



Inotera Memories, Inc.

3Q.2010 Investor Conference

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AGENDA

- **Highlights**
(Charles - President)
- **Financial Review**
(Kai - VP Finance)
- **Operation & 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



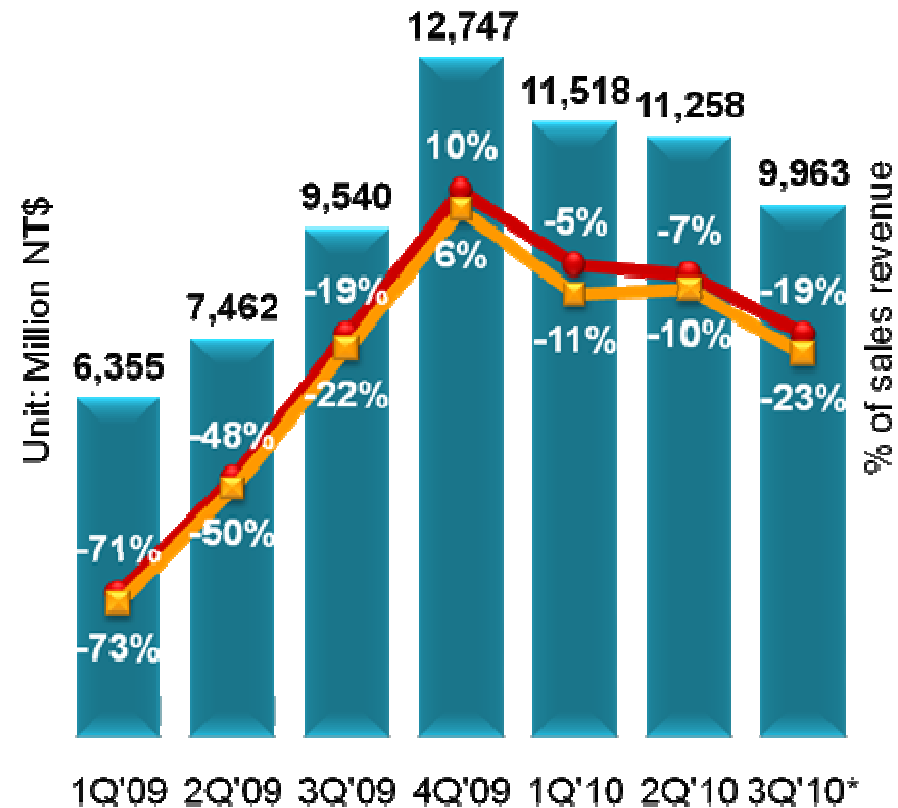
Highlights



3Q'10* Key Data

- Sales of NT\$ 9,963 million, down 12% QoQ
- Net loss of NT\$ 2,621 million; NT\$ - 0.57 per share
- EBITDA of NT\$ 5,575 million; EBITDA Margin of 56%

■ Net operating revenues (Million NT\$)
● Gross Margin (%)
■ Operating Margin (%)



* 3Q'10 numbers are unaudited

FINANCIAL REVIEW



3Q'10 Income Statement QoQ / YoY Comparison



	<u>3Q'10*</u>	%	<u>2Q'10</u>	%			<u>3Q'09</u>	%
					QoQ	YoY		
(Unit: Million NT\$, except for EPS in NT\$)								
Net Operating Revenues	9,963	100%	11,258	100%	- 12%	4%	9,540	100%
Gross Profit (Loss) <i>Gross Margin (%)</i>	(1,920)	- 19%	(760)	- 7%	-152%	-4%	(1,849)	- 19%
Operating Income (Loss) <i>Operating Margin (%)</i>	(2,333)	- 23%	(1,142)	- 10%	-104%	-10%	(2,130)	- 22%
Non-operating Income (Expense)	(287)	- 3%	(668)	- 6%	57%	27%	(393)	-4%
Income (Loss) before Income Tax	(2,621)	- 26%	(1,810)	- 16%	-45%	-4%	(2,524)	- 26%
Income Tax Benefit (Expense)	(0)	0%	(0)	0%	N/M	N/M	(0)	0%
Net Income (loss) <i>Net Margin (%)</i>	(2,621)	- 26%	(1,810)	- 16%	-45%	-4%	(2,524)	- 26%
EPS (Loss)	(\$0.57)		(\$0.39)		-46%	22%	(\$0.73)	
Weighted Average Outstanding Shares (million shares)	4,533		4,490				3,473	

