

Micron: Can Strategic Customer Agreements Make Its Memory Earnings Less Cyclical?

INITIATION MODE	CATALYST	EXPECTED SIGNIFICANCE
Post-event First described March 18, 2026; agreements and terms detailed June 24; audited FY2026 10-K filed October 9.	Strategic Customer Agreement program Multi-year take-or-pay supply contracts: 16 signed by June 24, 26 by September 30, 2026.	Set at lock Potential materiality only. The screen inputs are on page 14.

My take

Micron makes DRAM and NAND memory, a business whose prices swing hard. Its FY2026 10-K reports that annual changes in DRAM and NAND average selling prices ranged from an increase of about 200% to a decrease of about 50% over the past five fiscal years. On March 18, 2026, Micron described a new class of multi-year contracts, which it calls Strategic Customer Agreements (SCAs), and said it had signed the first five-year agreement. On June 24 it disclosed 16 signed take-or-pay agreements and their terms. Customers commit to specific volumes over terms that typically run from calendar 2026 through 2030, most agreements carry price floors and ceilings, and customers post cash deposits and letters of credit as security. By September 30, Micron reported 26 signed agreements and estimated that they represent more than 35% of its revenue through 2030.

I bind this catalyst to the SCA program and to the question it raises: whether contracted volumes, price floors and customer security can hold Micron's revenue and margins up when memory prices fall. The audited record establishes the contracts, the deposits and a minimum-price backlog of about \$134 billion. However, it does not separate SCA revenue from the rest of the business, and both quarters reported since the first agreements were signed had sharp sequential price increases, so the protection itself has not yet been observed.

Decision question

Can Micron's Strategic Customer Agreements keep contracted revenue and gross margin near or above their floors through a period of falling memory prices, and do customer deposits and letters of credit hold when volumes or prices are tested?

Post-event initiation

Micron first described SCAs on March 18, 2026, reported about \$5 billion of priced backlog at May 28, detailed 16 agreements and their terms on June 24, and filed the audited FY2026 10-K on October 9. I use the June 24 detailed disclosure as the baseline. The forward test begins in the first periods where contract and market pricing diverge.

Catalyst-scope firewall

Micron's FY2026 revenue and margin records, the HBM4 ramp, DRAM and NAND price increases, new fab capacity and the new repurchase authorization are context. I credit none of them to the SCA program without a disclosed bridge from contracted volume or price to reported results.

CATALYST DEFINITION AND SCOPE

One Program, Five Disclosure Dates

Catalyst field	Definition
Event	Micron's Strategic Customer Agreement program: multi-year take-or-pay agreements with binding volumes, most with price floors and ceilings, secured by customer cash deposits and letters of credit.
Occurrence	Established. First described March 18, 2026, with one five-year SCA signed; 16 agreements and their terms detailed June 24, 2026; 26 reported by September 30, 2026; described in the audited FY2026 10-K filed October 9, 2026.
Mechanism	Signed agreement ► priced backlog ► customer security ► shipments at contract terms ► revenue ► gross margin relative to the floor ► cash after deposit refunds.
Primary outcome test	SCA-linked revenue and gross margin measured against contract floors in periods of falling market prices. The pass condition is set at lock.
Terminal horizon	Set at lock. Contract terms run mainly through calendar 2030, some into 2031, and deposit refunds are scheduled for 2029 to 2031.

What the record establishes

The 10-K describes take-or-pay agreements with binding commitments for specific, contractually enforceable volumes. Pricing is fixed or periodically negotiated, and the majority of the agreements carry minimum and maximum price bands. Customers have provided cash deposits, recorded as contract liabilities, and letters of credit that Micron can draw only on specified default or breach. At September 3, 2026 the audited remaining performance obligation was about \$134 billion.

What the record does not establish

Micron has not disclosed revenue, prices, volumes or margins for SCA customers as a group, the floor or ceiling levels, or how much of FY2026 revenue shipped under SCA terms. No disclosed period has combined falling market prices with active agreements, so the floor has not yet been tested.

How the program has been stated over time

Date	Document	Agreements	Priced backlog (RPO)	Customer security
Mar. 18, 2026	Q2 FY2026 prepared remarks	First five-year SCA signed	Not stated	Not stated
May 28, 2026	Q3 FY2026 10-Q, revenue note	Not stated	~\$5B; \$422M recognized as contract liabilities	Not stated
Jun. 24, 2026	Q3 FY2026 prepared remarks	16	~\$100B, including agreements signed after May 28	\$22B projected, ~\$18B in cash
Sept. 3, 2026	FY2026 10-K, Note 16 (audited)	Not stated	~\$134B; ~\$13B recognized as contract liabilities	\$7B letters of credit issued or committed
Sept. 30, 2026	Q4 FY2026 prepared remarks	26	~\$150B "to date"	\$32B, the vast majority cash deposits

What a Strategic Customer Agreement Contains

Term	What Micron discloses	Basis
Volume	Binding commitments to purchase specific, contractually enforceable volumes over multi-year terms	Reported fact; 10-K Notes 1 and 16
Term	Typically calendar 2026 through 2030; automotive generally three years; some agreements extend into 2031, plus one-year extensions to 2031 for two	Company statement; Jun. 24 and Sept. 30 remarks
Price	Fixed or periodically negotiated; the majority carry minimum and maximum bands	Reported fact; 10-K Note 16
Largest agreements	Ceiling for existing products at the calendar Q2 2026 market price, and a floor through the term	Company statement; Jun. 24 remarks, p.3
New products	Price premiums to be negotiated in the future	Company statement; Jun. 24 remarks, p.4
Pricing mix	About three-quarters of estimated SCA revenue has a defined pricing framework; the rest is negotiated periodically at market prices	Company statement; Sept. 30 remarks, p.3
Deposits	Returned if the customer meets its minimum purchase commitments; all or part may be retained and recognized as revenue if not	Reported fact; 10-K Note 1
Refund timing	Nearly all deposits scheduled to be repaid between 2029 and 2031	Reported fact; 10-K Note 16
Letters of credit	\$7B issued or contractually committed at Sept. 3, 2026; accessible only on specified customer default or breach	Reported fact; 10-K Note 16
Recovery rights	May include letter-of-credit proceeds, rights to decrement customer deposits and other contractual remedies	Reported fact; 10-K Note 16

