



Inotera Memories, Inc.

1Q.2009 Investor Conference

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30th April, 2009



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



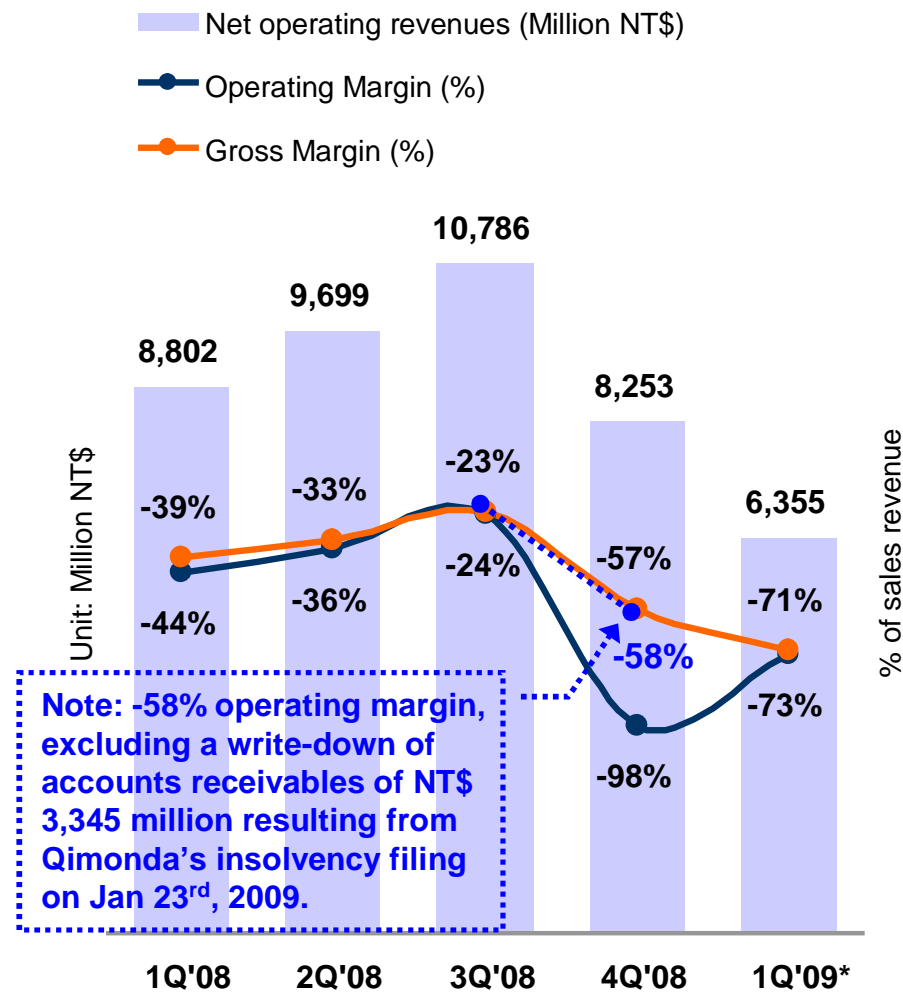
Financial Highlights



1Q'09* Key Data

- | Sales Revenue of NT\$ 6,355 million,
down 23% QoQ ; down 28% YoY
- | Net Loss of NT\$ 5,316 million;
NT\$ - 1.59 per share
- | EBITDA Margin of 37%
- | Net cash provided by operating
activities of NT\$ 721 million