Note: A positive percentage value in the columns "QoQ" and "YoY" indicates improvement in 2Q'10, while a negative value indicates the opposite.

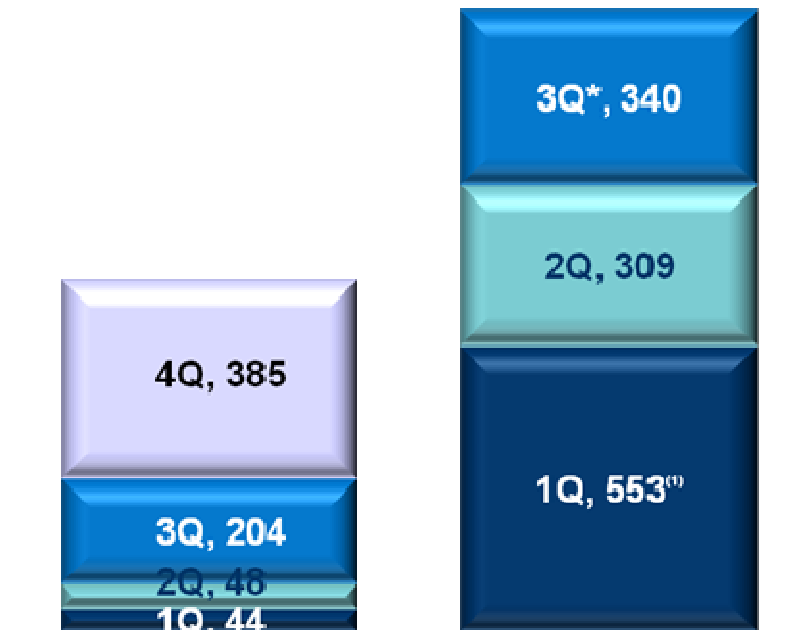
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Operating Expenses



Research and Development Expenses

(Unit: Million NT\$)



Y2009

NT\$ 681 million
(1.9% of Sales Revenue)

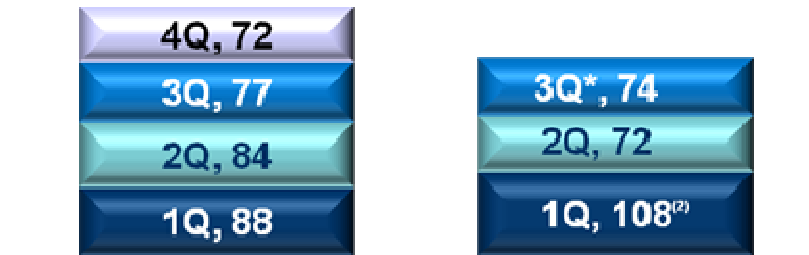
Y2010 YTD

NT\$ 1,202 million
(3.7% of Sales Revenue)

Note (1): incl. non-cash compensation cost of NT\$23 million

General and Administration Expenses

(Unit: Million NT\$)



Y2009

NT\$ 320 million
(0.9% of Sales Revenue)

Y2010 YTD

N\$ 253 million
(0.8% of Sales Revenue)

