



Inotera Memories, Inc.

1Q.2008 Investor Conference

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23rd April, 2008



AGENDA

- **Financial Highlights** (Charles – President)
- **Financial Review** (Kai – VP Finance)
- **Operation & Business Outlook**
(Charles – President)
- **Q + A**



Disclaimer

This presentation contains some forward-looking statements that are subject to substantial risks and uncertainties. Typically, these statements contain words such as “anticipate”, “believe”, “could”, “estimate”, “expect”, “intend”, “plan”, “forecast”, “project”, “predict”, “potential”, “continue”, “may”, “should”, “will”, and “would” or similar words. You should consider these forward-looking statements carefully because such statements are only our expectations or projections about future events, and actual results may differ materially from those expressed or implied by such statements. The forward-looking statements in this presentation include, but are not limited to, growth rates for various markets estimated by third party sources, future products and technology development, widespread market acceptance of the hosted delivery model, future revenue growth and profitability. You should be cautioned that the forward-looking statements are no guarantee of our future performance. The forward-looking statements contained in this presentation are made only as of the date of this presentation and we undertake no obligation to update the forward-looking statements to reflect subsequent events or circumstances, except as required by law.

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FINANCIAL HIGHLIGHTS



Financial Highlights

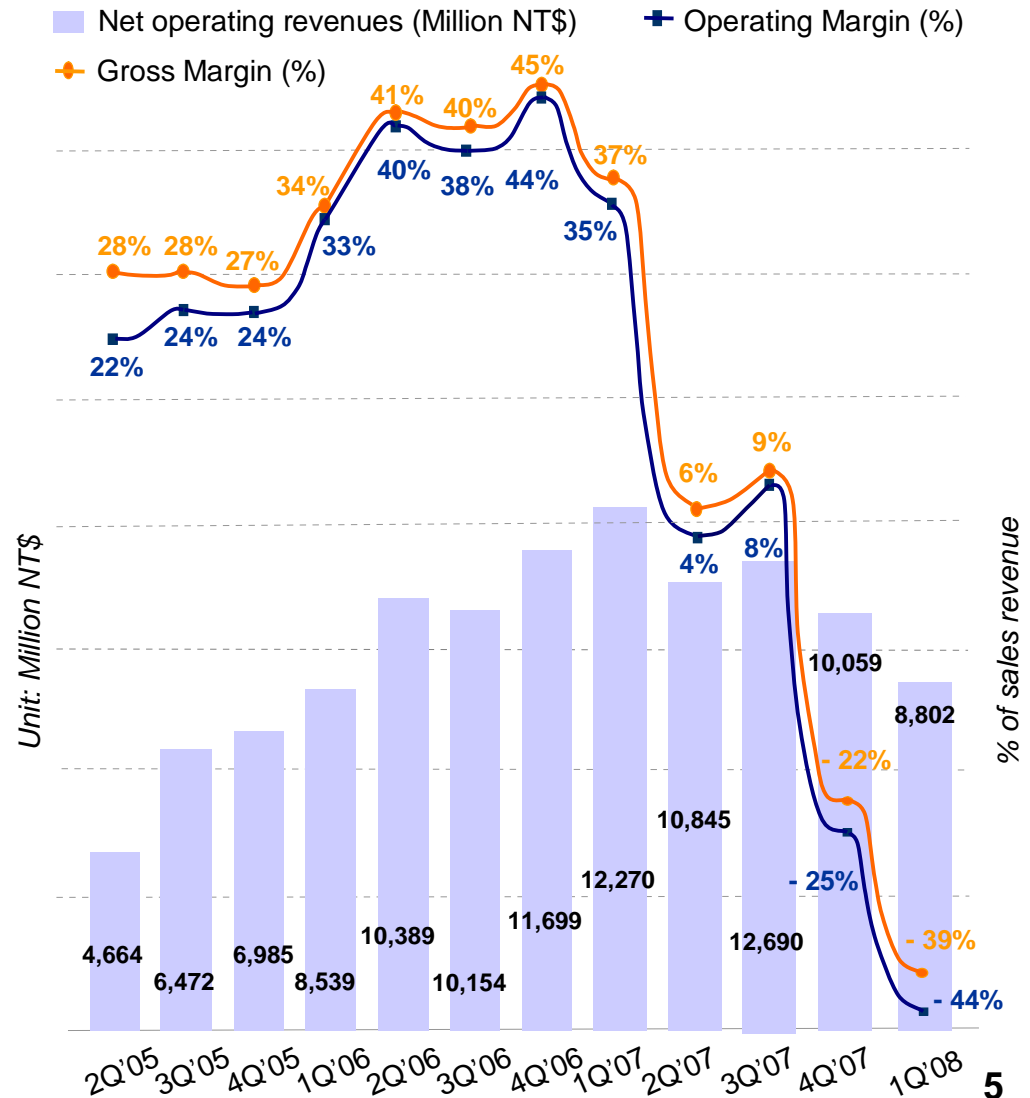


1Q / FY2008 Key Data

- 1Q'08 Sales Revenue:
NT\$ 8,802 million, down 12% QoQ
down 28% YoY
- 1Q'08 EBITDA Margin of 32%,
up 6% QoQ
- 1Q'08 EPS of NT\$ (1.25)
- 1Q'08 DRAM ASP (1Gb equiv.) down
16% QoQ

1Q FY2008 figures are unaudited.

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FINANCIAL REVIEW



1Q'08 Income Statement QoQ / YoY Comparison



	<u>1Q'08</u>	%	<u>4Q'07</u>	%	QoQ	YoY
(Unit: Million NT\$, except for EPS in NT\$)	*Unaudited					
Net Operating Revenues	8,802	100%	10,059	100%	- 12%	- 28%
Gross Profit (Loss) <i>Gross Margin (%)</i>	(3,470)	- 39%	(2,238)	- 22%	55 %	- 177%
Operating Income (Loss) <i>Operating Margin (%)</i>	(3,846)	- 44%	(2,513)	- 25%	53%	- 189%
Non-operating Income (Expense)	(255)	- 3%	(1,383)	- 14%	- 82%	116%
Income (Loss) before Income Tax	(4,101)	- 47%	(3,896)	- 39%	5%	N/M
Income Tax Benefit (Expense)	(81)	- 1%	232	2%	- 135%	N/M
Net Income (loss) <i>Net Margin (%)</i>	(4,182)	- 48%	(3,664)	- 37%	14%	N/M
EPS	(\$1.25)		(\$1.10)		14%	N/M
Weighted Average Outstanding Shares (million shares)	3,338		3,338			