* 1Q'09 figures are unaudited



FINANCIAL REVIEW



1Q'09 Income Statement QoQ / YoY Comparison



	<u>1Q'09</u>	%	<u>4Q'08</u>	%			<u>1Q'08</u>	%
(Unit: Million NT\$, except for EPS in NT\$)	Unaudited		Audited		QoQ	YoY		
Net Operating Revenues	6,355	100%	8,253	100%	-23%	-28%	8,802	100%
Gross Profit (Loss) <i>Gross Margin (%)</i>	(4,482)	-71%	(4,681)	-57%	4%	-29%	(3,470)	-39%
Operating Income (Loss) <i>Operating Margin (%)</i>	(4,614)	-73%	* (8,128)	-98%	43%	-20%	(3,846)	-44%
Non-operating Income (Expense)	(702)	-11%	* (2,148)	-26%	67%	-175%	(255)	-3%
Income (Loss) before Income Tax	(5,316)	-84%	(10,276)	-125%	48%	-30%	(4,101)	-47%
Income Tax Benefit (Expense)	(0)	0%	(3)	0%	100%	100%	(81)	-1%
Net Income (loss) <i>Net Margin (%)</i>	(5,316)	-84%	(10,279)	-125%	48%	-27%	(4,182)	-48%
EPS (Loss)	(\$1.59)		(\$3.08)		48%	-27%	(\$1.25)	
Weighted Average Outstanding Shares (million shares)	3,338		3,338				3,338	

* As a result of Qimonda's insolvency filing on Jan. 23rd 2009, a write-down of accounts receivables of NT\$ 3,345 million was included in 4Q'08 G&A expenses, and non-operating expenses for 4Q'08 were NT\$ 2,148 million with a charge of NT\$ 364 million added in for the partial write-down of work-in-process inventories previously designated for Qimonda.

Note: A positive percentage value in the columns "QoQ" and "YoY" indicates improvement in 1Q'09, while a negative value indicates the opposite.

Non-Operating Income/ Exp.

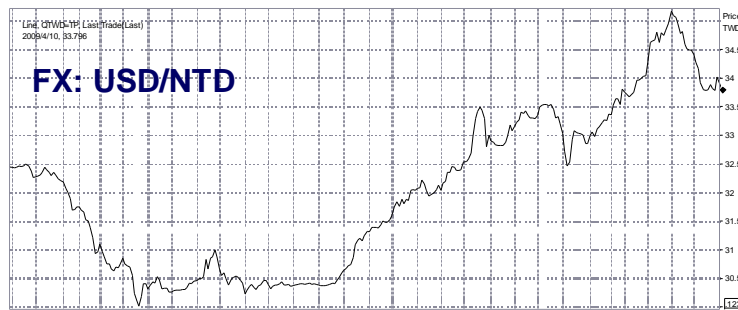


(Unit: Million NT\$)

Net Non-Operating Income (Expense)

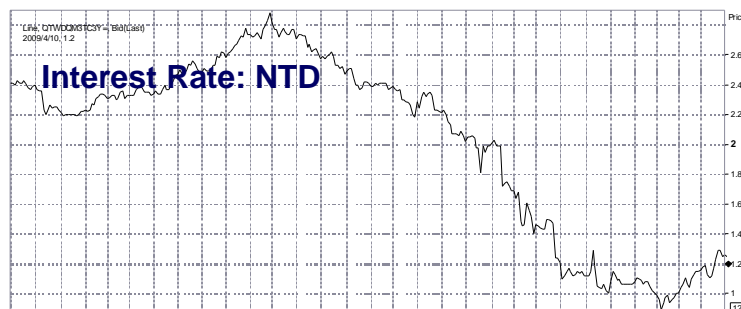
	1Q'09 Unaudited	4Q'08 Audited	1Q'08
Net Non-Operating Income (Expense)	(702)	(2,148)	(255)
Exchange gain (loss)	(471)	(438)	849
Financial asset gain (loss)	114	(563)	(520)
Inventory valuation gain (loss)	*	(580)	(133)
Interest income (expense)	(348)	(569)	(460)

* According to the revised SFAS No. 10, the Inventory valuation gain (loss) has been booked in the Cost of Good Sold since Jan. 1st, 2009. The Inventory valuation gain was NT\$ 251 million in 1Q'09.