Note (2): incl. non-cash compensation cost of NT\$33 million

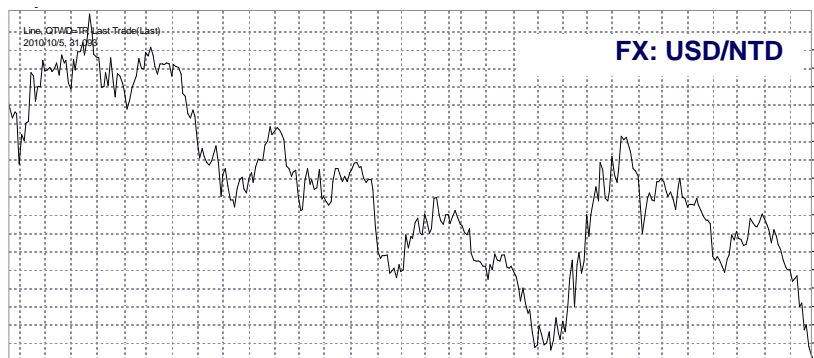
** 3Q'10 numbers are unaudited*

Non-Operating Income / Exp.



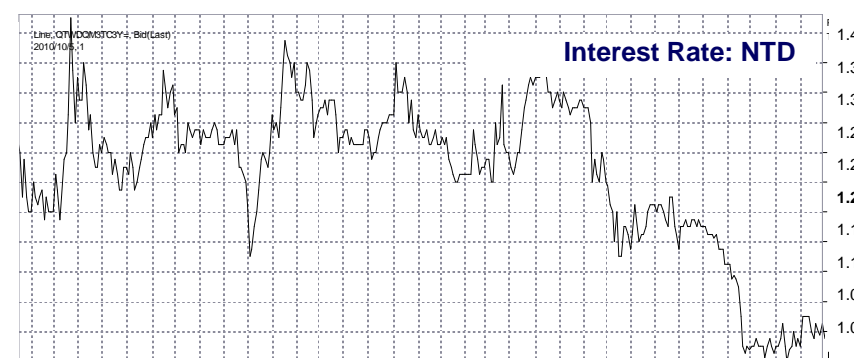
(Unit: Million NT\$)

	3Q'10*	2Q'10	3Q'09
Net Non-Operating Income (Expense)	(287)	(668)	(393)
therein			
Exchange gain (loss)	2	(76)	145
Financial asset gain (loss)	(24)	(50)	(148)
Interest income (expense)	(305)	(296)	(389)
Impairment loss	0	(237)	0