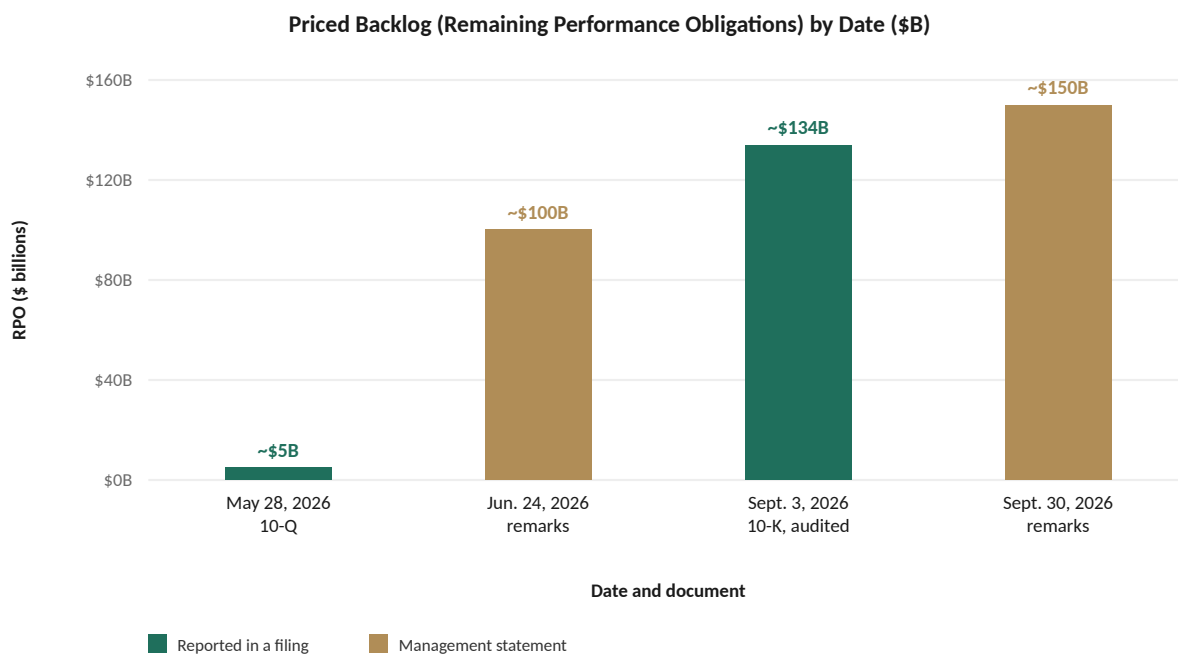
How Micron describes the floor

Micron expects agreements with price bands to yield gross margins, even at floor prices, meaningfully above its peak quarterly margins in any past cycle. That expectation appears in the June 24 and September 30 remarks. However, Micron has not disclosed the floor levels or any realized floor-price margin, so I record it as a company expectation.

What the contracts do not show publicly

Micron has named some participants: General Motors on July 1, 2026, and Qualcomm, Visteon, HARMAN, JOYNEXT, DENSO, Astemo and Hyundai Mobis on July 16. It has not published the full roster of 26 agreements, and the record gives no per-customer security, floor or ceiling levels, reset mechanics, rights to renegotiate, delivery schedules or order of remedies on default. Micron's FY2026 10-K risk factors also warn that Micron itself could face damages if it fails to perform under its customer agreements, and the deposits remain customer money that is scheduled to be returned.

The Priced Backlog on Four Dates



Read with this caveat

RPO counts committed volumes at minimum prices only. Micron's 10-K states that its RPO is "not expected to be indicative of future revenue under these contracts." Agreements without fixed prices or bands are excluded. No public roll-forward connects these four values; they are point-in-time balances from different documents.

The priced backlog went from about \$5 billion at May 28 to about \$134 billion audited at September 3, 2026, although none of these values is a forecast of SCA revenue.

Value	Population and date	Within 12 months	Basis
~\$5B	Priced SCAs at May 28, 2026; RPO was not material at Aug. 28, 2025	About one-third	Reported, Q3 10-Q (unaudited)
~\$100B	SCAs signed through Jun. 24, 2026, including after quarter-end	Not stated	Company statement
~\$134B	Audited balance at Sept. 3, 2026; ~\$13B already held as contract liabilities	About one-fourth	Reported, 10-K Note 16
~\$150B	26 SCAs "to date" at Sept. 30, 2026	Not stated	Company statement

One-fourth of the audited \$134 billion, about \$33.5 billion, is expected to be recognized as revenue in the twelve months after September 3, and the remaining \$100.5 billion within five years, by my calculation from rounded disclosures. Micron gives no year-by-year schedule, so I do not spread the remainder evenly.

What the backlog leaves out

The audited RPO excludes agreements without fixed prices or bands, which Micron says carry about one-quarter of its estimated SCA revenue. It also excludes any revenue above minimum prices and contracts with original terms of one year or less. Micron expects revenue to well exceed RPO over the terms, and I keep that as a company expectation.

Customer Cash Held, Then Returned

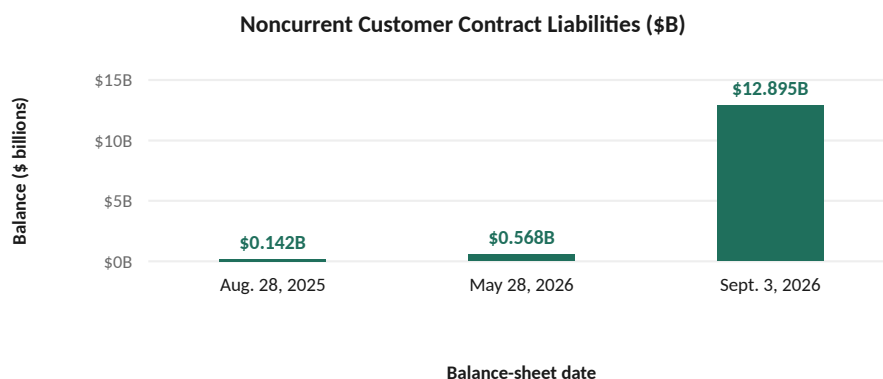


The first three stages are recorded; performance, refunds and any retention lie ahead.

Measure	Value	Date and population	Basis
Customer financial commitments	\$32B	26 SCAs and extensions, Sept. 30, 2026; the vast majority cash deposits	Company statement
Commitments projected at the June 24 disclosure	\$22B, ~\$18B cash	16 SCAs, Jun. 24, 2026	Company statement
Cash proceeds from customer deposits	\$12.747B	Fiscal year ended Sept. 3, 2026; financing activities	Reported fact; cash flow statement
Deposits received in fiscal Q4	\$12.3B	Quarter ended Sept. 3, 2026	Company statement; Q4 remarks, p.8
Noncurrent customer contract liabilities	\$12.895B	Balance at Sept. 3, 2026 (\$0.568B at May 28)	Reported fact; balance sheet
Customer deposit balance	\$12.7B	End of fiscal Q4	Company statement; Q4 remarks, p.8
Letters of credit	\$7B	Issued or committed, Sept. 3, 2026; contingent on default or breach	Reported fact; 10-K Note 16

