



Inotera Memories, Inc.

3Q.2009 Investor Conference

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21st October, 2009



AGENDA

- **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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HIGHLIGHTS



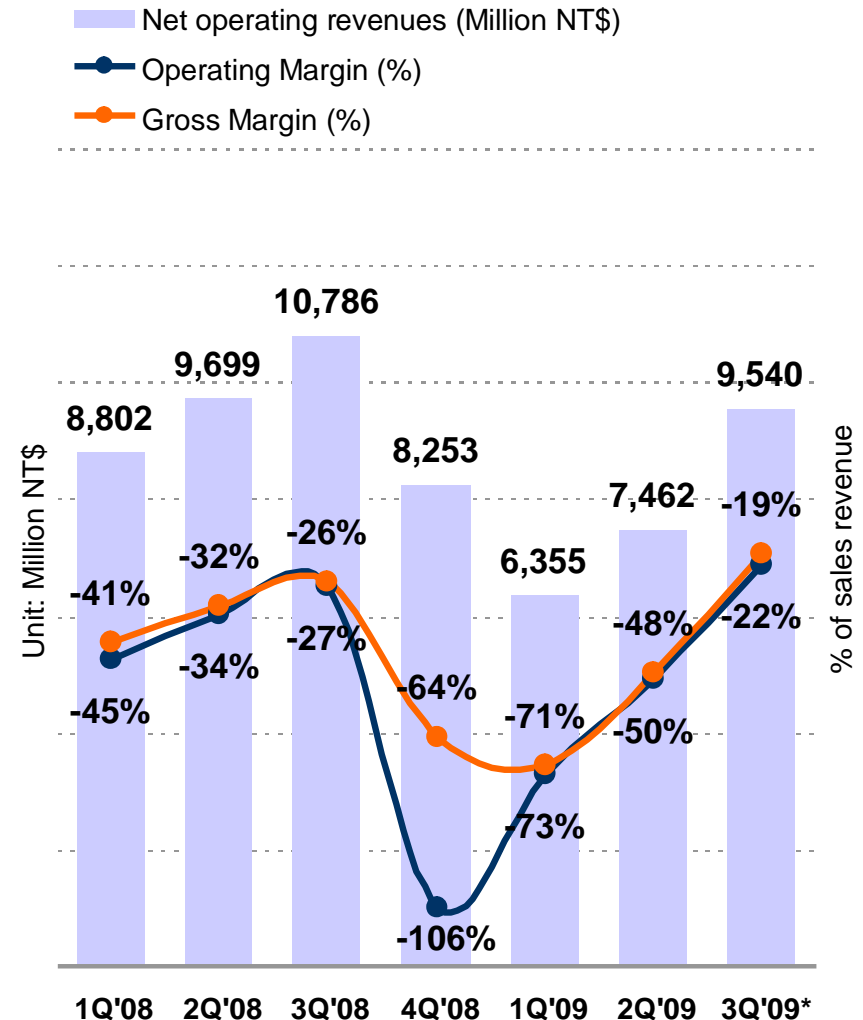
Highlights



3Q'09* Key Data

- | Sales Revenue of NT\$ 9,540 million, up 28% QoQ ; down 12% YoY
- | Net Loss of NT\$ 2,524 million; NT\$ (0.73) per share
- | EBITDA of NT\$ 5,240 million; EBITDA Margin of 55%
- | Net cash provided by operating activities of NT\$ 3,816 million