2009 2Q | 2009 3Q | 2009 4Q | 2010 1Q | 2010 2Q | 2010 3Q

Source: Reuters



2009 2Q | 2009 3Q | 2009 4Q | 2010 1Q | 2010 2Q | 2010 3Q

Source: Reuters

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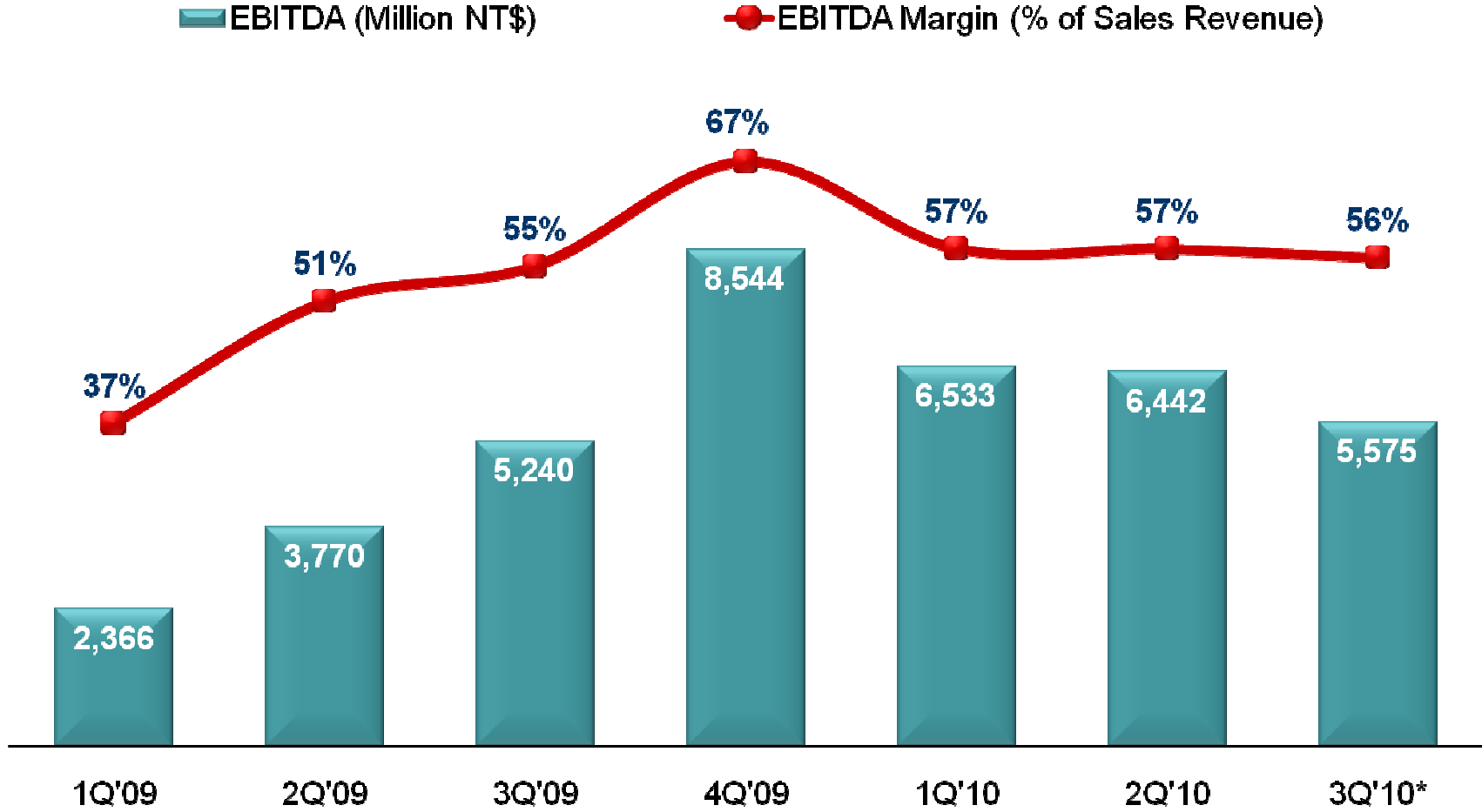
Sep'10 Balance Sheet & Key Indices



Selected Items from Balance Sheet	Sep'10*	Jun'10	Sep'09
(Unit: Million NT\$)			
Cash & Marketable Securities	5,182	7,141	7,849
Inventories	3,932	3,590	3,138
Current Assets	18,380	19,287	19,307
Net PP&E	118,822	109,221	102,513
Total Assets	140,509	131,934	125,784
Current portion of L / T Debt	16,806	16,934	19,157
Current Liability	33,201	31,792	33,201
L / T Debt	46,910	37,110	39,576
Total Liabilities	82,838	71,668	77,454
Total Equity	57,671	60,267	48,330
Key Indices			
Book Value per Share (NT\$)	12.5	13.1	12.1
Inventory Turnover Days (raw material & WIP only)	29	26	24
Current Ratio (X)	0.6	0.6	0.6
Debt-Equity Ratio (X)	1.4	1.2	1.6

* 3Q'10 numbers are unaudited

Quarterly EBITDA



** 3Q'10 numbers are unaudited*

Quarterly Cash Flow



(Unit: Million NT\$)	<u>3Q'10*</u>	<u>2Q'10</u>	<u>3Q'09</u>
Net Cash Provided by Operating Activities	3,952	7,028	3,816
therein depreciation & amortization	7,891	7,954	7,374
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Net Cash Used in Investing Activities	-16,028	- 13,112	- 4,659
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Free Cash Flow *	- 12,077	- 6,085	- 843
* Free Cash Flow =Net Cash Provided by Operating Activities + Net Cash Used in Investing Activities			
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Net Cash Provided by Financing Activities	10,071	- 651	3,816