Why deposits sit outside free cash flow

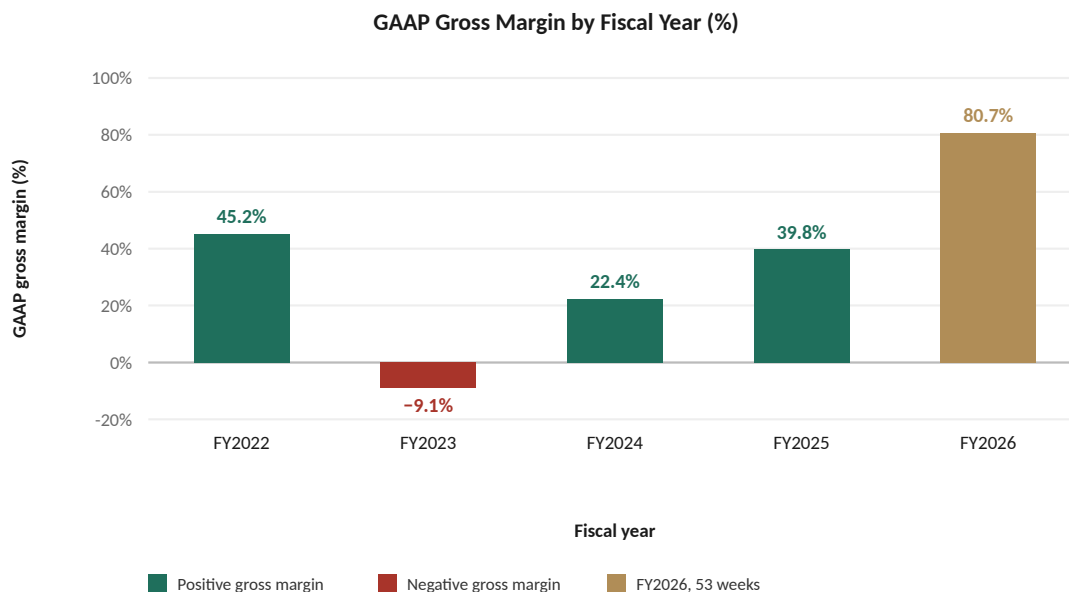
Micron classifies deposit receipts in financing activities, so they do not enter its adjusted free cash flow. Its accounting policy concludes that the deposits mainly secure future production capacity, so it records no significant financing component. Management describes them as unrestricted cash that will be returned toward the latter half of each agreement, assuming minimum purchases are met. I therefore treat the \$12.7 billion as available cash matched by a conditional refund obligation.



Deposit liabilities increased sharply in fiscal Q4. The record includes Q3 and Q4 balances; refunds, retentions and letter-of-credit draws were not located in the records reviewed.

COMPANY BASELINE

A Record Year Inside a Long Price Cycle



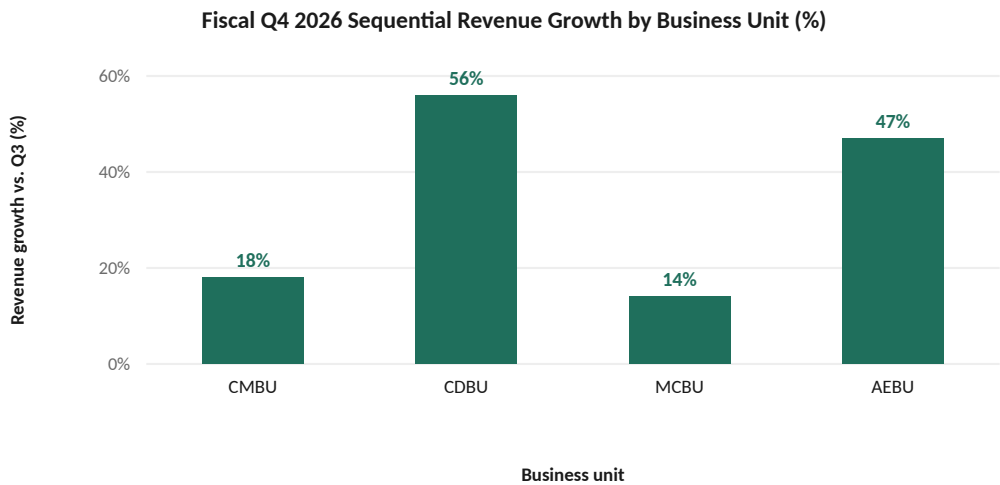
Micron's gross margin went from 45.2% to negative 9.1% within one year before reaching 80.7% in FY2026, the swing Micron says the agreements will make more durable and predictable.

Measure (\$B unless %)	Q4 FY2025	Q3 FY2026	Q4 FY2026	FY2025	FY2026
Revenue	11.315	41.456	54.229	37.378	133.188
GAAP gross margin	44.7%	84.6%	86.8%	39.8%	80.7%
Non-GAAP gross margin	45.7%	84.9%	87.0%	40.9%	81.1%
GAAP net income	3.201	28.243	37.701	8.539	84.969
Operating cash flow	5.730	25.388	43.973	17.525	89.675

Fiscal year (\$B)	FY2022	FY2023	FY2024	FY2025	FY2026
Revenue	30.758	15.540	25.111	37.378	133.188
GAAP gross margin	13.898	-1.416	5.613	14.873	107.504
GAAP net income	8.687	-5.833	0.778	8.539	84.969

FY2026 contained 53 weeks against 52 in FY2025 and FY2024, and fiscal Q4 2026 contained 14 weeks against 13 in the prior quarter. I show reported periods without restating them to equal length. FY2022 to FY2024 values come from the FY2024 10-K; the rest from the FY2026 release and 10-K. Micron guided fiscal Q1 2027 revenue to \$61.5 billion, plus or minus \$1.5 billion, and GAAP gross margin to about 85.95%.

Every Business Unit Rose With Price



All four units grew, and Micron attributed each increase mainly to higher pricing; Q4 also had one more week than Q3.

Unit	Scope	Q4 FY25 rev.	Q3 FY26 rev.	Q4 FY26 rev.	Q4 GM	Q4 op. margin
CMBU	Memory for hyperscale cloud; HBM for all data-center customers	\$4.543B	\$13.769B	\$16.283B	83%	76%
CDBU	Data-center storage; memory for OEM, enterprise and NeoCloud customers	\$1.577B	\$11.524B	\$18.002B	90%	85%
MCBU	Mobile and client memory and storage	\$3.760B	\$11.521B	\$13.114B	90%	88%
AEBU	Automotive, industrial and consumer embedded	\$1.434B	\$4.634B	\$6.824B	84%	79%

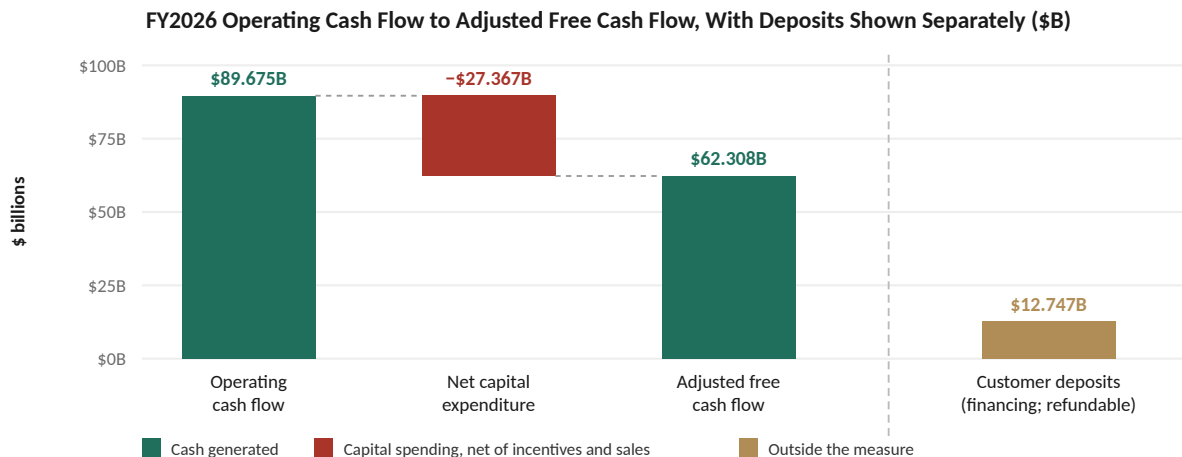
Each unit's margins use its own revenue, and segment results exclude certain unallocated items, so they do not sum to consolidated margin. CMBU gross margin held at 83% because higher pricing was offset by higher HBM mix, according to Micron. No customer accounted for 10% or more of FY2026 revenue, against one customer at 17% in FY2025.