* 3Q'09 figures are unaudited



FINANCIAL REVIEW



3Q'09 Income Statement QoQ / YoY Comparison



	<u>3Q'09</u>	%	<u>2Q'09</u>	%			<u>3Q'08</u>	%
(Unit: Million NT\$, except for EPS in NT\$)	Unaudited				QoQ	YoY		
Net Operating Revenues	9,540	100%	7,462	100%	28%	- 12%	10,786	100%
Gross Profit (Loss) <i>Gross Margin (%)</i>	(1,849)	- 19%	(3,566)	- 48%	48%	34%	(2,809)	- 26%
Operating Income (Loss) <i>Operating Margin (%)</i>	(2,130)	- 22%	(3,698)	- 50%	42%	28%	(2,945)	- 27%
Non-operating Income (Expense)	(393)	-4%	(414)	-6%	5%	68%	(1,217)	-11%
Income (Loss) before Income Tax	(2,524)	- 26%	(4,112)	- 55%	39%	39%	(4,162)	- 39%
Income Tax Benefit (Expense)	(0)	0%	(0)	0%	0%	-100%	111	1%
Net Income (loss) <i>Net Margin (%)</i>	(2,524)	- 26%	(4,112)	- 55%	39%	38%	(4,051)	- 38%
EPS (Loss)	(\$0.73)		(\$1.18)		38%	40%	(\$1.21)	
Weighted Average Outstanding Shares (million shares)	3,473		3,473				3,338	

Note: A positive percentage value in the columns "QoQ" and "YoY" indicates improvement in 3Q'09, while a negative value indicates the opposite.

Non-Operating Income/ Exp.



(Unit: Million NT\$)

Net Non-Operating Income (Expense)

therein

Exchange gain (loss)

Financial asset gain (loss)

Interest income (expense)

3Q'09
Unaudited

2Q'09

3Q'08

(393)

(414)

(1,217)

145

286

(819)

(148)

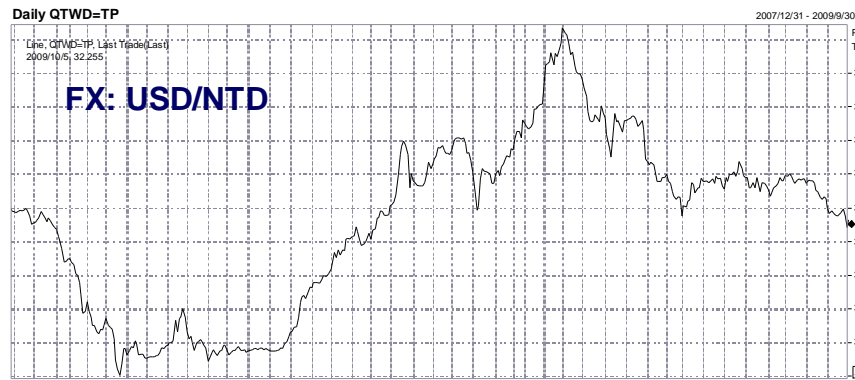
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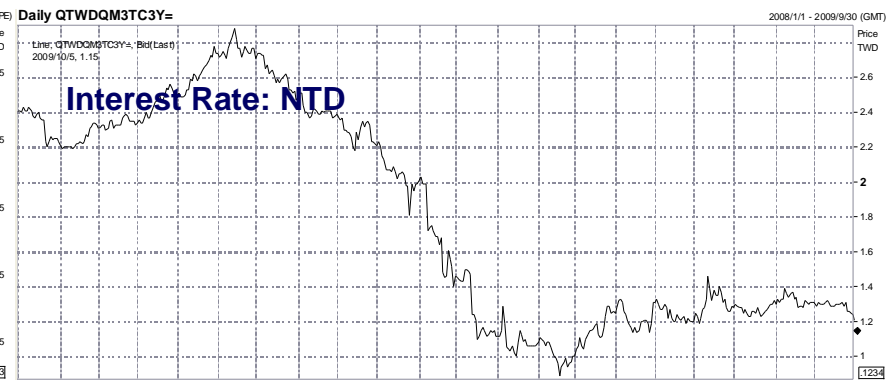
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| 2008Q1 | 2008Q2 | 2008Q3 | 2008Q4 | 2009Q1 | 2009Q2 | 2009Q3 |