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

Source: Reuters



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

Source: Reuters

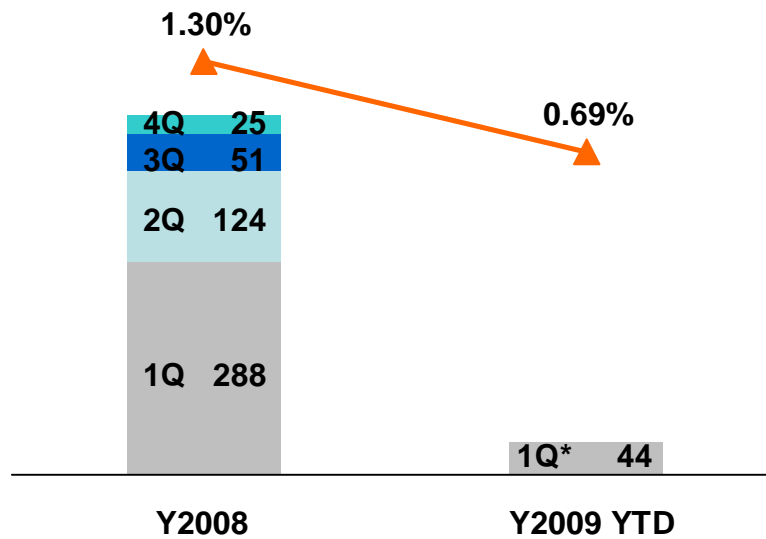
Operating Expenses



Research and Development Expenses

(Unit: Million NT\$)

▲ % of Sales Revenue



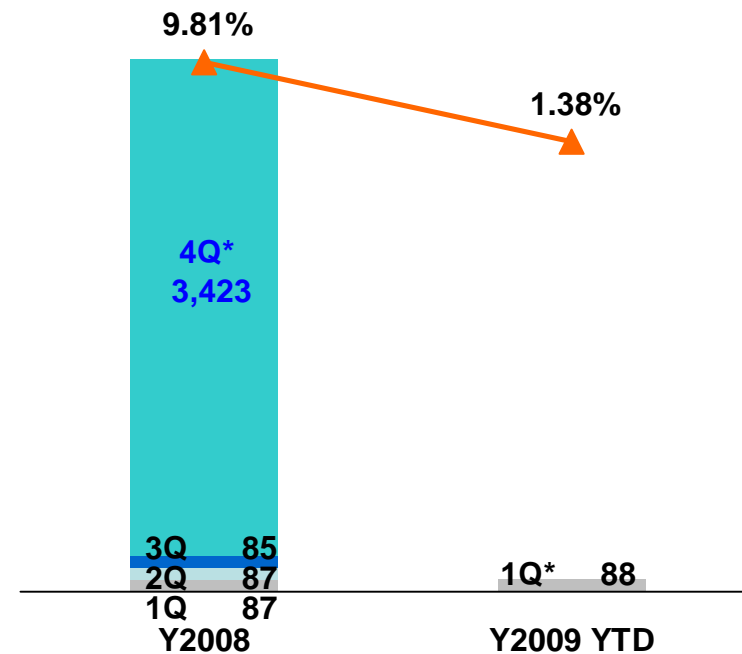
(NT\$ 488 million)

(NT\$ 44 million)

General and Administration Expenses

(Unit: Million NT\$)

