UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-K

/ X / ANNUAL REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the fiscal year ended December 31, 2008

OR

/ / TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the transition period from __________ to __________

Commission File Number 0-17739

RAMTRON INTERNATIONAL CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	84-0962308
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1850 Ramtron Drive, Colorado Springs, Colorado	80921
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (719) 481-7000

Securities registered pursuant to Section 12(b) of the Act:

Common Stock ($.01 par value)	Nasdaq Global Market
(Title of Each Class)	(Name of each exchange on which registered)

Securities registered pursuant to Section 12(g) of the Act: NONE

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in rule 405 of the Securities Act of 1934. Yes / / No / X /

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes / / No / X /

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter periods that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes / X / No / /

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. / /

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Act). Large accelerated filer / /, Accelerated filer / X /, Non-accelerated filer / /, Smaller Reporting Company / /

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes / / No / X /

The aggregate market value of common stock held by non-affiliates of the registrant as of June 30, 2008 was $110,720,301 based on the closing price of our common stock as reported on the Nasdaq Global Market.

As of January 29, 2009, 27,737,927 shares of the Registrant's common stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Proxy Statement for the 2009 Annual Meeting of Shareholders are incorporated by reference into Part III.

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This Annual Report on Form 10-K and certain information incorporated herein by reference contain forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, and, as such, may involve risks and uncertainties. All statements included or incorporated by reference in this Annual Report on Form 10-K, other than statements that are purely historical, are forward-looking statements. Forward-looking statements may be identified by the use of forward-looking words or phrases such as "will," "may," "believe," "expect," "intend," "anticipate," "could," "should," "anticipate," "plan," "estimate," and "potential," or other similar words. Forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from the results contemplated in our forward-looking statements.

The forward-looking statements in this Annual Report on Form 10-K are subject to additional risks and uncertainties further discussed under Part I. Item 1A. Risk Factors and Part II. Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operation and are based on information available to us on the date hereof. We assume no obligation to update any forward-looking statements. Readers are cautioned not to place undue reliance on forward-looking statements, which are made only as of the date of this Annual Report on Form 10-K.

PART I

The following information should be read in conjunction with the Consolidated Financial Statements and notes thereto included in Part II. Item 8. Financial Statements and Supplementary Data of this Annual Report on Form 10-K.

Unless otherwise indicated by the context, the terms "Ramtron," "the Company," "we," "us," and "our," refer to Ramtron International Corporation and our consolidated entities described in Part II. Item 8. Financial Statements and Supplementary Data - Note 1 of the Notes to Consolidated Financial Statements.

Item 1. BUSINESS

We were incorporated in Delaware in 1984. We are a fabless semiconductor company that designs, develops and markets specialized semiconductor memory, microcontroller, and integrated semiconductor solutions, used in many markets for a wide range of applications. We pioneered the integration of ferroelectric materials into semiconductor products, which enabled the development of a new class of nonvolatile memory, called ferroelectric random access memory (F-RAM). F-RAM products merge the advantages of multiple memory technologies into a single device that is able to retain information without a power source, can be read from and written to at very fast speeds and written to many times, consumes low amounts of power, and can simplify the design of electronic systems. In many cases, we are the sole provider of F-RAM enabled semiconductor products, which facilitates close customer relationships, long application lifecycles and the potential for high-margin sales.

We also integrate analog and mixed-signal functions such as microprocessor supervision, tamper detection, timekeeping, and power failure detection onto a single device with our F-RAM products. This has enabled a new class of products that addresses the growing market need for more efficient and cost effective semiconductor products.

PRODUCT HIGHLIGHTS AND OTHER ACHIEVEMENTS

We announced the availability of a 4-megabit (Mb) F-RAM memory in a streamlined FBGA package. The FM22LD16 is a 4Mb, 3-volt, parallel nonvolatile RAM in a 48-pin ball grid array (FBGA) package that features fast access, virtually unlimited read/write cycles and low power consumption. Pin-compatible with asynchronous static RAM (SRAM), the FM22LD16 targets industrial control systems such as robotics, network and data storage applications, multi-function printers, auto navigation systems and a host of other SRAM-based system designs.

We upgraded our FM31x Processor Companion family to include a more efficient trickle charger and a real-time clock (RTC) that requires only a standard 12.5pF external watch crystal. The new FM3127x/L27x Processor Companion features 4, 16, 64, or 256 kilobits (Kb) of nonvolatile F-RAM memory, a high-speed two-wire interface, and highly integrated support and peripheral functions for advanced processor-based systems.

