

## News Release

### **Inotera Reports Fourth Quarter and Fiscal Year 2008 Results**

#### ***Production Slowdown in Response to Difficult Market Environment***

Taoyuan, Taiwan (R.O.C.) January 20<sup>th</sup> 2009 – Inotera Memories, Inc. (TAIEX: 3474) today announced results for the fourth quarter and the fiscal year 2008, which ended December 31<sup>st</sup>, 2008. The operating loss registered for the fourth quarter of year 2008 was NTD 4,782 million and net loss was NTD 6,568 million, on the back of sales revenue of NTD 8,253 million. The net loss incurred for the quarter is equal to a loss per share of NTD 1.97. Fourth quarter results include a non-operating charge of NTD 215 million for the write-down of the carrying value of work-in-process due to the sequential decline of DRAM prices. For the fiscal year 2008, Inotera achieved sales revenues of NTD 37,540 million with an operating loss of NTD 14,725 million and a net loss of NTD 18,065 million or loss per share of NTD 5.41. All numbers are un-audited, and the loss per share calculation is based on weighted average outstanding shares of 3,338 million.

The 23% decrease in sales revenues quarter-on-quarter was due to a 45% sequential decline in DRAM average selling prices and a 5% decrease in bit shipments as a result of production cuts during the fourth quarter of 2008. Compared to the previous quarter, the production slowdown has resulted in an 8% decrease in wafer shipments given deteriorating industry conditions during the fourth quarter of 2008. Going forward, the Company expects a continuous need to be responsive to changes in the market environment and may adjust its production volume accordingly.

On November 26<sup>th</sup>, Micron Technology, Inc. has completed the acquisition of a 35.6% stake in Inotera from Qimonda AG, and 50% of Inotera's manufacturing capacity will be taken over by Micron step-by-step during the nine-month period following that date.

Total capital expenditures were NTD 19.7 billion for year 2008, representing capex savings of about NTD 10 billion compared to the original guidance of NTD 30 billion. In 2009, the Company expects to spend about NTD 6 billion for a pilot line to prepare the conversion to stack technology. The Company plans to start the pilot production in stack technology from



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the third quarter of 2009 and will decide on exact conversion schedule depending on funding availability.

**About Inotera**

Inotera Memories, Inc. was incorporated on January 23rd, 2003. Inotera's production facilities are designed to manufacture high-density and high-performance commodity DRAM ( Dynamic Random Access Memory ) products using state-of-the-art technology. The combination of world-leading technology transferred from its technology partners and local cost-efficiency in mass production has resulted in an innovative company that is highly productive, highly competitive and at the leading edge in the DRAM industry. For more information please visit Inotera's IR Website : <http://ir.inotera.com>

## **Financial Summary** (4Q'08/ Y2008 YTD results are unaudited)

<i>Unit: Million NT\$, except for EPS in NT\$</i>	<b>4Q'08</b>	<b>3Q'08</b>	<b>QoQ</b>	<b>YoY</b>	<b>Y2008</b>
<b>Net Operating Revenues</b>	<b>8,253</b>	<b>10,786</b>	<b>-23%</b>	<b>-18%</b>	<b>37,540</b>
<b>Gross Profit (Loss)</b>	<b>(4,681)</b>	<b>(2,501)</b>	<b>-87%</b>	<b>-109%</b>	<b>(13,901)</b>
SG&A Expenses	(77)	(85)	9%	20%	(336)
R&D Expenses	(25)	(51)	51%	86%	(488)
<b>Total Operating Expenses</b>	<b>(102)</b>	<b>(136)</b>	<b>25%</b>	<b>63%</b>	<b>(824)</b>
<b>Operating Income (Loss)</b>	<b>(4,782)</b>	<b>(2,637)</b>	<b>-81%</b>	<b>-90%</b>	<b>(14,725)</b>
Non-operating income (Expense)	(1,783)	(1,525)	-18%	-30%	(3,332)
<b>Income (Loss) before Income Tax</b>	<b>(6,566)</b>	<b>(4,162)</b>	<b>-58%</b>	<b>-69%</b>	<b>(18,057)</b>
Income Tax Benefit (Expense)	(3)	111	NM	NM	(8)
<b>Net Income (Loss)</b>	<b>(6,568)</b>	<b>(4,051)</b>	<b>-62%</b>	<b>-80%</b>	<b>(18,065)</b>
<b>EPS (Loss)</b>	<b>(\$1.97)</b>	<b>(\$1.21)</b>	<b>-63%</b>	<b>-79%</b>	<b>(5.41)</b>
Weighted Average Outstanding Shares ( <i>millions</i> )	3,338	3,338			3,338
<b>Gross Margin (%)</b>	<b>-57%</b>	<b>-23%</b>			<b>-37%</b>
<b>Operating Margin (%)</b>	<b>-58%</b>	<b>-24%</b>			<b>-39%</b>
<i>Non-operating Income (Expense) (%)</i>	<i>-22%</i>	<i>-14%</i>			<i>-9%</i>
<i>Income Tax Benefit (Expense) (%)</i>	<i>0%</i>	<i>1%</i>			<i>0%</i>
<b>Net Margin (%)</b>	<b>-80%</b>	<b>-38%</b>			<b>-48%</b>
<b>EBITDA Margin (%)</b>	<b>16%</b>	<b>34%</b>			<b>31%</b>

*Note: A positive percentage value in the columns "QoQ" and "YoY" indicates improvement in 3Q'08, while a negative value indicates the opposite*

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