Source: Reuters



| 2008Q1 | 2008Q2 | 2008Q3 | 2008Q4 | 2009Q1 | 2009Q2 | 2009Q3 |

Source: Reuters

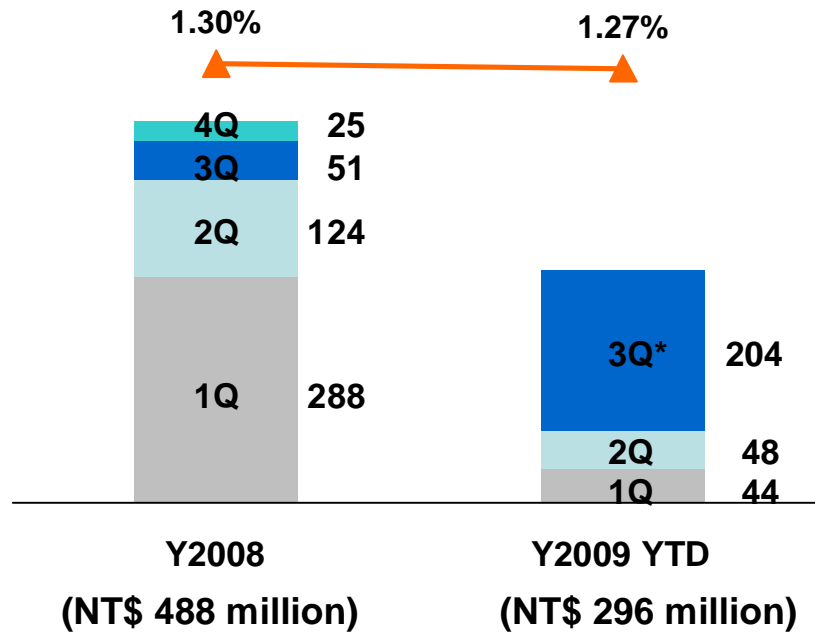
Operating Expenses



Research and Development Expenses

(Unit: Million NT\$)

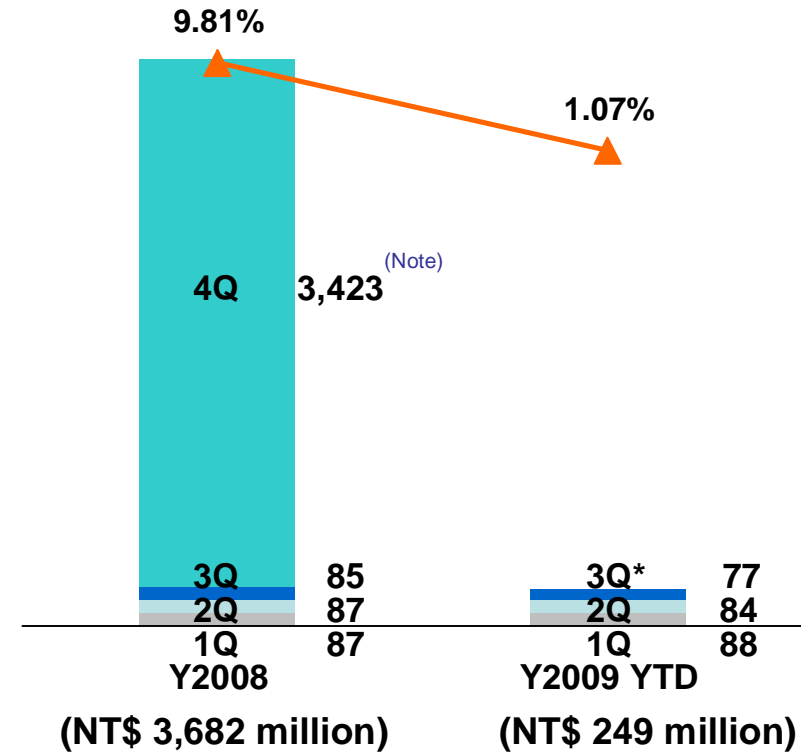
▲ % of Sales Revenue



General and Administration Expenses

(Unit: Million NT\$)

▲ % of Sales Revenue



* 3Q'09 figures are unaudited

Note: 4Q'08 G&A expenses include a write-down of accounts receivables in an amount of NT\$ 3,346 million resulting from Qimonda's insolvency filing.