Same-day product disclosure, scoped

On June 24, 2026, the same prepared remarks that detailed the first 16 SCAs stated that Micron had "already shipped over \$1 billion in HBM4 revenue." That figure is cumulative, HBM4 only and a lower bound, with no period, volume, price or margin attached. No fiscal Q3 or Q4 2026 total-HBM revenue amount was located in the cited results materials. I keep it as historical context and credit none of it to the SCA program.

Micron also said on September 30 that HBM revenue grew faster than total revenue in fiscal Q4 and that it had completed agreements for the vast majority of its calendar 2027 HBM bit supply at significant year-over-year price increases. Those HBM agreements are a product-pricing event, and Micron has not said how they relate to the SCAs.

Operating Cash, Deposits and Taxes Payable



Adjusted free cash flow of \$62.3 billion excludes \$12.7 billion of deposits, which Micron reports as financing and expects to return if customers meet minimum purchase commitments.

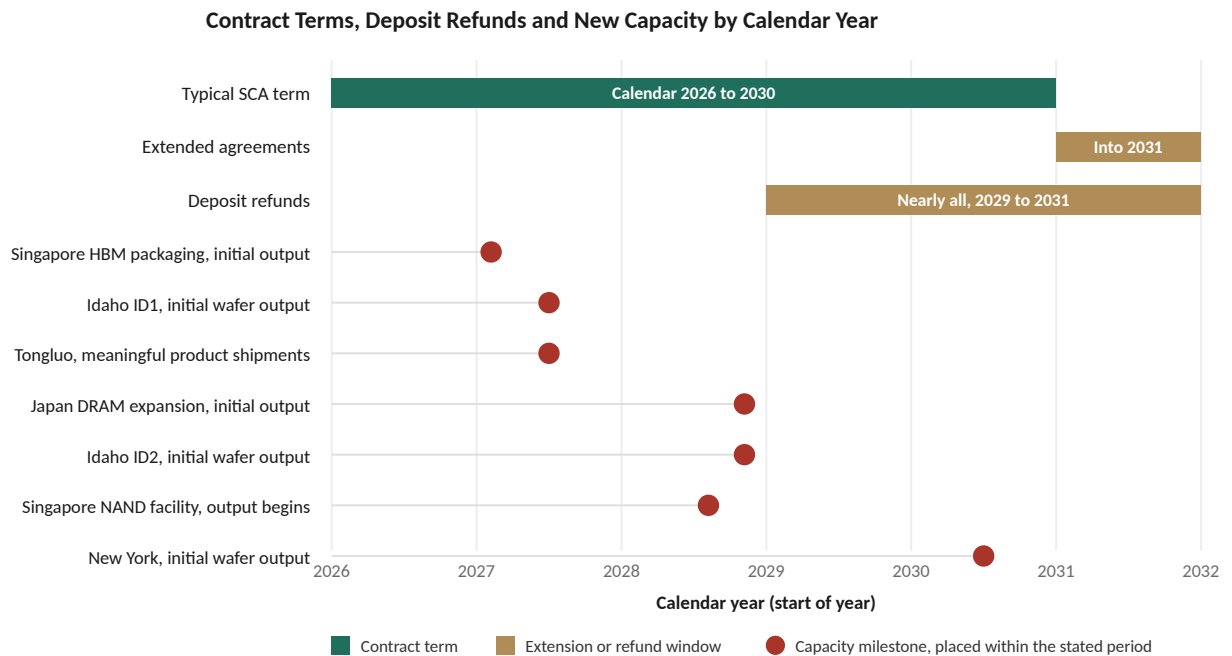
Taxes inside operating cash flow

Tax measure, FY2026	Value	Location	Treatment
Current income tax provision	\$15.234B	10-K Note 18	Reported fact
Cash paid for income taxes, net of refunds	\$1.254B	10-K Note 18	Reported fact
Provision less cash paid	\$13.980B	Arithmetic on the two lines above	Author calculation; a period gap only
Income taxes payable in other noncurrent liabilities	\$9.82B (\$0.648B a year earlier)	10-K Note 18	Reported fact
"Income and other taxes" in accounts payable and accrued expenses	\$5.626B (\$0.628B a year earlier)	10-K Note 8	Reported fact; mixes income and other taxes

I calculated the \$13.98 billion gap from two reported lines. It shows that tax expense exceeded tax cash in the year, although without a taxes-payable roll-forward it does not measure how much current-year tax remained unpaid at September 3. The noncurrent payable and the mixed Note 8 balance stay separate, and I make no adjustment to free cash flow from them.

Working-capital line in FY2026 operating cash flow	Change	Treatment
Receivables	-\$25.206B	Reported fact; cash flow statement
Inventories	-\$2.017B	Reported fact; cash flow statement
Accounts payable and accrued expenses	+\$8.707B	Reported fact; includes the Note 8 tax balance
Other current liabilities	+\$3.141B	Reported fact; cash flow statement
Other noncurrent liabilities	+\$9.633B	Reported fact; includes the noncurrent tax payable

New Capacity Arrives Within the Contract Terms



The new fabs Micron is building start output between 2027 and 2030, while most agreements are still running and before or during the deposit refund window.

Capital measure	Value	Date or period	Basis
Gross capital expenditure	\$30.712B	FY2026	Reported fact
Net capital expenditure	\$27.367B	FY2026, after \$3.316B incentives and \$0.029B asset sales	Company non-GAAP
Construction in progress	\$11.424B	Sept. 3, 2026 (\$5.518B a year earlier)	Reported fact; 10-K Note 7
Equipment not yet placed in service	\$6.12B	Sept. 3, 2026	Reported fact; 10-K Note 7
Net capex guidance	~\$11.5B Q1; ~\$25B H1	FY2027, net of anticipated incentives; H2 higher	Company statement

Micron says SCA visibility supports its decision to raise FY2027 capital spending, mostly for cleanroom construction aimed at late calendar 2028 and beyond. Its 10-K also warns that it and its competitors plan new fabs, and that prices could fall materially if demand does not keep pace.

MECHANISM

From Signed Agreement to Protected Margin



The first three stages are established; the remaining four have no SCA-specific disclosure yet.

Where the mechanism currently stands

The agreements, the priced backlog and the customer security are documented in filings and dated statements. Shipments under SCA terms may already have begun, since most terms start in calendar 2026, although Micron reports no SCA revenue line. The floor, the margin and the cash after refunds can only be read when market prices fall below contract ceilings and floors start to matter.