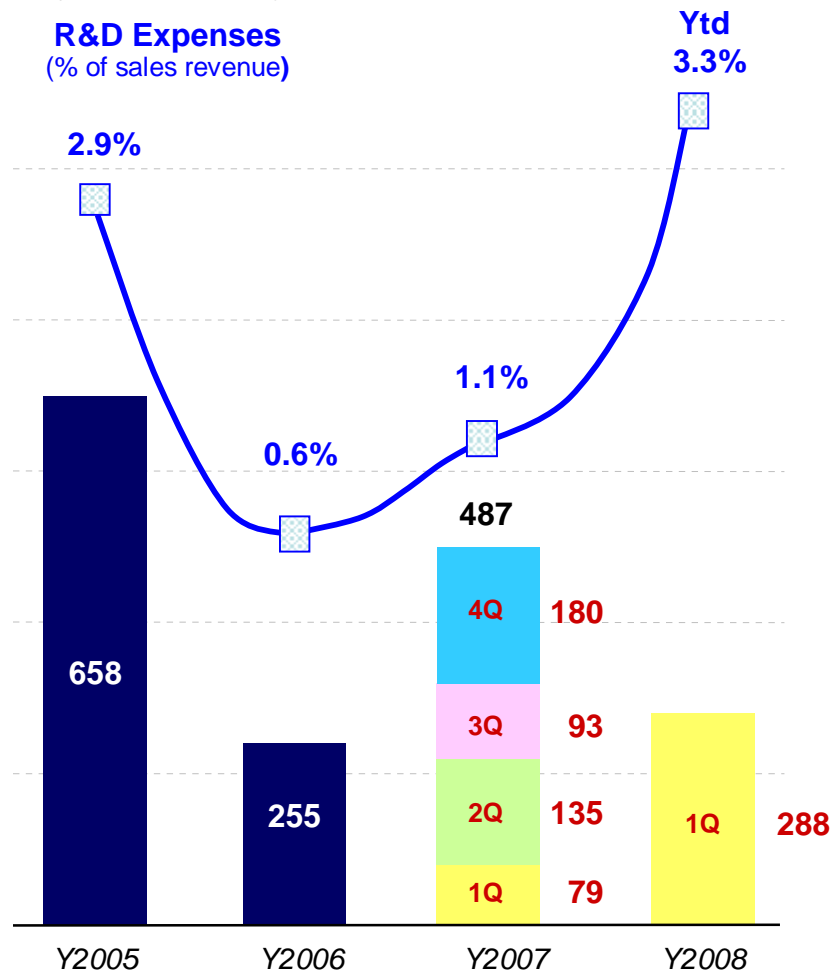
Operating Expenses



Research and Development Expenses

(unit: Million NT\$)

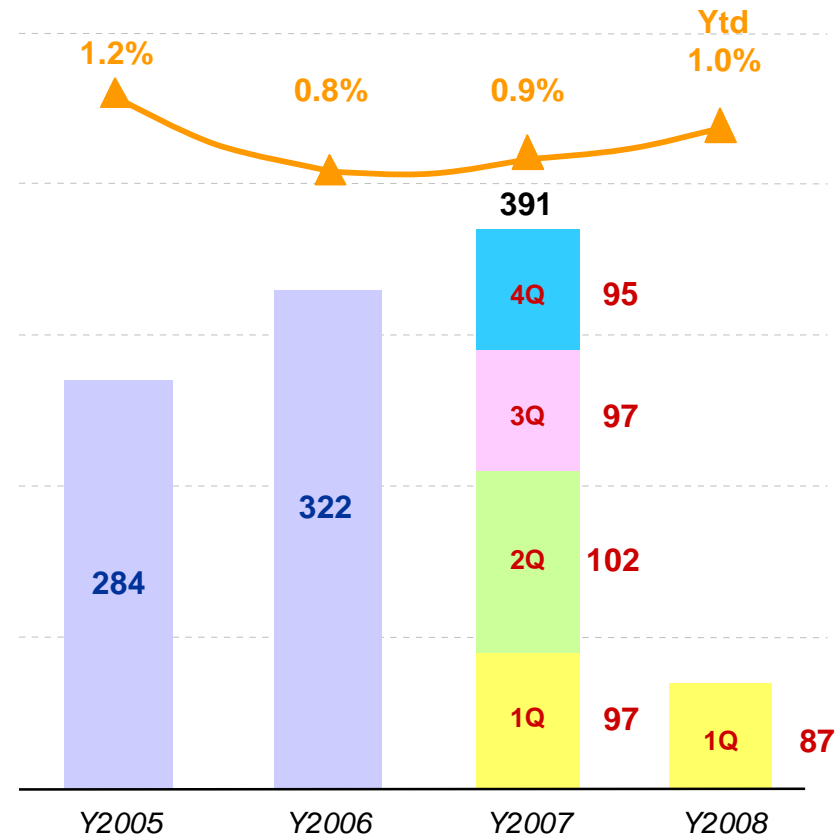
R&D Expenses
(% of sales revenue)



General & Administration Expenses

(unit: Million NT\$)