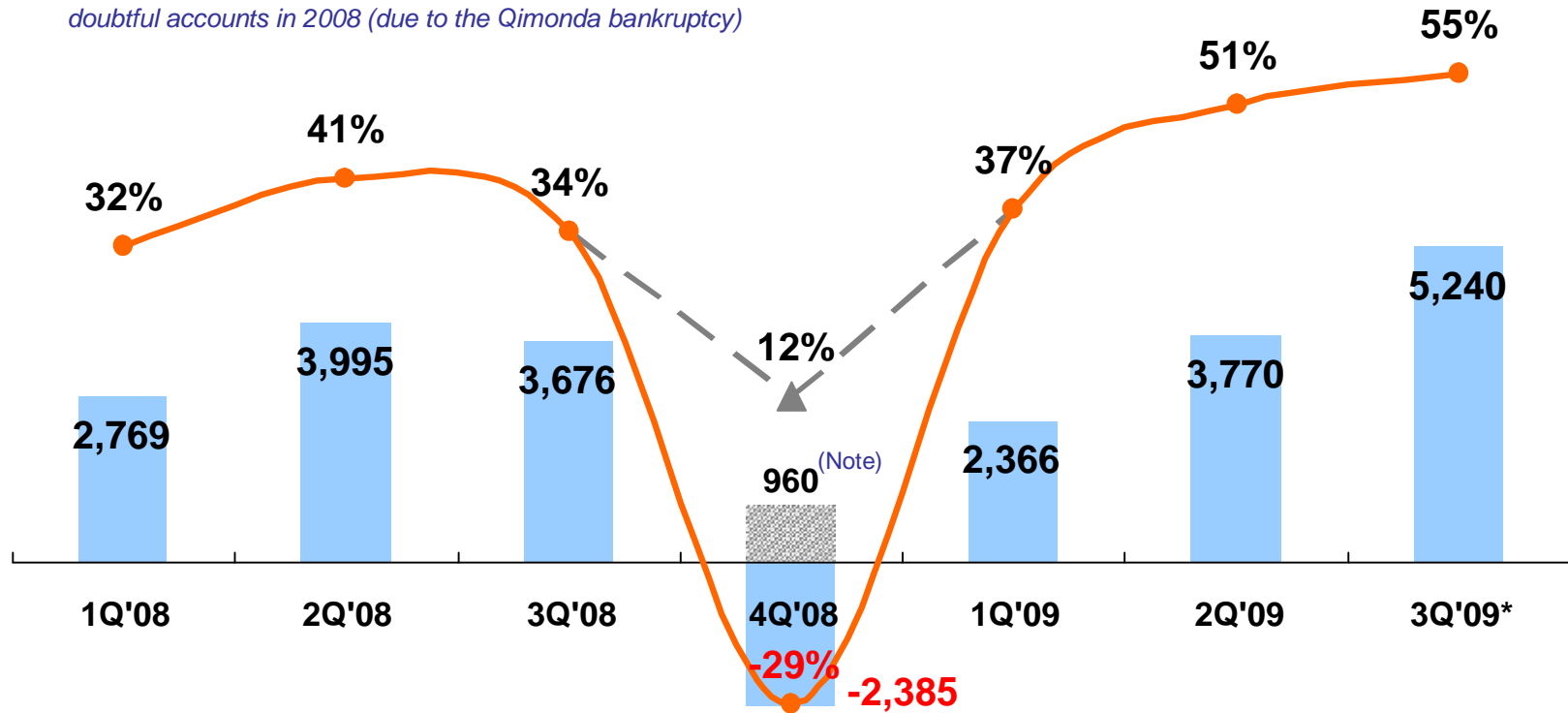
Quarterly EBITDA



EBITDA (Million NT\$)
 EBITDA (Million NT\$)

 EBITDA Margin (% of Sales Revenue)
 EBITDA Margin (% of Sales Revenue)

Note: As adjusted to exclude the NT\$3,346 mm loss attributable to doubtful accounts in 2008 (due to the Qimonda bankruptcy)