We launched the FM3135, a 64-kilobit (Kb), 3-volt Processor Companion product that combines the benefits of nonvolatile F-RAM memory with an enhanced real-time clock/calendar (RTC) and integrated 32 kHz watch crystal. The FM3135 is designed for use in meters, elapsed time monitors, time-of-use recording, and other data-storage applications that require time-stamping. The high endurance and fast writes of F-RAM combined with an RTC make it ideal for systems that time stamp events.

Our FM22L16 product was awarded the Product of the Year Award by Electronic Products China (EPC). The FM22L16, the semiconductor industry's first 4-megabit (Mb) nonvolatile F-RAM memory, was selected from hundreds of products after it successfully met the judging criteria for design innovation, price performance, and technological advancement. The FM22L16 is the highest density F-RAM product to date. A 4Mb, 3-volt, parallel nonvolatile RAM in a 44-pin thin small outline plastic (TSOP) package, the FM22L16 features fast access, virtually unlimited read/write cycles, and low power consumption.

We announced the FM25H20, our first 2-megabit serial F-RAM. The 3-volt, 2Mb serial F-RAM writes at maximum bus speed with virtually unlimited endurance for greater data collection capacity in a small package, enabling system designers to reduce costs and board space in a range of advanced applications including meters and printers.

We introduced the FM6124, the first F-RAM based event data recorder. The FM6124 is an integrated event monitoring solution that continuously monitors state changes, stores them in the F-RAM, and alerts the system to the changes. Like a programmable logic controller (PLC), the FM6124 features simple device settings and data retrieval for easy system integration and a shorter design-in cycle.

We announced that a FM25L16, 16-kilobit (Kb) serial F-RAM memory device, has been designed into Shanghai Welltech's smart pressure transmitters. F-RAM was selected to replace EEPROM in Welltech's new transmitters. Intelligent pressure transmitters have become increasingly popular because of the complexity of today's process control applications in industries such as chemicals, pharmaceuticals, power, water treatment, food processing.

We announced that UK-based Energy Optimizers Ltd., a designer and manufacturer of ZigBee and Bluetooth smart energy saving devices, designed the Company's FM25L512 512-kilobit (Kb) serial F-RAM memory device into its series of Plogg(registered trademark) wireless energy management plugs. F-RAM's NoDelay(trademark) writes, virtually unlimited endurance, and low power provide fast and frequent data logging and storage for this smart power meter that measures, monitors, and controls energy consumption at the point of use - the appliance. Measuring up to 13 different variables, the wireless smart meter plugs evaluate how energy is being used, and enables the user to reduce energy consumption and save money and the environment.

We qualified the FM24CL64, a 64-kilobit serial F-RAM, to Grade 3 automotive specifications. The FM24CL64 is part of our growing

family of Grade 1 (+125C) and Grade 3 AEC-Q100-qualified automotive memory products. The FM24CL64 is already designed into advanced automotive audio platforms in which F-RAM is used to record dynamic data quickly and frequently while maintaining data integrity even upon sudden power loss.

We announced that Aewin Technologies Co., Ltd., a leading Taiwanese applied industrial computing platform manufacturer, has designed our FM22L16 4-megabit (Mb) nonvolatile F-RAM memory into its Intel-based GA-2000 and AMD-based GA-3000 gaming and high-definition multimedia PC boards. The 4Mb F-RAM - with its fast writes, high endurance, and low power - replaced battery-backed SRAM (BBSRAM) in Aewin's gaming solution to provide data integrity with a lower component count, less mechanical contact, higher reliability, and higher security. The GA-2000/3000 are full-featured, all-in-one boards containing the CPU, system memory, F-RAM, solid-state disk storage, I/O functions, and an audio amplifier to enable gaming or amusement machines that consume little power and provide superior 2D/3D graphic performance.

We announced the first device in a family of new F-RAM products that offer high-speed read/write performance, low voltage operation, and optional device features. The first device in the Ramtron V-Family of F-RAM products is the FM25V10, a 1-megabit (Mb), 2.0 to 3.6-volt, serial peripheral interface (SPI) nonvolatile RAM in an 8-pin SOIC package that features fast access, NoDelay(trademark) writes, 1E14 read/write cycles, and low power consumption. The FM25V10 is an ideal alternative to 1Mb serial Flash and serial EEPROM memory in industrial control, metering, medical, automotive, military, gaming, and computing applications, among others.