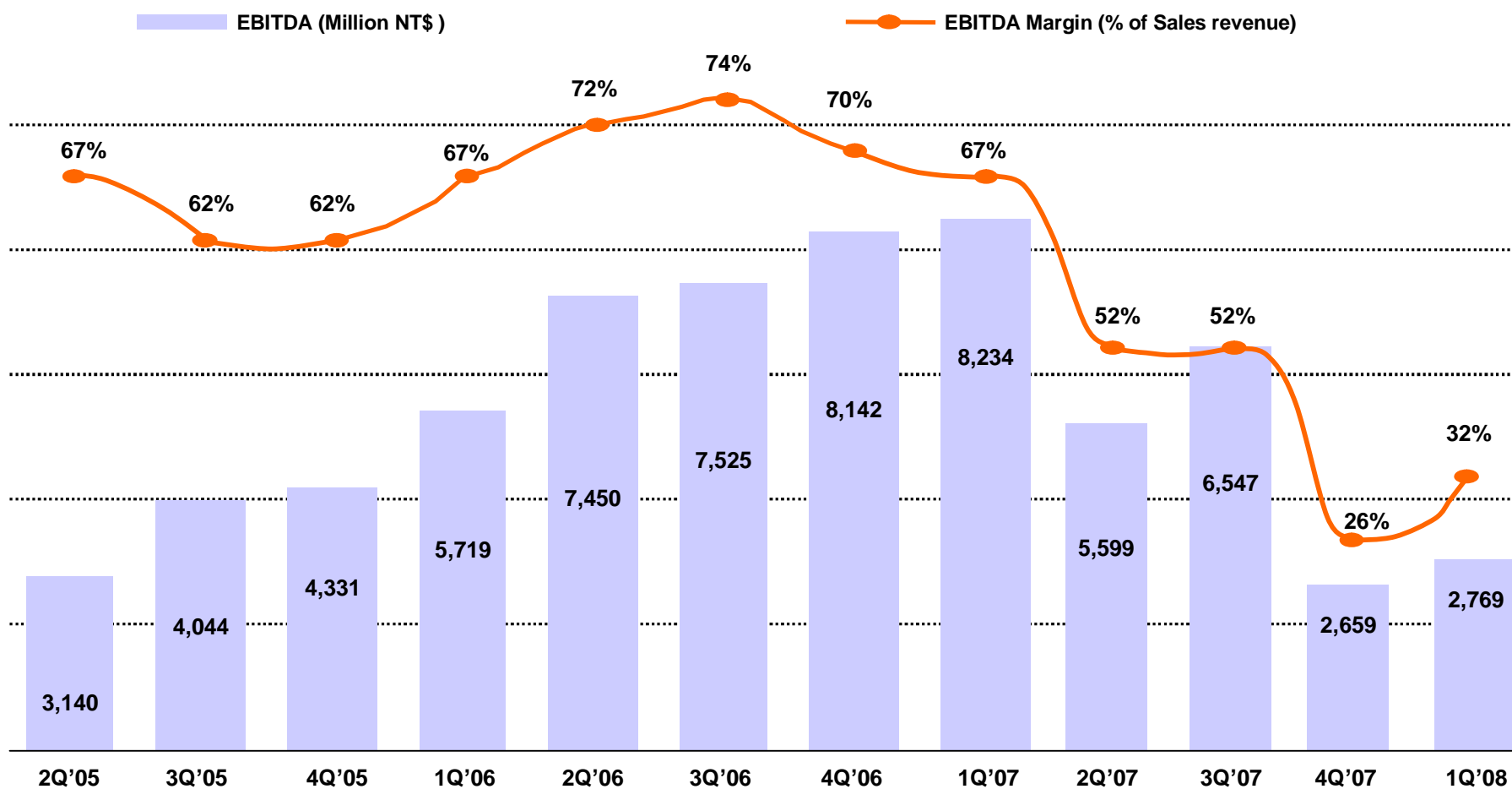
Gen. & Adm. Expenses
(% of sales revenue)



EBITDA (Quarterly)