* 3Q'09 figures are unaudited

Sept'09 Balance Sheet & Key Indices



Selected Items from Balance Sheet	Sept'09	June'09	Sept'08
(Unit: Million NT\$)	Unaudited		
Cash & Marketable Securities	7,849	5,024	5,528
Inventories	3,138	2,909	3,901
Current Assets	19,307	14,793	20,044
Net PP&E	102,513	105,258	122,922
Total Assets	125,784	124,023	143,474
L / T Liability within one year	19,157	19,320	15,628
Current Liability	33,201	32,227	25,934
L / T Loan Interest-bearing Debt	39,576	46,358	57,000
Total Liabilities	77,454	83,297	83,094
Total Equity	48,330	40,726	60,380
Key Indices			
Book Value per Share (NT\$)	12.1	12.2	18.1
Inventory Turnover Days (raw material & WIP only)	24	22	26
Current Ratio (X)	0.6	0.5	0.8
Debt-Equity Ratio (X)	1.6	2.0	1.4

Quarterly Cash Flow



(Unit: Million NT\$)	3Q'09 Unaudited	2Q'09	3Q'08
Net Cash Provided by Operating Activities	3,816	2,526	3,683
therein depreciation & amortization	7,374	7,424	7,283
Net Cash Used in Investing Activities	- 4,659	228	- 2,500
therein short-term loan repayment by Micron (+US\$85 mm) + One-time payment for Micron's 68nm & 50nm technology (- US\$50 mm)		1,207	
Free Cash Flow *	- 843	2,754	1,183
* Free Cash Flow = Net Cash Provided by Operating Activities + Net Cash Used in Investing Activities			
Net Cash Provided by Financing Activities	3,816	- 5,030	- 1,127

* Note: Negative foreign exchange effect of NT\$ 148million in 3Q'09.

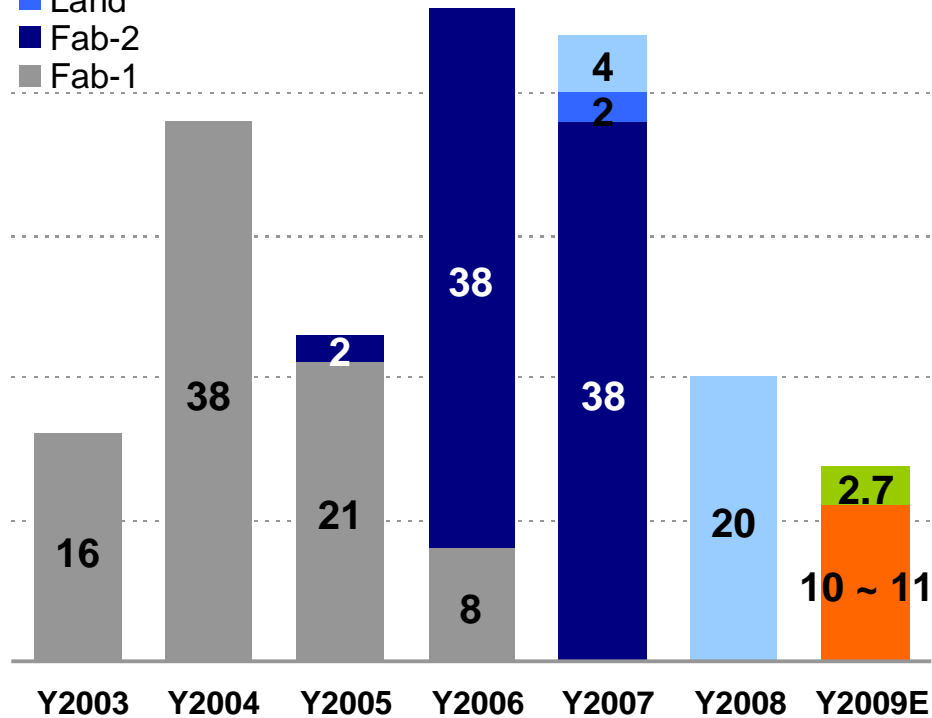
Capital Expenditure



Historical and Projected Capital Expenditure

(Unit: NT\$ Billion)

- MeiYa fab lease
- 50nm
- 70nm
- Land
- Fab-2
- Fab-1



Accumulated Capex* in Y2009

Sept'09 YTD capex:

NT\$ 10.5 billion, including NT\$ 4.6 billion for 50nm pilot line in 3Q'09

Y2009 annual forecast:

increase to the range of NT\$ 12.7 ~ 13.7 billion from previous guidance of NT\$ 11.7 billion, mainly due to pull-in of 50nm investment