We announced the second serial device in a family of new F-RAM products that offer high-speed read/write performance, low voltage operation, and optional device features. The FM25V05 is a 512-kilobit (Kb), 2.0 to 3.6-volt, serial peripheral interface (SPI) nonvolatile RAM in an 8-pin SOIC package that features fast access, NoDelay(trademark) writes, 1E14 read/write cycles, and low power consumption. The FM25V05 is an ideal alternative to serial Flash and serial EEPROM memory in industrial control, metering, medical, automotive, military, gaming, and computing applications, among others. In addition to the 512Kb FM25V05, the recently announced 1-megabit FM25V10 is also available.

We announced our first parallel device in a family of new parallel and serial F-RAM products that offer higher-speed read/write performance, lower voltage operation, and optional device features. The newest device in the Company's V-Family of F-RAM products is the FM28V100, a 1-megabit (Mb), 2.0 to 3.6-volt, parallel nonvolatile RAM in a 32-pin TSOP-I package that features fast access, NoDelay(trademark) writes, virtually unlimited read/write cycles, and low power consumption. The FM28V100 is an ideal upgrade from 1Mb battery-backed SRAM in industrial control, metering, medical, automotive, military, gaming, and computing applications, among others. In addition to the FM28V100, Ramtron recently announced the 512Kb FM25V05 and 1Mb FM25V10 serial SPI V-Family products. The FM28V100 provides an easy upgrade path for battery-backed or NVSRAM users that want to eliminate batteries or external capacitors from their systems.

FINANCIAL INFORMATION BY SEGMENT

Our operations are conducted through one business segment, our semiconductor business. Our semiconductor business designs, develops, markets, and manufactures specialized semiconductor memories, microcontrollers and integrated semiconductor solutions.

See Part II. Item 8. Financial Statements and Supplementary Data - Note 12 of the Notes to Consolidated Financial Statements for certain geographic financial information concerning the business of the Company.

2008 OVERVIEW OF BUSINESS

In 2008, we had direct product sales to over 400 customers and distributors. We sell products through a direct sales force and a global network of manufacturer's representatives and distributors. Our distributors sell our products to numerous end customers. Principal markets include metering, computing, automotive, industrial, scientific and medical. We outsource the manufacturing and testing of our products to foundries, packaging, and test companies, allowing us to focus our efforts on product definition, design, marketing and sales.

GENERAL INDUSTRY BACKGROUND

Semiconductor products are typically classified as analog, digital, or mixed signal. Analog semiconductors are devices that have the ability to sense continuous real-world parameters like voltage, flow, pressure, temperature, velocity, and time. Digital semiconductors, such as memories or microcontrollers, store or process information via circuit-based on and off switches. Digital semiconductors store, process and manipulate data once the analog components have conditioned the inputs or signals. Mixed-signal semiconductors are integrated products that combine analog and digital circuit functions into a single device and are generally considered the most specialized and complex type of semiconductors in the market.

Memory Market

Virtually all electronic systems incorporate semiconductor memory to enable and enhance performance. The primary performance characteristics of memory devices include: speed (the amount of time it takes to read and write data from and to the device); density (how much data can be stored in the device); power consumption, (how much power a device consumes when reading or writing data); endurance (how many times data can be written onto a memory device before it wears out); and volatility (whether or not

the device can retain data without power and without refreshing). Volatile memory products rely on a random access memory (RAM) architecture, which requires a constant power source to retain data but allows data to be written and re-written quickly onto the device. The most common volatile memories on the market today are dynamic random access memories (DRAM), which are favored by designers for their density, and static random access memories (SRAM), which are favored because of their speed.

Nonvolatile memories were originally designed using a read only memory (ROM) architecture, which allows data to be written once and retained even when the power is turned off or lost. Technology advances in ROM-based memories now allow data to be written and erased multiple times as well as to retain data without a power source. Despite these advances, ROM-based devices write operations require a significant amount of power, are slow, and degrade relatively quickly. The most common nonvolatile memory on the market today is electrically erasable programmable read only memory (EEPROM), which is a low density solution that is generally used because of its relative ease-of-use compared to FLASH memory, which is used because of its low cost per bit and high density data storage capability.

In an effort to create a nonvolatile memory with high read/write speeds, a hybrid memory, called battery-backed SRAM (BBSRAM) was created. While BBSRAMs allow higher speed data storage, the battery attachment makes the device larger in size, more expensive, and introduces battery-related reliability, lifetime and adverse environmental issues.