▲ % of Sales Revenue



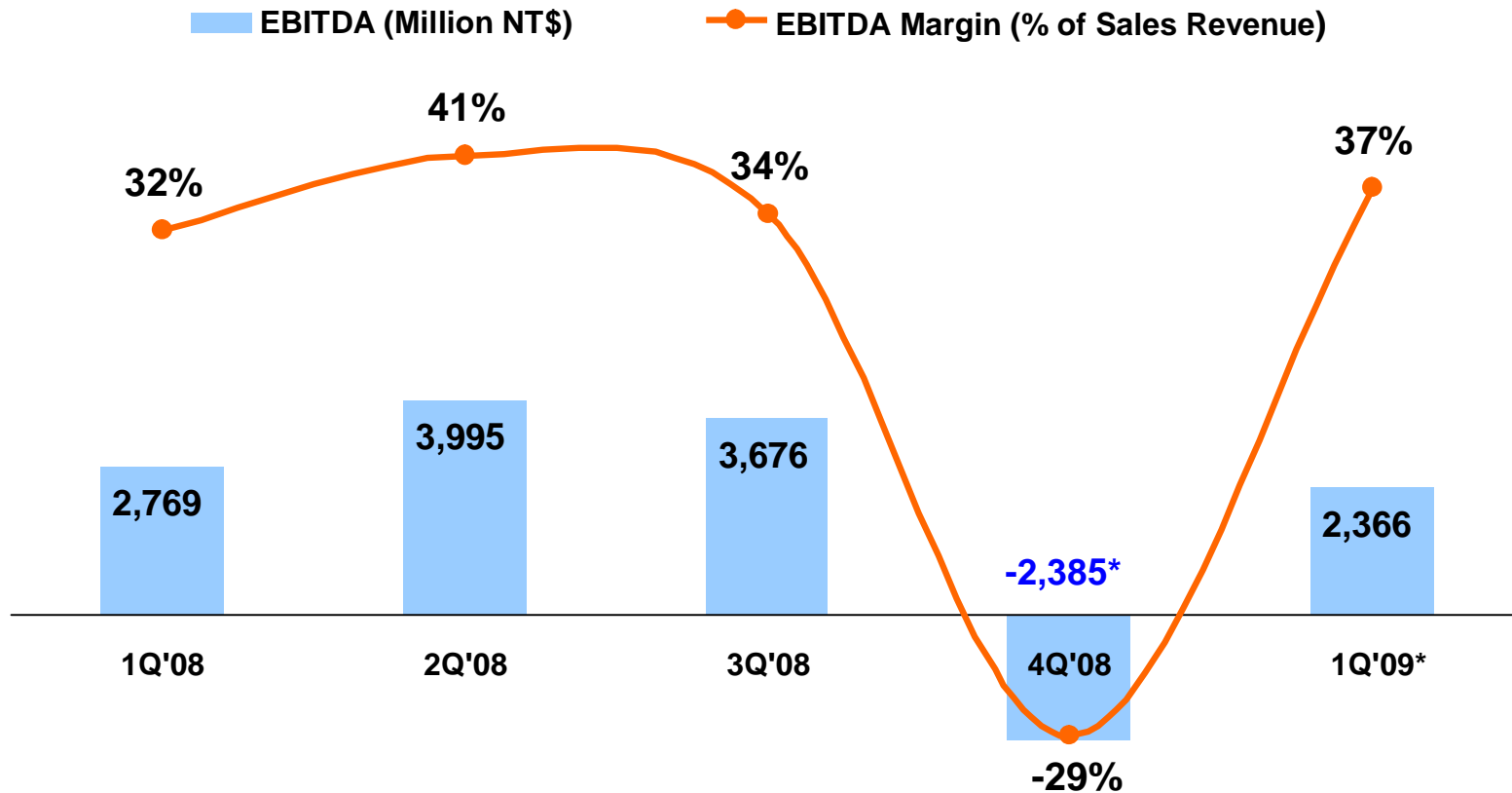
(NT\$ 3,682 million)

(NT\$ 88 million)

* 4Q'08 G&A expenses include a write-down of accounts receivables in an amount of NT\$ 3,345 million resulting from Qimonda's insolvency filing.

* 1Q'09 figures are unaudited

Quarterly EBITDA



* As a result of Qimonda's insolvency filing, a write-down of accounts receivables of NT\$ 3,345 million was included in 4Q'08 G&A expenses, and non-operating expenses for 4Q'08 were NT\$ 2,148 million with a charge of NT\$ 364 million added in for the partial write-down of work-in-process inventories previously designated for Qimonda.

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March'09 Balance Sheet & Key Indices



Selected Items from Balance Sheet	Mar'09	%	Dec'08	%	Mar'08	%
	Unaudited		Audited			
(Unit: Million NT\$)						
Cash & Marketable Securities	7,229	6%	5,410	4%	2,950	2%
Inventories	2,488	2%	3,636	3%	4,781	3%
Current Assets	19,038	15%	15,742	12%	15,588	11%
Net PP&E	106,962	83%	114,162	86%	130,091	89%
Total Assets	128,354	100%	132,271	100%	146,160	100%
L / T Liability within one year	23,642	18%	17,823	13%	9,716	7%
Current Liability	38,408	30%	30,621	23%	23,959	16%
L / T Loan Interest-bearing Debt	44,973	35%	51,374	39%	54,341	37%
Total Liabilities	83,537	65%	82,153	62%	78,464	54%
Total Equity	44,817	35%	50,117	38%	67,696	46%
Key Indices						
Book Value per Share (NT\$)	13.4		15.0		20.2	
Inventory Turnover Days (raw material & WIP only)	26		29		35	
Current Ratio (X)	0.5		0.5		0.7	
Debt-Equity Ratio (X)	1.9		1.6		1.2	