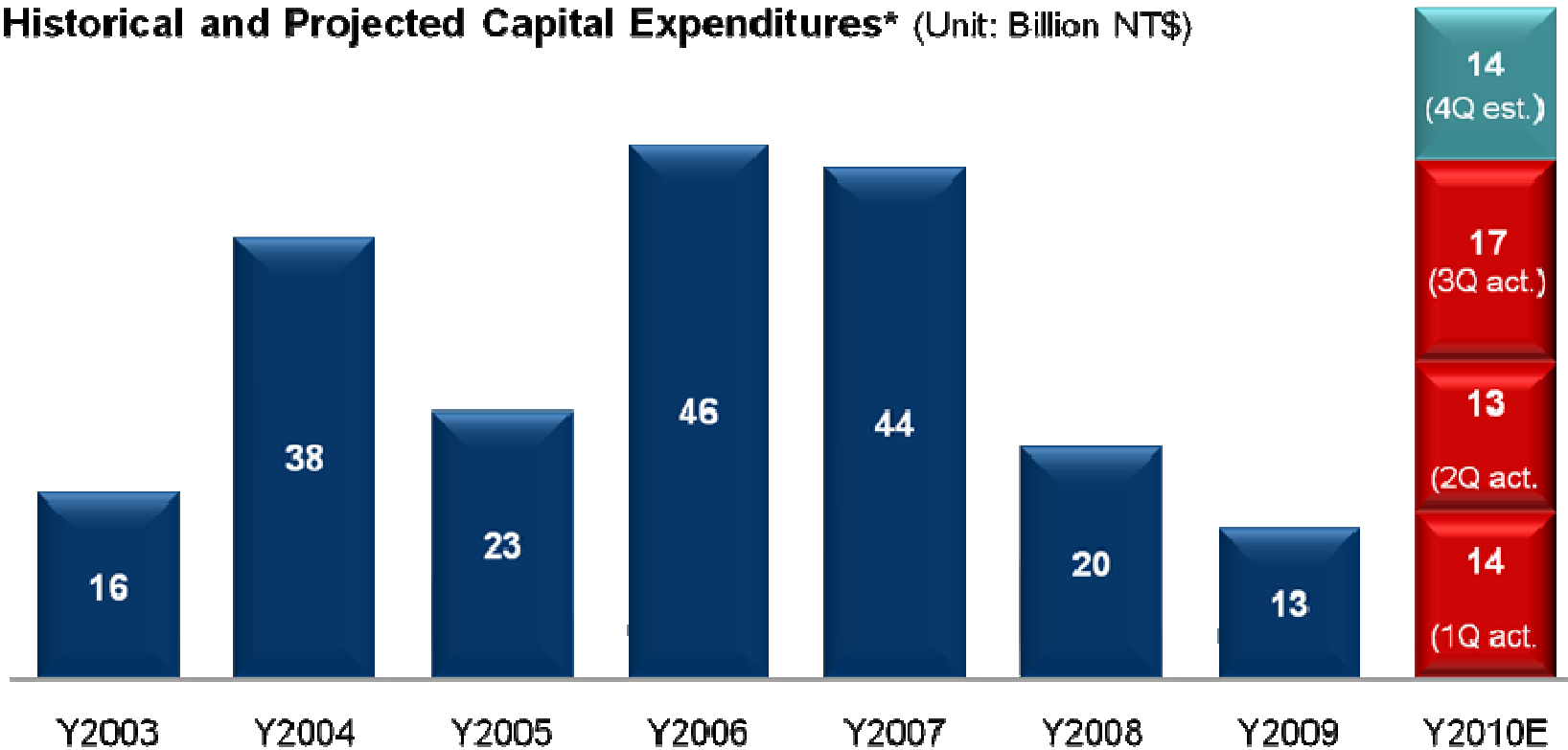
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Capital Expenditures