EBITDA



March'08 Balance Sheet & Key Indices



Selected Items from Balance Sheet	Mar'08	%	Dec'07	%	Mar'07	%
(Unit: Million NT\$)	*Unaudited					
Cash & Marketable Securities	2,950	2%	6,024	4%	15,059	10%
Inventory	4,781	3%	4,739	3%	4,731	3%
Current Assets	15,588	11%	19,614	14%	30,541	21%
Net PP&E	130,091	89%	123,869	86%	114,002	78%
Total Assets	146,283	100%	144,165	100%	145,284	100%
L / T Liability within one year	9,716	7%	10,258	7%	10,430	7%
Current Liability	23,959	16%	19,761	14%	27,685	19%
L / T Loan Interest-bearing Debt	54,463	37%	52,358	36%	34,412	24%
Total Liabilities	78,587	54%	72,287	50%	62,272	43%
Total Equity	67,696	46%	71,878	50%	83,012	57%
Key Indices						
Inventory Turnover Days (raw material & WIP only)	35		38		50	
Current Ratio (X)	0.7		1.0		1.1	
Debt-Equity Ratio (X)	1.2		1.0		0.8	

Quarterly Cash Flow



(Unit: Million NT\$)

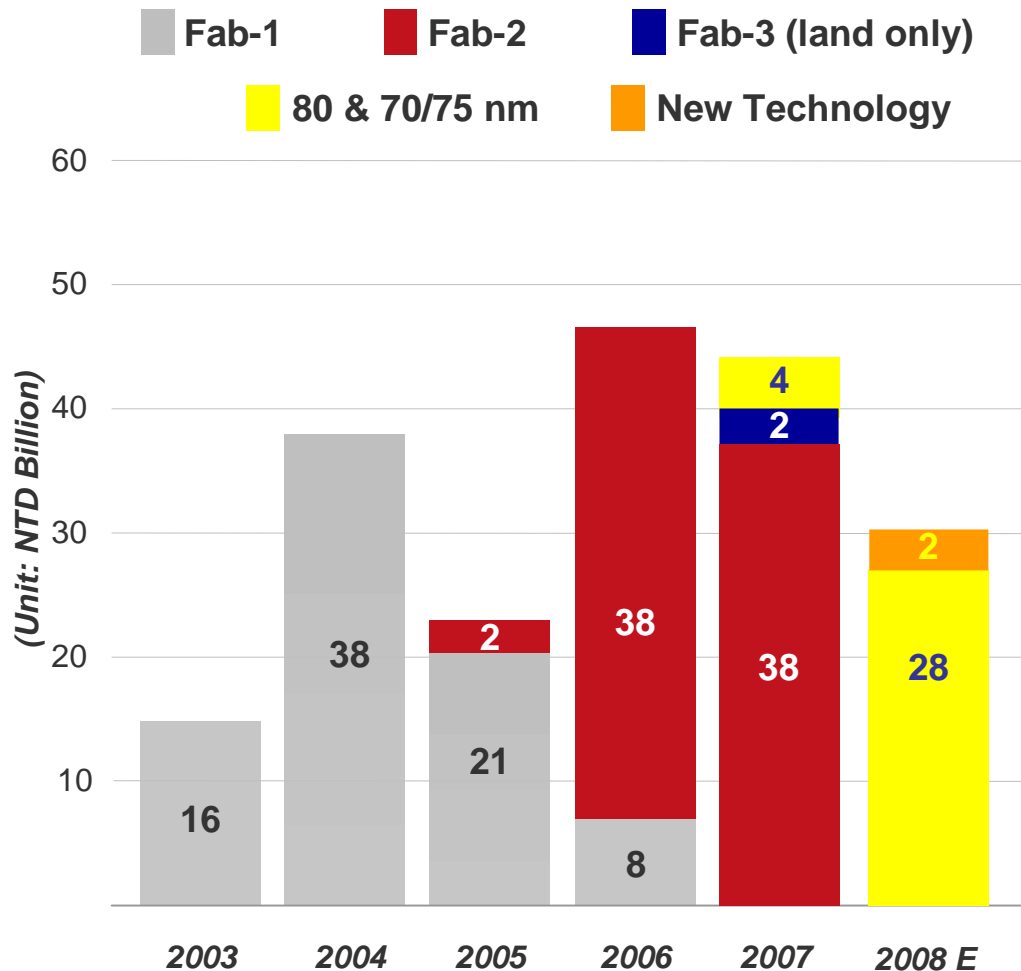
	1Q'08	4Q'07	1Q'07
Net Cash Provided by Operating Activities	2,535	5,457	8,874
therein depreciation & amortization	6,410	6,068	3,853
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Net Cash Used by Investing Activities	- 9,377	- 6,001	- 24,334
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Free Cash Flow *	- 6,842	- 544	- 15,460
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Net Cash Provided by Financing Activities	3,752	- 105	8,791