EEPROM, FLASH, and BBSRAMs, are widely used by system designers and are more or less standardized. As is the case with most commodities, price is the main differentiator. While these products are widely produced and incorporated in many applications, technical limitations such as write speed, power consumption, endurance and ease of use prevent these nonvolatile memory devices from being implemented in certain situations.

Due to the large market for semiconductor memory products and the technical limitations of existing nonvolatile memory products, a market opportunity for alternative memory technologies has evolved. This has made F-RAM the most commercially successful of the alternative nonvolatile memory technologies. Other emerging technologies, such as magneto resistive random access memory (MRAM), ovonics and molecular memory, are still in their early stages of development and have yet to demonstrate commercial viability and achieve market acceptance.

Microcontroller Products

Microcontrollers (MCUs) are highly integrated devices that typically include a central processing unit (CPU), memory, input/output (I/O) ports and timers. Unlike a general-purpose computer, which also includes all of these components, an MCU is designed to control or provide a very specific task within a system. As a result, the parts can be simplified and shrunk to reduce production costs.

MCUs are generally segmented by architectures ranging from 4-bit through 32-bit. 4-bit MCUs are relatively inexpensive but usually lack the minimum performance and features required for product differentiation and are typically used only to produce basic functionality in products. 16- and 32-bit architectures are typically higher performance but have historically been considered too expensive for many high-volume applications. As a result, we believe that 8-bit MCUs are generally perceived as the most cost-effective processing solution for high volume MCU requirements.

Integration Trend - Mixed-Signal Devices

In a typical system design, analog inputs are gathered by sensing devices and then conditioned for use by digital circuits. Once the analog inputs are converted into digital data by analog-to-digital conversion circuitry, digital devices such as microcontrollers and memory are used to manipulate and store the data, which is used to achieve a desired result or function in the system.

Until recently, analog and digital functions were performed by stand-alone components that worked alongside each other within the system. Due to the increasing complexity of products, the advancement of product features and the desire among original equipment manufacturers to decrease the size and cost of electronic systems, the market has progressed toward integrating analog and digital components into stand-alone mixed-signal semiconductor devices. Analog products that are commonly integrated into an electronic system include temperature sensors, op amps, and regulators. This analog circuitry operates in conjunction with digital devices such as memories and microcontrollers. Microcontrollers are digital devices that incorporate many of the same functions as a computer but in a dramatically simplified form. They are typically designed to control or perform very specific tasks in a system. Advances in process technology and design capabilities now allow the integration of analog and digital devices into a single device by either embedding the functions onto a single chip or by combining them in a multi-chip package. Integrating functions in a single device has enabled lower overall system costs while increasing functionality and reducing board space requirements. As a result, many integrated semiconductor solutions generally recognize longer product life cycles and relatively higher product margins.

Our Products

We design, develop and market specialized semiconductor memory, microcontroller and integrated semiconductor solutions used by customers for a wide range of applications in the metering, computing and information systems, automotive, communications, consumer and industrial, scientific and medical markets. Our product portfolio is comprised of stand-alone products, integrated products and microcontroller devices.

We pioneered the use of ferroelectric technology to produce nonvolatile semiconductor memory products in commercial volumes. Our products have distinct advantages over incumbent nonvolatile

memory devices. F-RAM products combine the nonvolatile data storage capability of ROM with the benefits of RAM, which include a high number of read and write cycles, high-speed read and write cycles, and low power consumption. Since demonstrating our first product, we have expanded our F-RAM product line to include various interfaces and densities, which include industry-standard serial and parallel interfaces; industry standard package types; and 4-kilobit, 16-kilobit, 64-kilobit, 256-kilobit, 1-megabit, 2-megabit, and 4-megabit densities.

Our serial and parallel memories contain industry-standard interfaces that are widely used in electronic applications. System designers use serial memories to collect data due to their relative low cost. Serial memories require fewer connections to the host system, and due to their small package footprint, occupy less space on a circuit board. They are slower than other types of memory because they deliver data serially through a single port, which can require a system's processor to wait longer for the data it needs. Our serial F-RAM devices are faster than serial EEPROM devices because the fast write speed of F-RAM allows more frequent data transfers over the serial bus to the processor.

Our parallel F-RAM products are drop-in replacements for battery-backed SRAM products (BBSRAM). F-RAM parallel products offer features and data retention comparable to BBSRAMs, but without the requirement of a battery, which increases system reliability and reduces board space. Parallel memory devices transfer data faster than serial memories because they can deliver data through several ports simultaneously. Although parallel memory devices are larger and more costly than serial memory devices, they are well suited for high-performance applications due to their inherent high read and write speed capability.