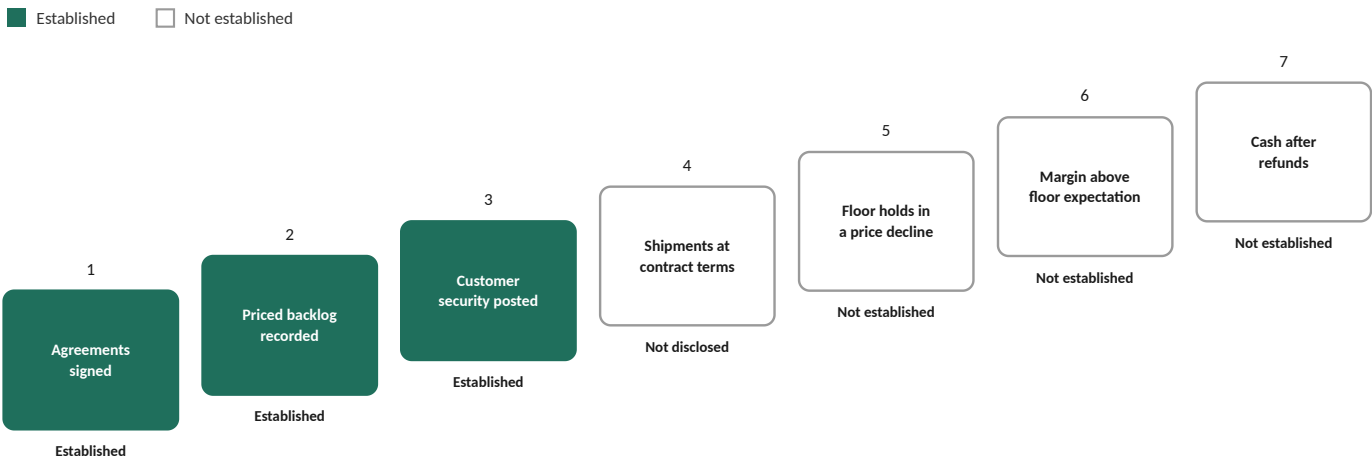
Mechanism stage	What Micron discloses today	What would advance the stage
Agreements	First five-year SCA by Mar. 18; 16 by Jun. 24; 26 by Sept. 30, 2026	Already established
Priced backlog	~\$5B (May 28); ~\$134B audited (Sept. 3); ~\$150B stated (Sept. 30)	A quarterly RPO in each 10-Q
Customer security	\$12.747B deposit proceeds; \$7B letters of credit	Already established
Shipments at contract terms	Not separately disclosed	SCA revenue, volume or price by cohort
Floor in a decline	No disclosed period combines falling company-wide DRAM or NAND prices with active agreements; SCA prices are not public	A period of falling prices with SCA results shown
Margin above floor	Company expectation only	Disclosed SCA or floor-price gross margin
Cash after refunds	No refunds, retentions or draws located in the records reviewed	Refund schedule, retentions and draws as they occur

Which disclosure should close each open stage

Open stage	Earliest disclosure that could close it	What I will look for
4. Shipments at contract terms	Any 10-Q or 10-K revenue note	Recognized revenue from SCAs or an RPO roll-forward
5. Floor in a decline	The first quarter with falling DRAM or NAND prices	SCA pricing or revenue shown against market pricing
6. Margin above floor	A results release or filing	Any SCA or floor-price gross margin
7. Cash after refunds	Any filing reporting refunds, retentions or draws; nearly all scheduled refunds fall in 2029–2031	Refunds, retentions and letter-of-credit draws

MECHANISM • CONTINUED

Catalyst-to-Commercial-Impact Chain



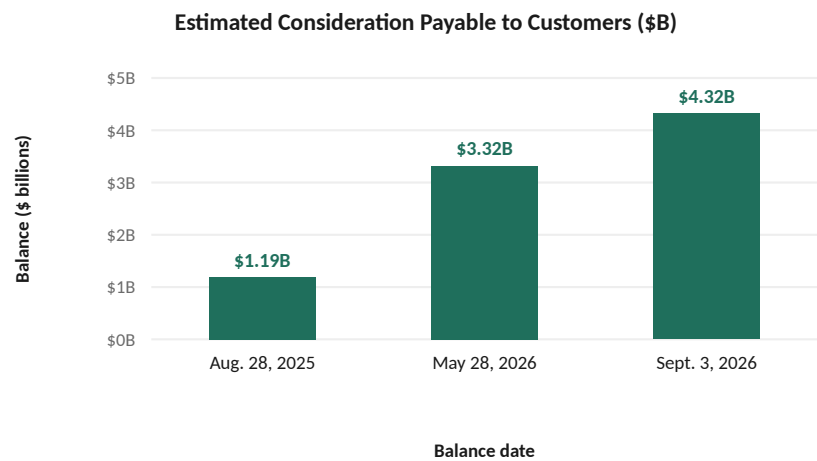
Stage	Required evidence	Current reading	Does not pass
1–3. Sign, record, secure	Agreements, audited RPO, deposits and letters of credit	Established: Mar. 18, Jun. 24 and Sept. 3, 2026	Agreement counts without priced terms
4. Shipments at contract terms	SCA revenue, volume or price by cohort	Not disclosed	Company-wide revenue growth
5. Floor in a decline	SCA pricing held while market prices fall	Not testable before a decline	Rising prices
6. Margin above floor	Floor-price or SCA gross margin	Company expectation only	Consolidated record margins
7. Cash after refunds	Refunds, retentions and draws against cash generation	Not yet observed; nearly all scheduled refunds fall in 2029–2031	Deposit balances

Substitution control

Record revenue, 87% non-GAAP gross margin in fiscal Q4, rising average selling prices and \$12.7 billion of deposit cash would each appear to fill an open stage. None of them isolates the agreements, so I decline all four as evidence of protection.

ATTRIBUTION

Cycle and Contract Cannot Yet Be Separated

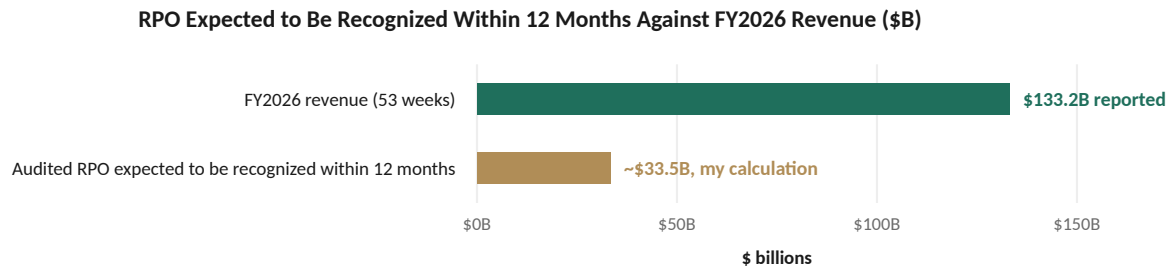


The liability for pricing adjustments and returns rose from \$1.19 billion to \$4.32 billion, mostly before fiscal Q4; Micron has not said why.

Observation	What it shows	Why it does not isolate the agreements
FY2026 revenue \$133.2B; GAAP gross margin 80.7%	Record results during the year the program began	Prices rose across all four units and both technologies
DRAM prices up low-60s% in fiscal Q3 and high-teens% in Q4; NAND up mid-80s% and about 30%	Market pricing strength, sequential	Company-wide averages; no SCA price series
SCA terms begin in calendar 2026	FY2026 revenue may include SCA shipments	Micron has not disclosed how much
Ceilings at calendar Q2 2026 prices for existing products	Largest agreements cap price on existing products	Whether ceilings bind today depends on undisclosed cohort prices and product mix
Consideration payable \$1.19B to \$4.32B	Larger estimated pricing adjustments and returns	The cause is not disclosed; the policy also covers price protection for distributors

Attribution remains unresolved

The public record cannot yet say how much of FY2026 came from the price cycle and how much from the agreements. I carry both explanations forward until Micron discloses SCA revenue, pricing or margin, or until a price decline separates them.