* Free Cash Flow = Net Cash Provided by Operating Activities + Net Cash Used in Investing Activities

Capital Expenditure



Historical and Projected Capital Expenditure



Accumulated Capex

- Y2008 1Q capex: NT\$ 12.6billion
- Y2008E capex : NT\$ 30billion, mainly for continued technology conversion to 70/75nm Shrink

OPERATION & BUSINESS OUTLOOK



1Q'08 Operational Highlights



Manufacturing Output

- | Wafer shipments of 350K in 1Q'08, decreased 3% QoQ
- | Bit shipments growth was flat QoQ in 1Q'08, in line with previous guidance.

Advanced Technology

- | Completed 70/75nm 1Gb DDR2 productivity shrink Shipment Qualification and started volume ramp.

Wafer Shipments & Unit Sales Revenue (Quarterly)



Wafer shipments:

- 3% down QoQ in 1Q'08

Average revenue per wafer:

(US\$ based)

- 8% down QoQ in 1Q'08

Average COGS per wafer:

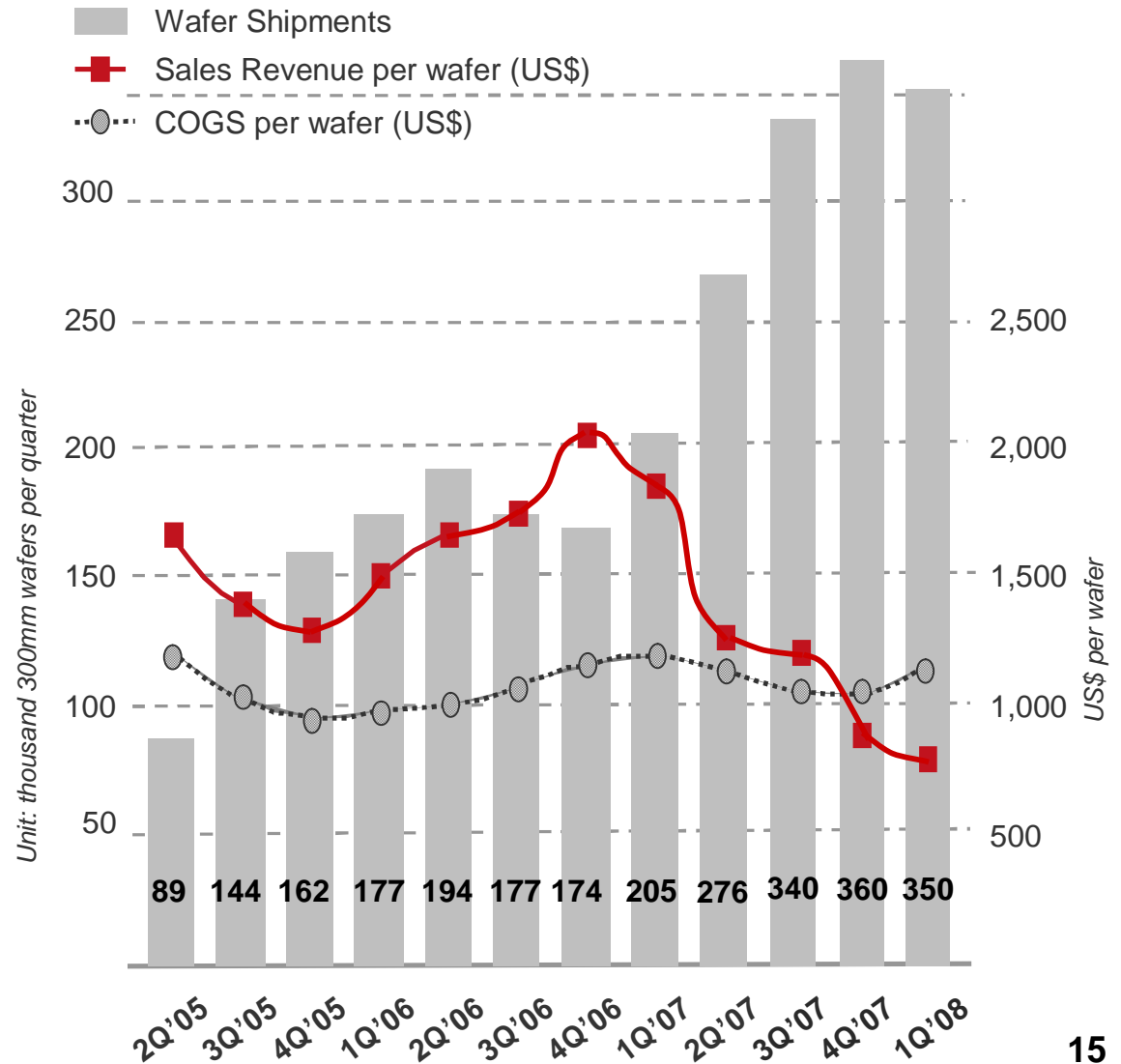
(US\$ based)

