

News Release

Inotera Reports Fourth Quarter 2009 Results: Sales of NTD 12,747 Million and Earnings per Share of NTD 0.13

Achieved a record-high of NTD 12,747 million in quarterly sales

Taoyuan, Taiwan (R.O.C.), January 20th, 2010 –Inotera Memories, Inc. (TWSE: 3474) today announced results for the fourth quarter of its fiscal year 2009, which ended December 31st, 2009. In the fourth quarter, Inotera achieved a record-high of NTD 12,747 million in sales revenues and an operating income of NTD 801 million. The net income of NTD 475 million recorded for the quarter translates into earnings per share of NTD 0.13. Cost of goods sold for the fourth quarter include a charge of NTD 133 million for the write-down of work-in-process inventories of stack DRAM wafers due to lower-of-cost-or-market accounting rules. For the fiscal year 2009, Inotera reported sales revenues of NTD 36,104 million with an operating loss of NTD 9,641 million and a net loss of NTD 11,477 million or loss per share of NTD 3.19. All numbers are un-audited, and the earnings per share calculations are based on weighted average outstanding shares of 3,601 million.

Inotera saw a 34% increase quarter-on-quarter in fourth quarter sales revenues, mainly contributed by an 11% sequential growth in wafer shipments, i.e. from 282 thousand wafers in the third quarter to 312 thousand wafers in the fourth quarter, and a 23% increase in average sales price per wafer. The company's gross margin and operating margin reached 10% and 6%, respectively, of total sales revenues in the fourth quarter of 2009, a significant improvement over the negative 19% and negative 22%, respectively, recorded in the previous quarter.

In the fourth quarter of year 2009, Inotera has delivered qualification lots, using Micron's 50nm stack process technology, to its customers Micron Technology Inc. and Nanya Technology Corp for conducting the relevant qualification tests. Shipment qualification of Inotera's 50nm production process is expected to be granted by the customers by the end of the first quarter of 2010, with the production ramp expected to start following such shipment qualification. The company has already achieved good yield results in processing wafers using the 50nm stack process technology, and is preparing to progressively convert



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its capacity to a 50nm 2Gb DDR3 DRAM product starting from the beginning of the second quarter of 2010. Wafer starts in 50nm are expected to ramp up to 130 thousand per month in the fourth quarter of year 2010. Furthermore, the company expects to commence pilot run of the 4xnm process technology around mid of 2010 to further improve the company's productivity and cost efficiency.

Inotera's capital expenditures were NTD13.2 billion in year 2009 and are expected to be NTD 52 billion in year 2010, an increase over the previous guidance following the finalization of the 50nm process flow and the addition of 4xnm technology enabling investment to the 2010 capital expenditure guidance.

In order to finance the procurement of machinery and equipment for the conversion to 50nm stack-technology, the Board of Directors of the company has approved the issuance of 640,000,000 new common shares at a price of NTD 22.5 per share, expecting to raise NTD 14.4 billion for capital expenditures for technology conversion. In addition, a new syndicated loan is in preparation and is expected to be concluded in the first half of year 2010.

About Inotera

Inotera Memories, Inc. was incorporated on January 23rd, 2003. Inotera's production facilities are designed to manufacture high-density and high-performance 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'09/Y2009 YTD results are un-audited)

Unit: Million NT\$, except for EPS in NT\$	4Q'09	3Q'09	QoQ	YoY	Y2009
Net Operating Revenues	12,747	9,540	34%	54%	36,104
Gross Profit (Loss)	1,258	(1,849)	N/M	N/M	(8,639)
G&A Expenses	(72)	(77)	6%	98%	(320)
R&D Expenses	(385)	(204)	-89%	-1440%	(681)
Total Operating Expenses	(457)	(281)	-63%	87%	(1,002)
Operating Income (Loss)	801	(2,130)	N/M	N/M	(9,641)
Non-operating income (Expense)	(326)	(393)	17%	79%	(1,836)
Income (Loss) before Income Tax	475	(2,524)	N/M	N/M	(11,477)
Income Tax Benefit (Expense)	(0)	(0)	0%	N/M	(0)
Net Income (Loss)	475	(2,524)	N/M	N/M	(11,477)
EPS (Loss)	\$0.13	(\$0.70)	N/M	N/M	(\$3.19)
Weighted Average Outstanding Shares (millions)	3,601	3,601			3,601
Gross Margin (%)	10%	-19%			-24%
Operating Margin (%)	6%	-22%			-27%
Non-operating Income (Expense) (%)	-3%	-4%			-5%
Income Tax Benefit (Expense) (%)	0%	0%			0%
Net Margin (%)	4%	-26%			-32%
EBITDA Margin (%)	67%	55%			55%

Note: A positive percentage value in the columns "QoQ" and "YoY" indicates improvement in 4Q'09, while a negative value indicates the opposite

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Disclaimer

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