* Accumulated Capex in Y2009 is book-entry basis

OPERATION & BUSINESS OUTLOOK

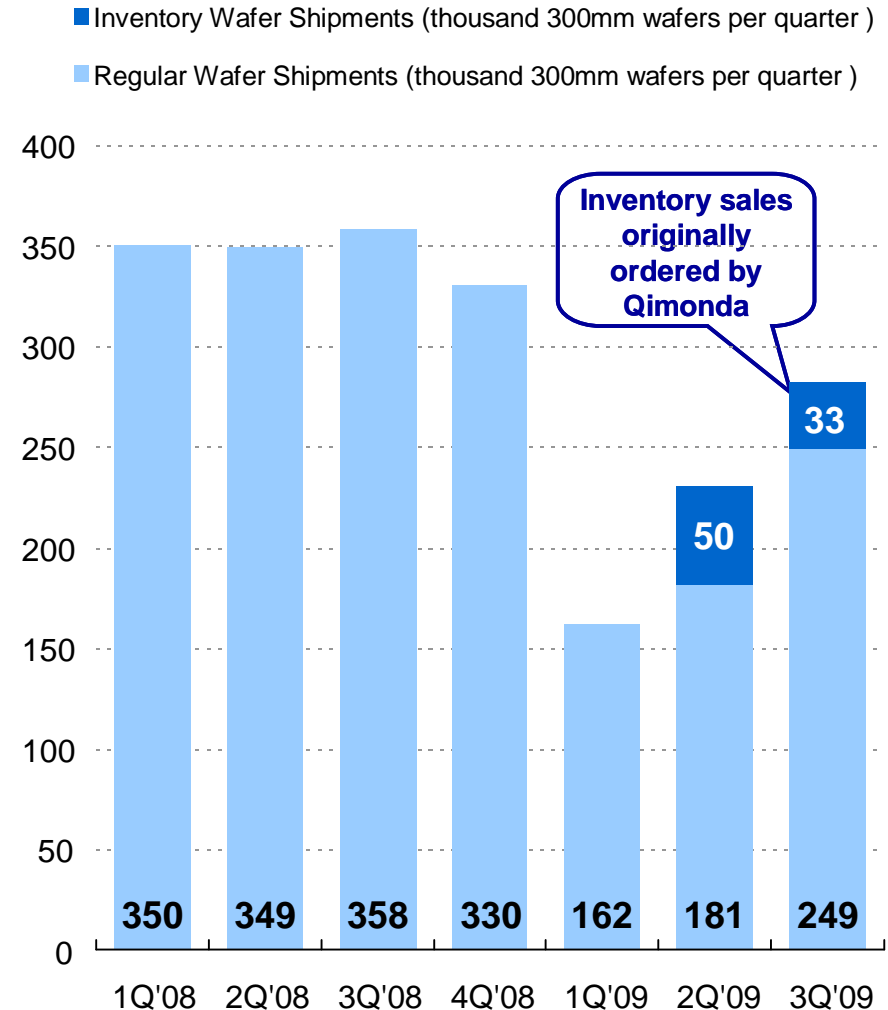


Quarterly Wafer Shipments

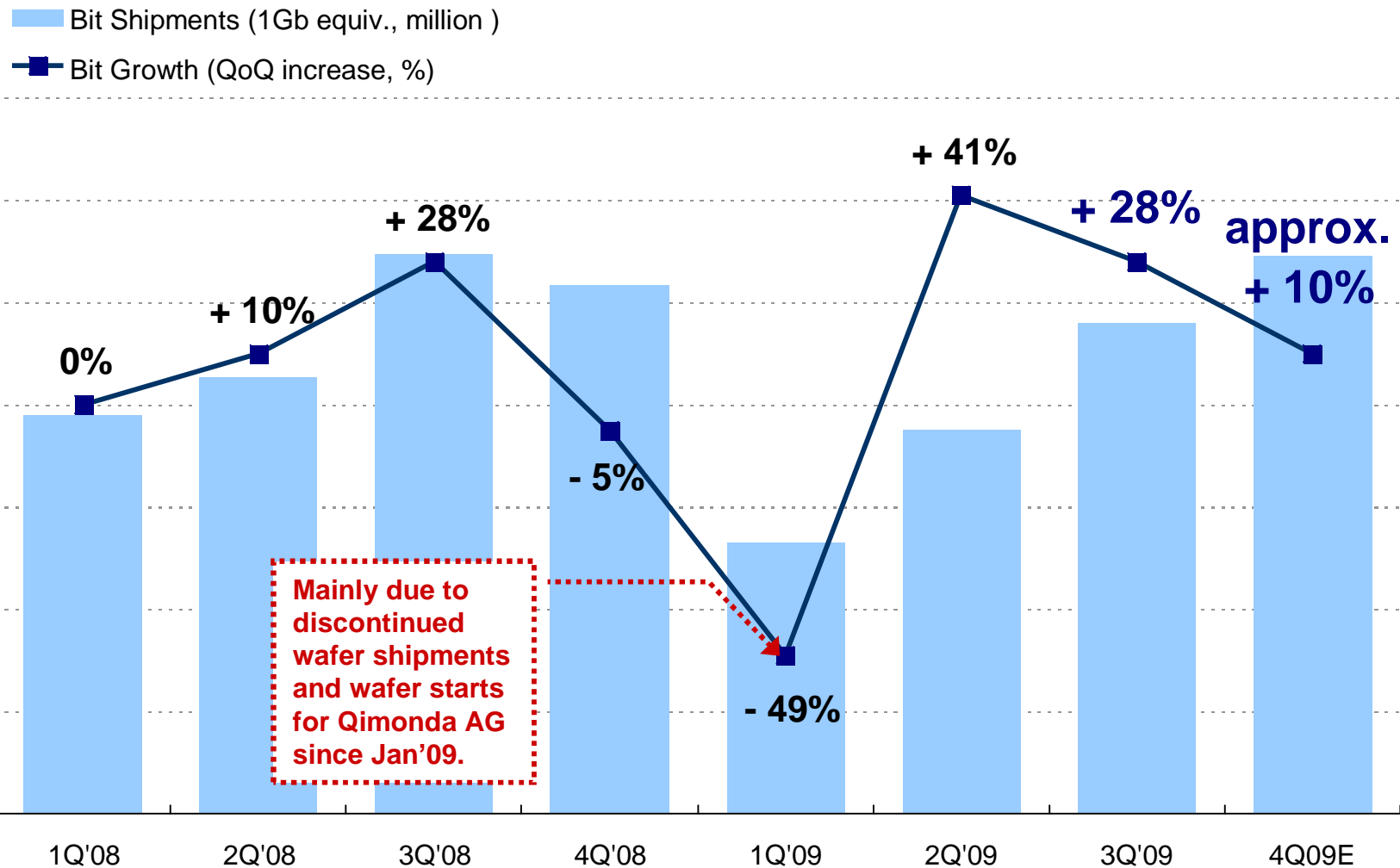


3Q'09 Highlights

- Wafer shipments:
282K wafers, up 22% QoQ;
incl. regular shipments of 249K wafers and inventory shipments of 33K wafers
- Average wafer sales price up 5% QoQ given 19% increase in customers' ASPs offset by lower cost per wafer
- No Inventory remaining from original Qimonda orders



Quarterly Bit Shipments



Operation Highlights



- | **50nm pilot runs have started in 3Q'09**
- | **To facilitate the ramp-up of technology conversion, total manufacturing volume will remain at 100K wafer starts per month in 4Q'09**
- | **Annual bit shipments expected to be down by approx. 10% YoY in 2009**
- | **Will commence mass production of 50nm process in 1Q'10 as scheduled**
- | **In 2010, YoY bit growth is expected to be in the range of 70% ~ 80%, primarily due to technology conversion**

Business Outlook



- | **All needed equipment delivery slots have been secured for the overall conversion of 130K wafer capacity by the end of 2010**
- | **Planning to start 4xnm pilot runs at Inotera around mid-2010 due to good development progress by our partners, Micron and Nanya Tech**
- | **Will not seek government funding.**



For More Information Please Visit Our IR Website at:

<http://ir.inotera.com>