



## INOTERA MEMORIES, INC.

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### News Release

#### **Inotera Reports Second Quarter 2010 Results:**

#### **Sales of NTD 11,258 Million and Loss per Share of NTD 0.39**

#### ***Trench is Over: Wafer Starts Fully Converted to Stack from Mid-July***

Taoyuan, Taiwan (R.O.C.), July 21<sup>st</sup>, 2010 –Inotera Memories, Inc. (TWSE: 3474) today announced results for the second quarter of its fiscal year 2010, which ended June 30<sup>th</sup>, 2010. The operating loss registered for the second quarter was NTD 1,142 million, and net loss was NTD 1,810 million, on the back of sales revenues of NTD 11,258 million. The net loss incurred for the quarter translates into a loss per share of NTD 0.39. A non-cash charge of NTD 237 million for the write-down of obsolete trench-equipment was included in Q2 non-operating expense. Second quarter results include a reversal of previous write-downs for the carrying value of inventory in the amount of NTD 93 million, which was included in the cost of goods sold. All numbers are un-audited, and the loss-per-share calculation is based on weighted average outstanding shares of 4,490 million.

The 2% decrease in sales revenues quarter-on-quarter was mainly due to a 14% increase in average revenues per wafer, offset by a 14% decrease in wafer shipments owing to a delay in 70nm trench output resulting from longer cycle times as the company speeds up the capacity conversion from 70nm trench to the 50nm stack process. Consequently, final wafer starts in trench technology were pulled in by two weeks to the mid of July.

Bit shipments in the third quarter of year 2010 are expected to increase quarter-on-quarter by a mid-teen percentage, with significant output of 2G DDR3 manufactured in 50nm technology. The company updates its annual bit-shipments growth guidance to around 50% for the whole year of 2010 as a result of lower wafer starts in June and July with the aim of accelerating tool transitions to stack process and recovering from longer cycle times. The company is confident that its 50nm wafer starts will catch up in August to the previous plan and that it will reach full utilization of 130 thousand wafer starts per month in 50nm stack technology by the end of the year as scheduled. Furthermore, 42nm pilot runs are planned to commence in September 2010, and volume conversion is targeted to be completed around mid of 2011.

Capital expenditures were NTD 27 billion for the first half year, and the expected capital expenditures for year 2010 are increased from the previous guidance of NTD52 billion to NTD58 billion to include part of the equipment required for the 42nm volume ramp-up.



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**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 (2Q'10 YTD results are un-audited)

Unit: Million NT\$, except for EPS in NT\$	2Q'10	1Q'10	QoQ	YoY	2Q'09
<b>Net Operating Revenues</b>	<b>11,258</b>	<b>11,518</b>	<b>-2%</b>	<b>51%</b>	<b>7,462</b>
<b>Gross Profit (Loss)</b>	<b>(760)</b>	<b>(559)</b>	<b>-36%</b>	<b>79%</b>	<b>(3,566)</b>
G&A Expenses	(72)	(108)	33%	14%	(84)
R&D Expenses	(309)	(553)	44%	-544%	(48)
Total Operating Expenses	(381)	(661)	42%	-189%	(132)
<b>Operating Income (Loss)</b>	<b>(1,142)</b>	<b>(1,219)</b>	<b>6%</b>	<b>69%</b>	<b>(3,698)</b>
Non-operating income (Expense)	(668)	(342)	-95%	-61%	(414)
<b>Income (Loss) before Income Tax</b>	<b>(1,810)</b>	<b>(1,561)</b>	<b>-16%</b>	<b>56%</b>	<b>(4,112)</b>
Income Tax Benefit (Expense)	(0)	(0)	N/M	N/M	(0)
<b>Net Income (Loss)</b>	<b>(1,810)</b>	<b>(1,561)</b>	<b>-16%</b>	<b>56%</b>	<b>(4,112)</b>
<b>EPS (Loss)</b>	<b>(\$0.39)</b>	<b>(\$0.36)</b>	<b>-8%</b>	<b>69%</b>	<b>(\$1.24)</b>
Weighted Average Outstanding Shares (millions)	4,490	4,362			3,338
<b>Gross Margin (%)</b>	<b>-7%</b>	<b>-5%</b>			<b>-48%</b>
<b>Operating Margin (%)</b>	<b>-10%</b>	<b>-11%</b>			<b>-50%</b>
Non-operating Income (Expense) (%)	-6%	-3%			-6%
Income Tax Benefit (Expense) (%)	0%	0%			0%
<b>Net Margin (%)</b>	<b>-16%</b>	<b>-14%</b>			<b>-55%</b>
<b>EBITDA Margin (%)</b>	<b>57%</b>	<b>57%</b>			<b>51%</b>

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

### Spokesperson

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