Quarterly Cash Flow



(Unit: Million NT\$)

	1Q'09 Unaudited	4Q'08 Audited	1Q'08
Net Cash Provided by Operating Activities	721	4,720	2,535
therein depreciation & amortization	7,334	7,322	6,410
Net Cash Used in Investing Activities	-602	- 4,203	- 9,377
therein short-term loan to Micron (US\$85 million)		- 2,835	
Free Cash Flow *	119	517	- 6,841
* Free Cash Flow = Net Cash Provided by Operating Activities + Net Cash Used in Investing Activities			
Net Cash Provided by Financing Activities	1,773	- 507	3,752

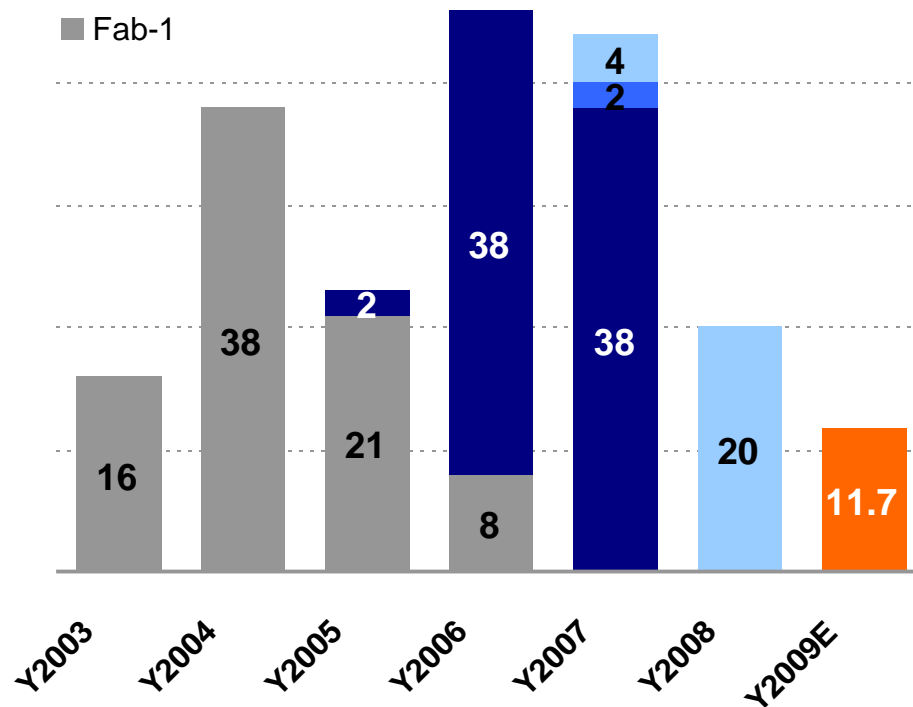
Capital Expenditure



Historical and Projected Capital Expenditure

(Unit: NT\$ Billion)

- Mainly for 50nm Stack Pilot Line & related to MeiYa
- 80 & 75/70nm
- Fab-3 (land only)
- Fab-2
- Fab-1



Accumulated Capex* in Y2009

- Mar'09 YTD capex:
NT\$ 120 million for remaining capex from previous projects
- Y2009 annual forecast :
NT\$ 11.7 billion, including NT\$ 6.5 billion for 50nm stack pilot line, NT\$ 2.0 billion for the acquisition of MeiYa's facility-asset, NT\$ 2.7 billion for the expected lease of MeiYa fab and NT\$ 0.5 billion for remaining capex from previous projects

* Accumulated Capex in Y2009 is book entry basis

OPERATION & BUSINESS OUTLOOK



Wafer Shipments & Unit Sales Revenue (Quarterly)



Wafer shipments:

down 51% QoQ

Average revenue per wafer:

(US\$ based) up 62% QoQ

Average COGS per wafer:

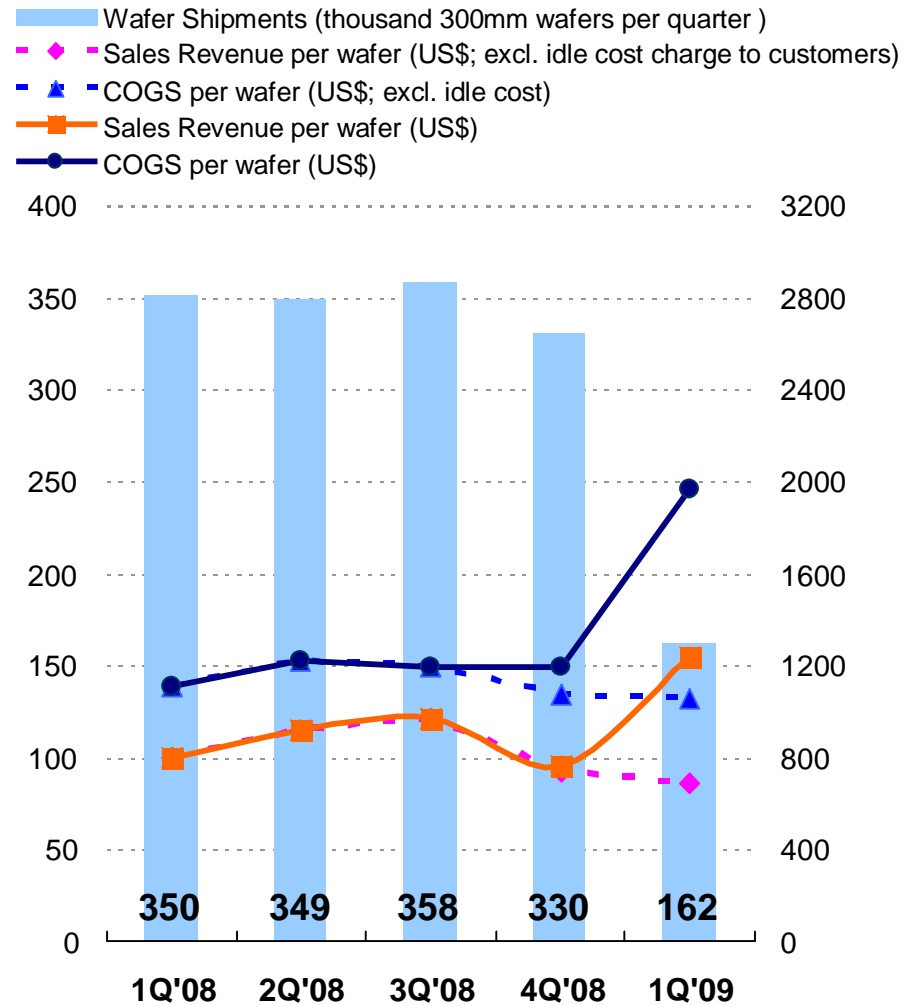
(US\$ based) up 65% QoQ

Idle Cost: NT\$ 5,243 million,

accounts for 48% of COGS

(US\$ 154 million in 1Q'09*)