About one-fourth of the audited backlog, approximately \$33.5 billion by calculation, is expected to be recognized as revenue within twelve months. This is not a forecast of total revenue or a cash-collection schedule.

COUNTEREVIDENCE

A Signed Contract Leaves the Downturn Question Open

Alternative	Why it remains plausible	What would confirm it
The price cycle explains the results	All units rose on higher pricing; gross margin was negative 9.1% in FY2023	Results tracking market prices once the cycle turns
Customers overstate demand	The 10-K says customers have overstated expected demand in the past to procure supply	Requests to defer, reduce or renegotiate volumes
Industry oversupply	The 10-K says Micron and competitors plan new fabs and that prices could decline materially	Falling contract-market prices as 2027–2028 capacity arrives
HBM capacity shifts to DRAM	The 10-K warns that weaker HBM demand could add significant conventional DRAM supply	Suppliers reallocating HBM capacity
High prices curb demand	The 10-K says sustained high prices may reduce content or attract new entrants	Customers redesigning to use less memory
Renegotiation or default	Remedies depend on deposits, letters of credit and contract terms not made public	Retained deposits, draws or amended agreements
Ceilings give up upside	Largest agreements cap existing-product prices at calendar Q2 2026 levels; new talks price higher	Market prices well above the calendar Q2 2026 reference level

Legal matters that bear on pricing and supply

Matter	Date	Status at Oct. 9, 2026	Source
Putative DRAM antitrust class action against Micron, Samsung and SK hynix	Jun. 25, 2026	Alleges supply restriction and price fixing from Oct. 26, 2022; a similar complaint followed Jul. 17	10-K Note 11
YMTC utility-model case, Munich Regional Court	Oct. 6, 2026	Written rulings require Micron to stop offering accused 3D NAND in Germany; Micron has appealed	10-K Note 11
Netlist patent litigation and ITC investigation	Oct. 5, 2026	Parties agreed to dismiss all claims under settlement and license agreements	10-K Note 11
Netlist license payments	Oct. 6, 2026	\$30M a quarter from calendar Q4 2026 through Q3 2031, \$600M in total; FY2026 charge \$500M	Netlist release; 10-K Note 17

The antitrust allegations are unproven claims. I record them because they concern the same supply and pricing conditions under which the agreements were signed.

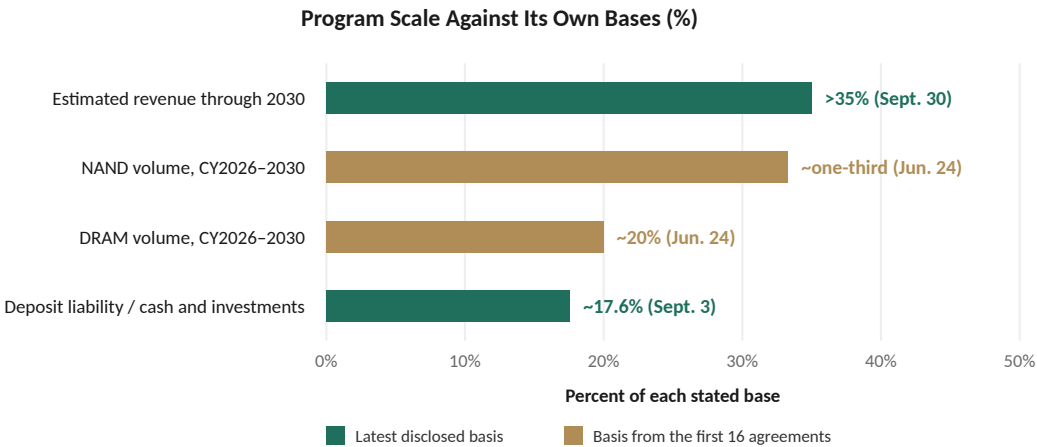
EXPECTED SIGNIFICANCE

The Materiality Screen

Expected-significance lock

Set at lock. This page records how much of Micron's business a fully realized catalyst could touch, using disclosed inputs. Expected significance measures potential materiality only and does not depend on how well the outcome is disclosed.

Dimension	Disclosed input	Reading
Revenue coverage	26 agreements estimated at more than 35% of revenue through 2030; ~75% of that with defined pricing	Company estimate
Volume coverage	~20% of DRAM and ~one-third of NAND volume over CY2026–2030 for the first 16	Company statement, Jun. 24
Target coverage	"Approximately half or more" of revenue when all planned agreements are completed	Company expectation, Jun. 24
Backlog scale	Audited RPO ~\$134B against FY2026 revenue of \$133.188B, about 1.0x	Author calculation
Balance-sheet scale	Noncurrent customer contract liabilities \$12.895B against \$73.453B cash and investments	Author calculation: ~17.6%



Each bar uses its own denominator, so the bars show scale and do not add up.

What the screen does not decide

The screen records breadth. It assumes no particular downturn, floor level or customer behavior, and it carries no view on which way the outcome will go.

A Datable Program, a Test That Needs Disclosure

Dimension	Reading	Reason
Attribution feasibility	Low today	No SCA revenue, price or margin is reported; segments mix SCA and non-SCA customers
Future measurability	Conditional	Quarterly RPO, contract liabilities, consideration payable and deposit cash flows are observable; cohort economics are not
Disclosure risk	Moderate to high	Contract terms are not published; Micron has named GM and seven automotive partners and has not published the full roster of 26
Reversibility	Moderate	Agreements can be amended, extended or enforced in ways the public may see only through retained deposits or draws
Terminal horizon	Set at lock	Terms run mainly through 2030 and refunds through 2031

What counts as SCA economics

A reading of the outcome requires SCA revenue, price or margin from a filing or a quantified company statement, or an RPO roll-forward that shows recognition against the minimum-price backlog. Consolidated margins, company-wide price changes and deposit balances inform tracking notes. They cannot establish that the floor protected earnings.

How periods are read

Micron's fiscal year ends on the Thursday closest to August 31. Fiscal and calendar periods are labeled separately, audited balances are kept apart from management statements made on later dates, and the 53-week FY2026 and 14-week fiscal Q4 2026 are shown as reported.

