply for its raw materials. However, only a limited number of suppliers are capable of delivering certain raw materials that meet Micron's standards. Various factors could reduce the availability of raw materials such as silicon wafers, photomasks, chemicals, gases, lead frames and molding compound. Shortages may occur, from time to time, in the future. In addition, disruptions in transportation lines could delay Micron's receipt of raw materials. Lead times for the supply of raw materials have been extended in the past. If Micron's supply of raw materials is disrupted or Micron's lead times extended, Micron's business, results of operations or financial condition could be materially adversely affected.

***Products that do not meet specifications or that contain, or are perceived by Micron's customers to contain, defects or that are otherwise incompatible with end uses could impose significant costs on it or otherwise materially adversely affect its business, results of operations or financial condition.***

Because the design and production process for semiconductor memory is highly complex, it is possible that Micron may produce products that do not comply with customer specifications, contain defects or are otherwise incompatible with end uses. If, despite design review, quality control and product qualification procedures, problems with nonconforming, defective or incompatible products occur after Micron has shipped such products, Micron could be adversely affected in several ways, including the following:

Micron may replace products or otherwise compensate customers for costs incurred or damages caused by defective or incompatible products, and

Micron may encounter adverse publicity, which could cause a decrease in sales of its products.

*Micron expects to make future acquisitions where advisable, which involve numerous risks.*

Micron expects to make future acquisitions where it believes it is advisable to enhance stockholder value. Acquisitions involve numerous risks, including:

increasing Micron's exposure to changes in average selling prices for semiconductor products;

difficulties in integrating the operations, technologies and products of the acquired companies;

increasing capital expenditures to upgrade and maintain facilities;

increasing debt to finance any acquisition;

diverting management's attention from normal daily operations;

managing larger operations and facilities and employees in separate geographic areas; and

hiring and retaining key employees.

Mergers and acquisitions of high-technology companies are inherently risky, and future acquisitions may not be successful and may materially adversely affect Micron's business, results of operations or financial condition.

**Risks Related to Lexar**

**Risks Related to Lexar's Business**

*Lexar has a history of losses and may not be able to become profitable.*

Lexar incurred net losses in both 2004 and 2005, including a net loss of \$23.8 million in the fourth quarter of 2005 and a net loss of \$36.2 million for fiscal 2005. Lexar had a net loss of \$36.8 million in the first quarter ended March 31, 2006 and expects to continue to incur net losses for the foreseeable future. As of March 31, 2006, Lexar had an accumulated deficit of approximately \$240.5 million. Lexar's ability to become profitable depends on the rate of price decreases for its products; the cost of its components, particularly flash memory; the growth of the markets for digital cameras or other host devices that use digital storage media; the extent to which its products, particularly its higher-margin products, are accepted by these markets; its ability to charge a premium for its higher-performance products; the success of its products and distribution channel; its ability to control its operating expenses, particularly its litigation costs; its ability to generate increased licensing revenue from its intellectual property; and its ability to adequately manage its inventories and the challenges associated with the breadth and diversity of its product offerings. Lexar also must continue to reduce the costs of producing and selling its flash media products by controlling its internal and channel inventories, securing the best available pricing for flash memory and components used in Lexar's digital media products and reducing its manufacturing costs. If Lexar is unsuccessful in increasing revenues from its higher margin products and controlling its operating expenses, Lexar may not be able to become profitable on a quarterly or an annual basis.

*Lexar's products are characterized by average selling prices that have historically declined over relatively short time periods and Lexar is currently in a period of very significant price declines. If Lexar is unable to effectively manage its inventories and channel inventories, reduce its costs, introduce new products with higher average selling prices or increase its sales volumes, its revenues and gross margins will be negatively impacted.*

Lexar's competitors and customers impose significant pricing pressures on Lexar. In the first quarter of 2006, Lexar's competitors' prices have declined dramatically. Lexar's prices have fallen faster than its costs, particularly the cost of flash memory, which has resulted in additional margin pressure. In addition, because a large percentage of Lexar's sales are to a small number of customers that are primarily retail consumer chains, distributors and large OEMs, these customers have exerted, and Lexar expects they will continue to exert, pressure on Lexar to make price concessions or to match pricing of Lexar's competitors. In the past, Lexar has significantly reduced the prices of many of its flash products from time to time. Lexar reduced prices again in the first quarter of 2006, and Lexar expects it will need to c