Our integrated F-RAM products, called processor companions, are single-chip solutions that replace a number of individual system components to reduce cost and board space. The processor companion family is the most integrated F-RAM product line developed to date and provides on a single chip the most commonly needed system functions for a variety of applications. Processor companions typically combine nonvolatile F-RAM with analog and mixed-signal circuitry such as a real-time clock (RTC), a processor supervisor, and other commonly needed peripheral functions. Processor Companions are available in a variety of memory density and mixed-signal feature configurations. Processor companions are used in similar applications to our serial and parallel F-RAM memory technologies but provide more of the system's functions with a single device.

Our integrated F-RAM enhanced microcontrollers are feature-rich, highly-integrated mixed-signal 8051 microcontrollers that offer a solution for a broad range of signal conditioning, data acquisition and control applications. These products include on-chip analog peripherals such as pulse width modulators (can be used as digital-to-analog (D/A) converters), a voltage reference, a programmable current source, an uncommitted operational amplifier, digital potentiometers and an analog switch, making them complete data acquisition System-on-Chip (SoC) devices.

MARKETS

Select Nonvolatile Memory and Integrated Semiconductor Applications	
Meters	Computing and Information Systems
Electric, Gas, Waste Taxi Flow Postage Automated Meter Reading	RAID systems Printers and copiers Printer cartridges Servers Network attached storage Storage area networks
Automotive	Industrial, Scientific and Medical
Restraint systems Smart airbag systems Auto Body controls Car radio/DVD/Navigation systems Instrumentation clusters	Medical instruments Test equipment Motor controls Home automation RFID data logging

Our engineering team has helped many customers develop leading-edge products that benefit from our F-RAM products' unique technological characteristics, such as fast write speeds, high write endurance, low power, and accelerated time-to-market. The following application examples illustrate the use of our products in certain end markets.

Automotive - Electronic systems and semiconductor content in automobiles has increased significantly in recent years with the advent of more sophisticated safety, entertainment, body control, and telematics systems. In addition, the sensor count in automobiles has grown significantly over the past few years, which requires processing and storing more data than ever before.

Metering - The need to monitor power usage has become increasingly important for utility companies as fuel prices have increased significantly over the past few years. Worldwide, there is a significant demand for systems that efficiently distribute power to areas of high demand. These trends have given rise to the need for more sophisticated digital metering products that can constantly track and report power usage data for utility companies. As a result of our success in supplying F-RAM products for one of the world's largest digital metering installations, we believe that F-RAM products are becoming more widely accepted in time-of-use and automated meter reading applications.

Computing - Computing applications for our products have increased significantly in recent years as we have focused on uses for our products in multi-function printers and copiers, laser and inkjet printers and hard disk array controllers. The high write endurance of our F-RAM products is the primary reason multi-function printer and copier manufacturers use F-RAM products in their products, while the fast write capability and ability to store information quickly upon power-down is the primary reason hard disk array controller manufacturers use our products.

Industrial, Scientific and Medical - The industrial, scientific and medical market provides a large opportunity for F-RAM products because it is characterized by applications that are subject to unique and demanding operating environments. F-RAM products are well suited for these applications due to their inherent high reliability features like high endurance and low power consumption.

MANUFACTURING

We are a fabless semiconductor manufacturer that designs and develops new products for production by foundries. Outsourcing manufacturing and our foundry relationships enables us to avoid the large capital expenditures that would otherwise be required to manufacture our products in commercial volumes.

Although we have entered into license agreements with Fujitsu, Rohm, Toshiba Corporation (Toshiba), Infineon Technologies AG and Texas Instruments that provide for the potential development and manufacture of F-RAM products, Fujitsu and Texas Instruments are currently the manufacturers of our F-RAM products. In 1999, the Company entered into a manufacturing agreement with Fujitsu Limited for the supply of its F-RAM products. The initial term of the manufacturing agreement was five years with automatic one year renewals. Fujitsu is required to notify us at least two years in advance of any change in its ability, or intention, to supply product wafers to us. In 2007, the Company and Texas Instruments entered into a commercial manufacturing agreement for F-RAM memory products. The Company will provide design, testing and other activities associated with product development efforts, and Texas Instruments will provide foundry services for a minimum period of two years with one year automatic renewal periods unless a party notifies the other party thirty (30) days prior to the expiration of any renewal period of their desire to terminate the agreement. The manufacturing agreement with Texas Instruments also contains obligations for us with respect to minimum orders and negotiated pricing.