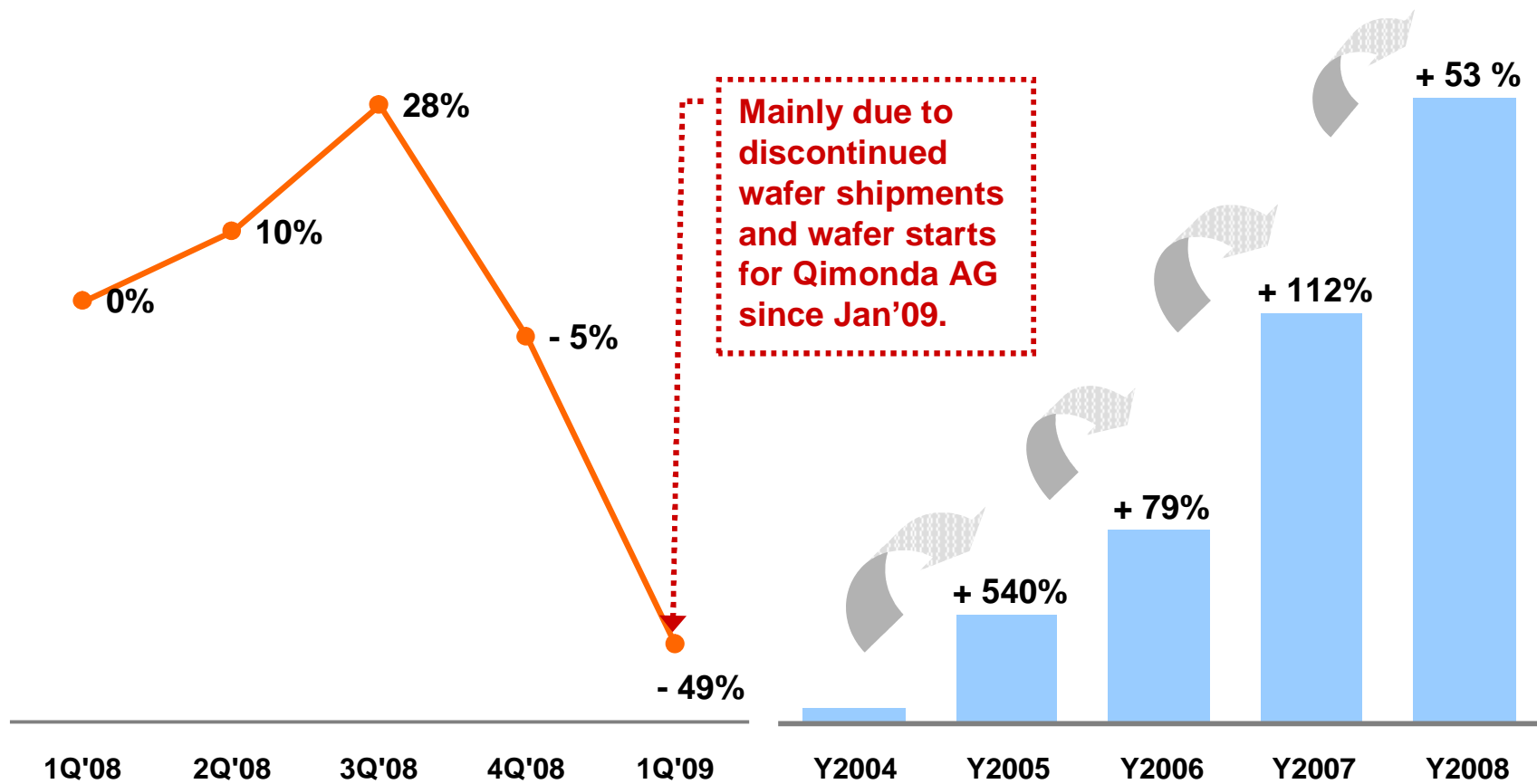
** 1Q'09 figures are unaudited*



Bit Shipments

—●— QoQ Increase (%)

YoY Increase (%)



Operation Highlight



1Q'09 Highlights

- | **Wafer shipments of 162K in 1Q'09, down 51% QoQ**
- | **Bit shipments decreased by 49% QoQ in 1Q'09**
- | **The Impact of Qimonda's Insolvency filing on Jan. 23rd 2009:**
 - **Discontinued wafer shipments and wafer starts for Qimonda**
 - **A write-down of account receivables in an amount of NT\$ 3,345 million in 4Q'08**
 - **Other charge from Qimonda's inventory write-off of NT\$ 364 million in 4Q'08**
- | **Micron / Nanya / Inotera camp will not join TMC**
- | **The board approved the 50nm pilot line capex budget, and the Company expects to start the pilot run in 3Q'09**
- | **The board approved the acquisition of MeiYa facility-assets**

Business Outlook



Y2009 Outlook

- | **The Company expects a continuous need to be responsive to changes in customer demand and the broader market environment and may adjust its production and shipment volume accordingly**
- | **The Company expects to lease the MeiYa fab from Nanya Technology Corp.**
- | **The Company is preparing to raise funds for the 50nm technology conversion**
- | **Positive DRAM market sentiment going forward**



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<http://ir.inotera.com>