Y2010E Capex guidance: NT\$58bn est. unchanged

Historical and Projected Capital Expenditures* (Unit: Billion NT\$)



* Capital expenditures are book-entry basis

OPERATIONS & OUTLOOK



Quarterly Wafer Shipments



3Q'10 Highlights

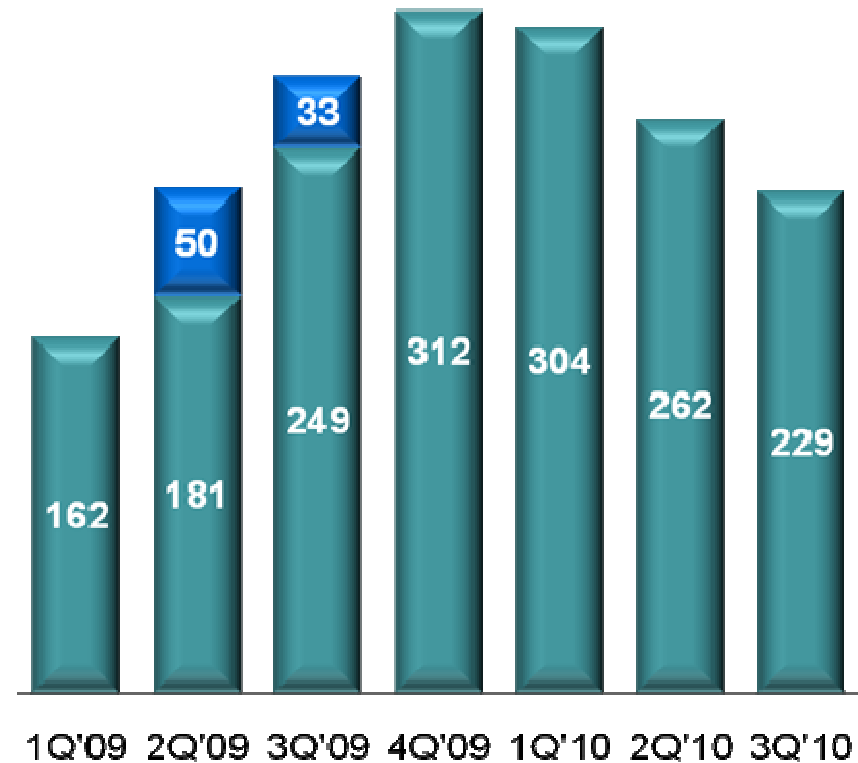
- **Wafer shipments:**

229K wafers, down 13% QoQ
- **Average revenue per wafer:**

up 1% QoQ

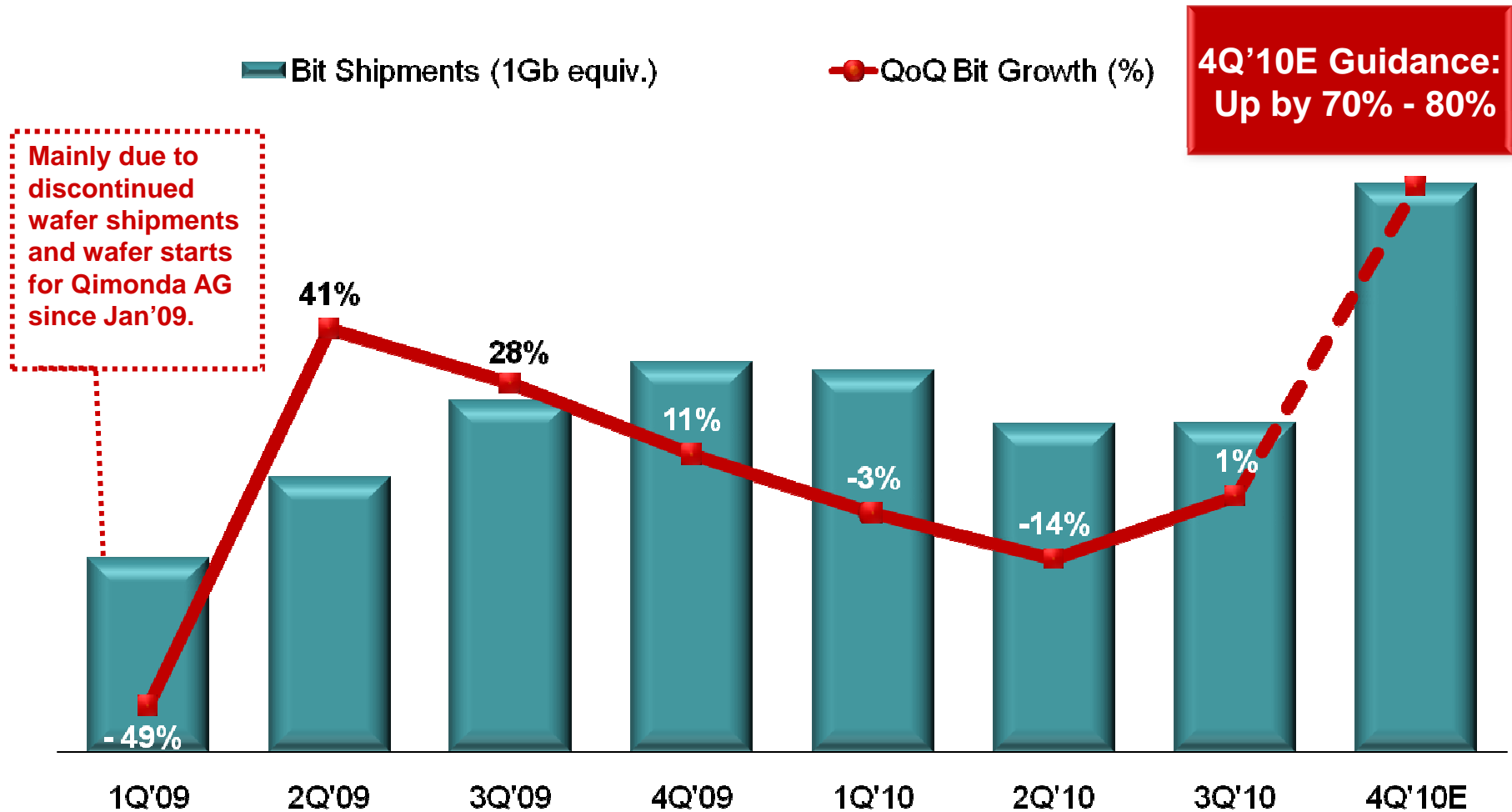
- Inventory Wafer Shipments
- Regular Wafer Shipments

Unit: thousand 300mm wafers per quarter



Note: Inventory sales originally ordered by Qimonda

Quarterly Bit Shipments



Operational Highlights



- All remaining trench wafers flushed out in the beginning of October'10
- All required immersion tools for 130K 50nm are installed and in production
- Expect to reach more than 110K wafer starts in 50nm stack technology in October'10
- Started 42nm qualification lots based on very successful 42nm pilot run
- Started 50nm mobile DRAM qualification lots in October'10

Outlook



- **Update 2010 YoY bit growth guidance to 30% - 40%**
- **Essentially all 4Q'10 bit shipments will be 50nm 2Gb DDR3**
- **On track to fully utilize 130K wafer capacity in 50nm by year end**
- **Focus on increasing server share by providing high-quality stack DRAM products**
- **Plan to launch 2Gb DDR mobile DRAM production in 50nm in 1Q'11**
- **Target to reach full conversion of core DRAM capacity corridor into 42nm around mid-2011**
- **Expect to start pilot run for 3xnm around mid-2011**



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<http://ir.inotera.com>