

News Release

Inotera Reports Third Quarter 2009 Results: Sales of NTD 9,540 Million and Loss per Share of NTD 0.73

Gross margin and operating margin narrowed to negative 19% and 22%, respectively

Taoyuan, Taiwan (R.O.C.), October 21st, 2009 –Inotera Memories, Inc. (TWSE: 3474) today announced results for the third quarter of year 2009, which ended September 30th, 2009. The operating loss registered for the third quarter of year 2009 was NTD 2,130 million and net loss was NTD 2,524 million, on the back of sales revenues of NTD 9,540 million. The Company's gross margin and operating margin have narrowed to negative 19% and 22%, respectively, of total sales revenues in the third quarter of 2009, as a result of an increase in average selling prices (ASPs) of DRAM-products and lower idle capacity cost in combination with a reversal of inventory valuation losses of NTD 856 million in the third quarter. The net loss incurred for the quarter translates into a loss per share of NTD 0.73. All numbers are un-audited, and the loss per share calculation is based on weighted average outstanding shares of 3,473 million.

The 28% increase in sales revenues quarter-on-quarter was mainly due to a 22% sequential growth in wafer shipments. As a result of the Company's margin-sharing pricing formula with its customers, average wafer sales prices for the quarter were up 5% sequentially given a 19% increase in its customers' average DRAM ASPs, partially offset by lower cost per wafer in the third quarter due to lower idle capacity cost. Among the 282 thousand wafers shipped in the third quarter, 249 thousand wafers were regular wafer shipments to the Company's customers Micron Technology and Nanya Technology, while 33 thousand wafers came out of remaining inventory originally ordered by Qimonda AG but not shipped due to Qimonda's insolvency-filing earlier this year. As of September 30, 2009, there were no more wafers remaining in inventory from the original Qimonda orders.

Year-to-date capital expenditures on a book-entry basis were NTD 10.5 billion as of the end of September 2009, including NTD 4.6 billion in third quarter of year 2009, mainly for the 50nm pilot line. Total capital expenditures for 2009 are expected to be NTD 12.7 ~ 13.7 billion, an increase from the previous guidance of NTD 11.7 billion, mainly due to an

expected pull-in of some 50nm technology investment from January 2010 to December 2009.

To facilitate preparation of the upcoming technology conversion, total production volume during the fourth quarter of 2009 will remain at approximately 100 thousand wafer starts per month. Inotera has started 50nm pilot runs in the third quarter of 2009 and will commence mass production of 50nm process in the first quarter of 2010 as scheduled. Delivery slots for all tools required for the full technology conversion of Inotera's 130 thousand wafer starts capacity by the end of 2010 have been secured with the relevant suppliers.

Total bit shipments in the third quarter 2009 were up 28% quarter-on-quarter. Bit shipments in the fourth quarter of 2009 are expected to increase by approximately 10% quarter-on-quarter, and annual bit shipments for the year 2009 are expected to slightly decline by approximately 10% year-on-year. In 2010, year-on-year bit growth is expected to be in the range of 70% ~ 80%, primarily due to technology conversion.

About Inotera

Inotera Memories, Inc. was incorporated on January 23rd, 2003. Inotera's production facilities are designed to manufacture high-density and high-performance commodity 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 (3Q '09 results are un-audited)

Unit: Million NT\$, except for EPS in NT\$	3Q'09	2Q'09	QoQ	YoY	3Q'08
Net Operating Revenues	9,540	7,462	28%	-12%	10,786
Gross Profit (Loss)	(1,849)	(3,566)	48%	34%	(2,809)
G&A Expenses	(77)	(84)	8%	9%	(85)
R&D Expenses	(204)	(48)	-325%	-300%	(51)
Total Operating Expenses	(281)	(132)	-113%	-107%	(136)
Operating Income (Loss)	(2,130)	(3,698)	42%	28%	(2,945)
Non-operating income (Expense)	(393)	(414)	5%	68%	(1,217)
Income (Loss) before Income Tax	(2,524)	(4,112)	39%	39%	(4,162)
Income Tax Benefit (Expense)	(0)	(0)	0%	-100%	111
Net Income (Loss)	(2,524)	(4,112)	39%	38%	(4,051)
EPS (Loss)	(\$0.73)	(\$1.18)	38%	40%	(\$1.21)
Weighted Average Outstanding Shares (millions)	3,473	3,473			3,338
Gross Margin (%)	-19%	-48%			-26%
Operating Margin (%)	-22%	-50%			-27%
Non-operating Income (Expense) (%)	-4%	-6%			-11%
Income Tax Benefit (Expense) (%)	0%	0%			1%
Net Margin (%)	-26%	-55%			-38%
EBITDA Margin (%)	55%	51%			34%

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

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