- 5% up QoQ in 1Q'08

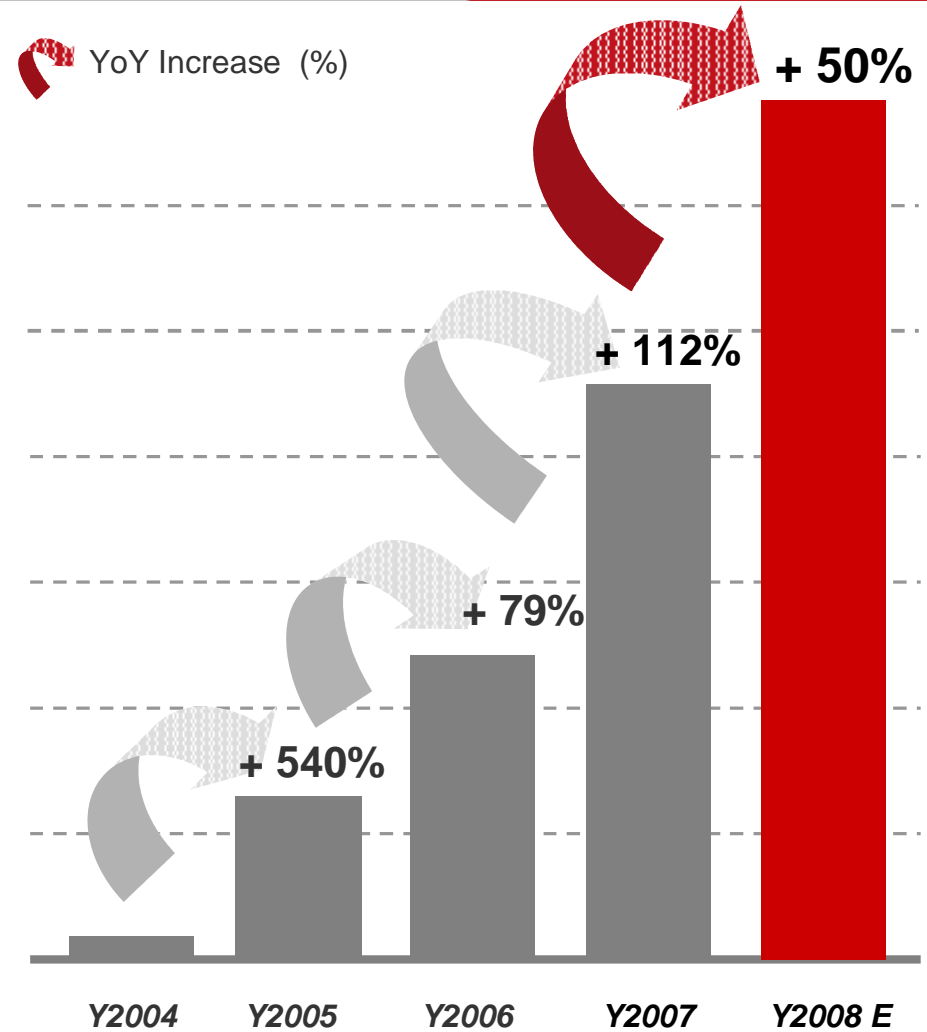
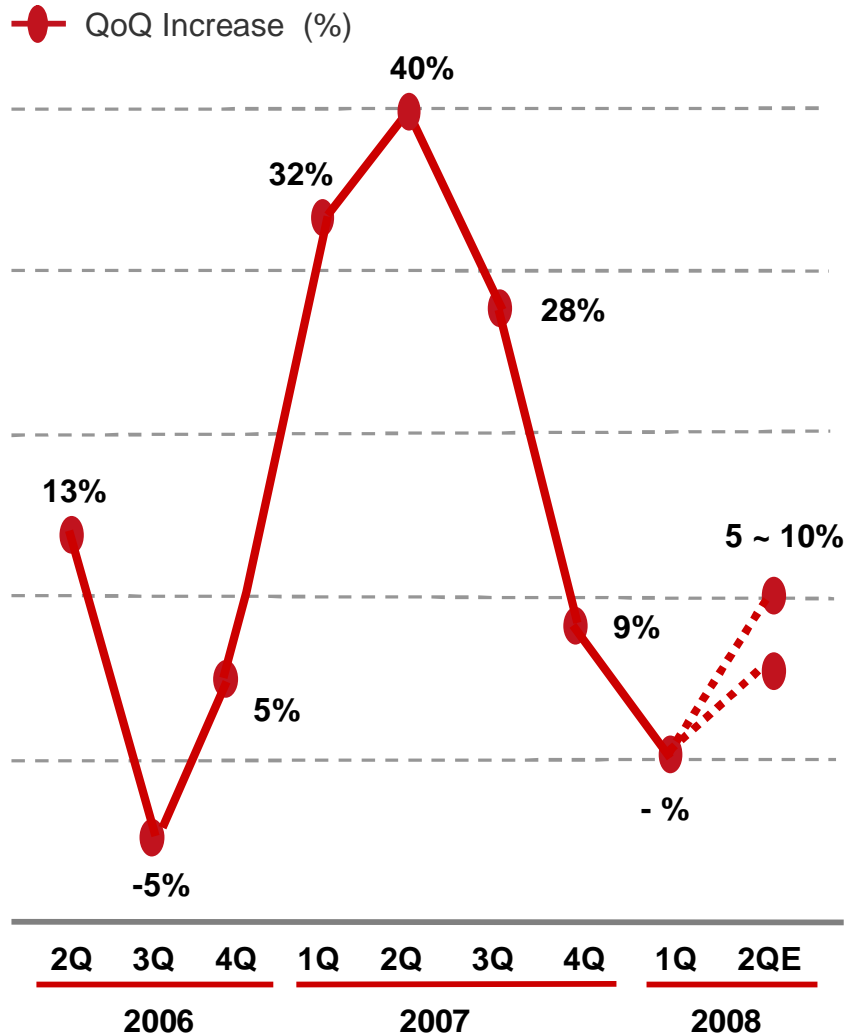
DRAM ASP (1Gb equiv.):

(US\$ based)

- 16% down QoQ in 1Q'08



Bit Shipments



Business Outlook



Manufacturing Output

- | 2Q'08 bit shipments expected to increase 5 ~ 10% QoQ due to technology conversion ; 50% YoY bit shipment growth in FY2008E

Advanced Technology

- | Full wafer starts conversion to 70/75nm shrink expected in July 2008, pulled in further by one month

Corporate Development

- | Financing Plan
 - u further bank loans
 - u ECB in 2H08
- | Inotera's future
 - u Good faith discussions underway with good progress
 - u All parties show intention for a speedy resolution



For More Information Please Visit Our IR Website:

ir.inotera.com