Label	Meaning in this thesis
Reported fact	Directly stated in an SEC filing or the issuer's own release, with the issuer's definition and period preserved
Company statement or estimate	A management statement or forecast, such as the floor-margin expectation, recorded with its qualifiers
Author calculation	Reproducible arithmetic from disclosed inputs, labeled and period-bound
Unknown or unmeasurable	Required evidence absent from the records reviewed; no substitute is inferred

TRACKING STANDARD

What Each Test Must Observe

Test	Metric and primary source	What it would show	Missing-data behavior
Backlog recognition	RPO and its 12-month portion, each 10-Q and 10-K revenue note	Whether minimum-price backlog converts on schedule	A missing roll-forward is recorded as not disclosed
Deposit behavior	Deposit proceeds, refunds and contract liabilities, cash flow statement and Note 16	Whether security stays in place as terms run	Refunds before 2029 are flagged
Retention and draws	Retained deposits recognized as revenue; letter-of-credit draws, Notes 1 and 16	Customer shortfalls or defaults	Read as not located, not as zero activity
Pricing adjustments	Consideration payable to customers, Note 16	Pressure on realized pricing	Cause is left open unless stated
Price divergence	Company DRAM and NAND price descriptors against any SCA price disclosure	Whether floors or ceilings bind	Company-wide prices are not SCA prices
Floor-price margin	Any SCA or floor-price gross margin disclosed	Whether the floor expectation holds	Consolidated margin cannot pass this test

Period integrity

Audited year-end balances, unaudited quarter-end balances and later management statements stay on separate lines. Quarterly figures are compared only with quarterly figures, and deposit cash is never combined with operating cash flow.

Interpretation rule

A strong Micron quarter does not confirm the agreements, and a weak one does not contradict them. Each update keeps the price cycle, HBM, new capacity and the agreements separate.

Absence-evidence rule

A missing figure is recorded as not located in the records reviewed through the stated date. I record it as not disclosed only where the filing would reasonably have shown it.

How each kind of evidence is used

Evidence	Can inform a tracking note	Can establish the outcome
Consolidated revenue and gross margin	Yes	No
Company DRAM and NAND price descriptors	Yes	No
RPO balance and recognition	Yes	Only with an SCA revenue bridge
Deposit balances and proceeds	Yes	No
Retained deposits, letter-of-credit draws or amended agreements	Yes	Yes, as weakening evidence
Disclosed SCA revenue, price or gross margin	Yes	Yes

NEXT MEASUREMENT

What the Next Filing Cycle Has to Show

Occasion	Timing	What gets reopened
Fiscal Q1 2027 quarter-end	December 3, 2026, by my 13-week count from Sept. 3	Revenue against the \$61.5B ± \$1.5B guide; margins
Fiscal Q1 2027 10-Q	After quarter-end; date not yet announced in the records reviewed	RPO, contract liabilities, consideration payable, deposit cash flows
Expanded capital return	From December 9, 2026	Repurchases under the \$35.16B authorization; authority is tracked apart from execution
Netlist payments	Quarterly from calendar Q4 2026	\$30M a quarter through Q3 2031
2027 capacity milestones	Early to mid-calendar 2027	Singapore HBM packaging, ID1 wafer output, Tongluo shipments
FY2027 10-K	About October 2027	Audited RPO, deposits and any SCA disclosures
Deposit refund window	2029 to 2031	Refunds, retentions and letter-of-credit draws

Known forward confounders

Higher FY2027 incentive compensation, fiscal Q1 gross margin that Micron calls the floor for the year, new fab start-up costs, the HBM4E ramp, the YMTC ruling in Germany and the antitrust litigation each move consolidated results without saying anything about the agreements.

What would change the direction

Signals that would strengthen it	Signals that would weaken it
SCA revenue, price or margin disclosed	Amended agreements or lower floors
RPO recognized on schedule as prices fall	Retained deposits or letter-of-credit draws
Floor-price gross margin near the stated expectation	Customers deferring or reducing committed volumes

Fiscal Q1 2027 guidance, for reference

Micron guided revenue to \$61.5 billion, plus or minus \$1.5 billion, GAAP gross margin to about 85.95% and non-GAAP gross margin to about 86.25%, and said it expects fiscal Q1 to be the gross-margin floor for FY2027. These are company guidance figures and carry no information about the agreements on their own.

How to Read This Thesis

Term	Definition
Strategic Customer Agreement (SCA)	Micron's name for its multi-year take-or-pay supply contracts with binding volumes
Take-or-pay	A contract in which the buyer commits to purchase set volumes and owes the economic consequence if it does not take them
Remaining performance obligation (RPO)	Contracted revenue not yet recognized; for Micron, committed volumes at minimum prices on priced agreements
Contract liability	Cash received before delivery; here mainly SCA customer deposits
Letter of credit	A bank guarantee Micron can draw only on specified customer default or breach
Floor and ceiling	The minimum and maximum prices within which banded agreements are priced
Consideration payable to customers	Micron's estimate of pricing adjustments and returns owed to customers
Adjusted free cash flow	Micron's non-GAAP measure: operating cash flow less capital spending net of incentives and asset sales
HBM	High-bandwidth memory, stacked DRAM used in AI accelerators; reported within CMBU

Period and basis

Micron's fiscal year ends on the Thursday closest to August 31. FY2026 had 53 weeks and its fourth quarter had 14.

Non-GAAP and metric boundary

Non-GAAP gross margin and adjusted free cash flow are company-defined and reproduced only as Micron presents them. Neither isolates the agreements.

Comparator boundary

Other memory suppliers also sign multi-year agreements. I make no claim about their terms, coverage or prices, since none was verified in their own filings for this record.

Significance and admissibility boundary

Expected significance measures potential company materiality if the mechanism converts. Attribution feasibility, measurability and disclosure risk, tracked on page 15, determine whether the outcome can be graded.

Research posture

This document tracks a catalyst and a mechanism. It is not a recommendation, a rating or a price target.

PRIMARY SOURCES

Source Register

#	Document	Use in this thesis
1	Micron Technology, Form 10-K for the fiscal year ended Sept. 3, 2026, filed Oct. 9, 2026 (accession 0000723125-26-000023). https://www.sec.gov/Archives/edgar/data/723125/000072312526000023/mu-20260903.htm	SCA description, business units, competitors, top-ten customers; Item 1A price, demand and capacity risks; financial statements.
2	Micron 10-K, Note 1, Significant Accounting Policies (XBRL R32). https://www.sec.gov/Archives/edgar/data/723125/000072312526000023/R32.htm	Deposit return and retention terms; no significant financing component; fiscal-year basis.
3	Micron 10-K, Note 16, Revenue and Customer Contract Liabilities (XBRL R22, R70). https://www.sec.gov/Archives/edgar/data/723125/000072312526000023/R22.htm	RPO ~\$134B and caveat; \$13B contract liabilities; refunds 2029–2031; \$7B letters of credit; \$4.32B consideration payable.
4	Micron 10-K, Note 18, Income Taxes (XBRL R24, R75). https://www.sec.gov/Archives/edgar/data/723125/000072312526000023/R24.htm	Current provision \$15.234B; cash taxes \$1.254B; \$9.82B noncurrent income taxes payable.
5	Micron 10-K, Note 8, Accounts Payable and Accrued Expenses (XBRL R54). https://www.sec.gov/Archives/edgar/data/723125/000072312526000023/R54.htm	Income and other taxes \$5.626B; PP&E payables \$8.618B.
6	Micron 10-K, Note 7, Property, Plant, and Equipment (XBRL R53). https://www.sec.gov/Archives/edgar/data/723125/000072312526000023/R53.htm	Construction in progress \$11.424B; equipment not in service \$6.12B.
7	Micron 10-K, Notes 11 and 17, Contingencies and Other Operating Expense (XBRL R17, R23). https://www.sec.gov/Archives/edgar/data/723125/000072312526000023/R17.htm	Antitrust class action, YMTC Munich rulings, Netlist dismissal; \$500M patent license charges.
8	Micron 10-K, Note 12, Equity (XBRL R18). https://www.sec.gov/Archives/edgar/data/723125/000072312526000023/R18.htm	\$35.16B authorization from Dec. 9, 2026; \$650M repurchased in FY2026.
9	Micron 10-K, Note 21, Certain Concentrations (XBRL R27). https://www.sec.gov/Archives/edgar/data/723125/000072312526000023/R27.htm	No customer at 10% of FY2026 revenue; one at 17% in FY2025.
10	Micron, fiscal Q4 and FY2026 results, Form 8-K Exhibit 99.1, Sept. 30, 2026. https://www.sec.gov/Archives/edgar/data/723125/000072312526000018/a2026q4ex991-pressrelease.htm	Quarterly and annual results, balance sheet, cash flow, business units, FQ1 FY2027 guidance.
11	Micron, fiscal Q4 2026 earnings call prepared remarks, Sept. 30, 2026. https://s25.q4cdn.com/621799436/files/doc_financials/2026/q4/Q4-FY26-Prepared-Remarks.pdf	26 SCAs, >35% coverage, pricing mix, \$32B (p.3); ~\$150B RPO (p.6); deposits (p.8); capex (p.10).

Source hierarchy and completeness

Filed facts are bound to Micron's SEC filings and the XBRL pages of its FY2026 10-K. Management statements come from Micron's own prepared remarks, presentation and press releases, and the Netlist payment schedule comes from Netlist's release. The register is complete for the agreement terms, backlog, deposits, cash flow and legal matters shown. It is incomplete for SCA revenue, pricing and margin, an RPO roll-forward and competitor contract terms, none of which was located in the records reviewed through October 14, 2026.

Source Register, Continued

#	Document	Use in this thesis
12	Micron, fiscal Q4 2026 earnings presentation, Sept. 30, 2026. https://s25.q4cdn.com/621799436/files/doc_financials/2026/q4/Q4-26-Earnings-Deck.pdf	SCA update (slide 11); cash flow and capital allocation (slide 28); business-unit growth (slide 37).
13	Micron, Form 10-Q for the quarter ended May 28, 2026 (full filing; revenue note XBRL R21, R56). https://www.sec.gov/Archives/edgar/data/723125/000072312526000015/mu-20260528.htm https://www.sec.gov/Archives/edgar/data/723125/000072312526000015/R21.htm	RPO ~\$5B; \$422M contract liabilities; \$3.32B consideration payable (R21, R56); 14-week fiscal Q4 (Note 1, full filing).
14	Micron, fiscal Q3 2026 earnings call prepared remarks, June 24, 2026. https://s25.q4cdn.com/621799436/files/doc_financials/2026/q3/Q3-FY26-Prepared-Remarks.pdf	16 SCAs, terms, ceilings and floors (p.3); new-product premiums and HBM4 statement (p.4); RPO and deposits (p.7).
15	Micron, fiscal Q3 2026 results, Form 8-K Exhibit 99.1, June 24, 2026. https://www.sec.gov/Archives/edgar/data/723125/000072312526000013/a2026q3ex991-pressrelease.htm	Announcement that Micron executed 16 SCAs; fiscal Q3 results.
16	Micron, Form 10-K for the fiscal year ended Aug. 29, 2024 (XBRL R3). https://www.sec.gov/Archives/edgar/data/723125/000072312524000027/R3.htm	FY2022–FY2024 revenue and gross margin.
17	Netlist, patent license and settlement agreements with Micron, Oct. 6, 2026. https://investors.netlist.com/news/netlist-and-micron-enter-patent-license-and-settlement-agreements/c8615305-0590-43e4-bcb2-fe05e120f947	\$30M quarterly payments, \$600M total, five-year license.
18	Micron, fiscal Q2 2026 earnings call prepared remarks, Mar. 18, 2026. https://micron.gcs-web.com/static-files/e089f8c0-065d-47b8-9d02-bfa863cdb357	First description of SCAs and the first five-year SCA signed (p.2).
19	Micron and General Motors, Strategic Customer Agreement release, July 1, 2026. https://investors.micron.com/news/press-release/2026/Micron-and-General-Motors-Sign-Strategic-Agreement-to-Secure-Supply-and-Accelerate-Innovation/default.aspx	GM named as an SCA participant; LPDRAM, NOR and UFS NAND; one of the 16.
20	Micron, automotive Strategic Customer Agreements release, July 16, 2026. https://micron.gcs-web.com/news-releases/news-release-details/micron-strengthens-automotive-ecosystem-supply-through-strategic	Seven named automotive suppliers and partners.

Records checked without a finding

Item sought	Records checked	Result through Oct. 14, 2026
RPO roll-forward from \$134B to ~\$150B	FY2026 10-K Note 16; Q4 remarks and presentation	Not located
SCA revenue, price or gross margin	FY2026 10-K; Q3 10-Q; Q3 and Q4 releases and remarks	Not disclosed in these records
Floor and ceiling levels	Same records	Not disclosed; only the calendar Q2 2026 ceiling reference
Payment schedule for the \$9.82B tax payable	FY2026 10-K Note 18	Not located
Cause of the rise in consideration payable	FY2026 10-K Note 16; Q3 10-Q	Not located

DISCLOSURES

Bottom Line and Investment-Risk Disclosure

Bottom line

Micron has signed 26 multi-year take-or-pay agreements, recorded an audited minimum-price backlog of about \$134 billion and collected \$12.7 billion of refundable customer cash deposits. Separately, banks had issued or committed \$7 billion of letters of credit at September 3, which Micron can draw only on specified customer default or breach.

The question the agreements were built to answer has not yet been asked of them. Every quarter since they began has had rising prices, Micron reports no SCA revenue or margin, and the deposits are scheduled to be returned from 2029 as new capacity arrives. The record proves the contracts exist and are large. It cannot yet show that they make earnings less cyclical.

Next measurement

The fiscal Q1 2027 10-Q, for the quarter ending December 3, 2026. I will look first for the RPO balance and its recognition, deposit flows and consideration payable, and record a dated tracking note against this baseline.

What would move my reading

Signals that would strengthen it	Signals that would weaken it
Disclosed SCA revenue or margin	Agreements amended or floors lowered
Backlog recognized on schedule in a price decline	Retained deposits or letter-of-credit draws
Floor-price gross margin near the stated expectation	Customers deferring or reducing committed volumes
Agreements extended beyond 2030 on disclosed terms	Consideration payable rising faster than revenue

What fiscal Q1 2027 can and cannot settle

The fiscal Q1 2027 10-Q will give a new quarter-end RPO and deposit balance, and may show recognition against the backlog. However, if prices are still rising it cannot show whether the floors protect earnings.

Grading and terminal rule

No outcome grade is issued here. Expected significance, the outcome test and the terminal horizon are set at lock.

Investment-risk disclosure. Independent research for informational and educational purposes. Not personalized investment advice, an offer, a solicitation, a recommendation, a rating, a price target, a stock prediction, or an expected-security-return analysis. Investing involves risk, including possible loss of principal. Figures are drawn from the primary sources listed on pages 19 and 20 and are current as of the evidence date printed on page 1. Company-defined non-GAAP measures are not a substitute for results reported under GAAP.