We believe that manufacturing capabilities and capacity for our existing products, as well as those we may develop, will be readily available for the foreseeable future.

We subcontract with non-U.S. companies to assemble and test our manufactured products. Assembly and testing services performed by such subcontractors are conducted in accordance with processes designed by us or the third-party manufacturers and are implemented under the supervision of our product engineers or such third-party manufacturers.

The raw materials and packaging required for the manufacture of our products are readily available from multiple sources.

PATENTS AND PROPRIETARY RIGHTS

We rely on a combination of patents, copyrights, trademarks and trade secrets to establish and protect our intellectual property rights. We hold 85 United States patents covering key aspects of our products and technology. These patents will expire at various times between June 2009 and February 2025. We have applied for 8 additional United States patents covering certain aspects of our products and technology. We have also taken steps to apply for patents in jurisdictions outside the U.S. on our products and technology. We hold 5 non-U.S. issued patents and have 4 non-U.S. patent applications pending. One non-U.S. patent is co-owned with Mitsubishi Materials Corporation.

Our patents cover the critical aspects of F-RAM technology, which we believe is a significant deterrent to other companies commercializing ferroelectric-based memory and integrated products without a license from us. We use our technological and engineering expertise to develop proprietary technologies for high quality, technologically advanced products that meet the complex and diverse needs of our customers. Our engineers have specific know-how in F-RAM technology-based product design.

We have licensed our F-RAM technology to several companies, including Fujitsu, Toshiba, Samsung Electronics Company, Ltd. (Samsung), Infineon, NEC and Texas Instruments. We also have cross-licensing arrangements with National Semiconductor and Symetrix Corporation. Some of these licensing arrangements provide us with the right under certain conditions to call on the licensee's manufacturing capacity as well as to receive royalty payments while others include only royalty provisions.

SEASONAL NATURE OF BUSINESS

We do not consider our operations to be seasonal.

CUSTOMERS

We serve direct customers worldwide, including OEMs and subcontract manufacturers. Additionally, our distributors sell to customers worldwide, through which we indirectly serve a broad base of customers. Our customers include industry leading OEMs in a broad range of industries.

Our sales have been relatively balanced across our major sales regions including the Americas, Europe, Asia/Pacific and Japan. As a result, we believe that we are not particularly vulnerable to regional economic fluctuations in a specific part of the world. For fiscal years 2008, 2007 and 2006, based upon product shipment destination, international sales comprised approximately 86%, 86% and 85%, respectively, of our net revenue.

SALES AND MARKETING

We use a regionally-based manufacturing representative sales force and a global network of distributors to sell our semiconductor products. In many cases, our distributors are responsible for product demand creation through OEM customers who are not directly served by our internal regional sales managers. For the year ended December 31, 2008, approximately 57% of our product sales were to our distributor network, while direct customers accounted for approximately 43% of our revenue.

As of December 31, 2008, we employed 31 people in our marketing and sales organization. In addition to our Colorado Springs, Colorado, headquarters facility, we maintain full-time sales and customer service personnel in Canada, Japan, United Kingdom, Hong Kong, South Korea, Singapore, Taiwan and China. We have distribution and/or manufacturers representative relationships with approximately 60 companies worldwide, including the Americas, Europe, Japan and Asia/Pacific. These regionally-focused firms work with our regional sales managers in identifying new customers, providing technical support and other value-added services to customers, such as order processing, local inventory stocking, and management of currency fluctuation risks.

BACKLOG

Our rate of booking new orders varies from month to month and depends on scheduling practices of individual customers. Cyclical industry conditions make it difficult for many customers to enter into long-term, fixed-price contracts. Delivery dates are adjusted at the reasonable request of our customers. For the foregoing reasons and because of the possibility of customer changes in delivery schedules or cancellations of orders without significant penalty, we do not believe that our backlog as of any particular date is firm or that it is a reliable indicator of actual sales for any succeeding period.

COMPETITION

The semiconductor industry is intensely competitive. We compete with numerous domestic and foreign companies. Our products primarily compete on the basis of product price in relation to product functionality. We may be at a disadvantage in competing with many of our competitors, which have significantly greater financial, technical, manufacturing and marketing resources, as well as more diverse product lines that can provide cash flow during downturns in the semiconductor industry.

We consider our F-RAM products to be competitive with other nonvolatile memory devices such as EEPROM and BBSRAM products. Although FLASH memory products are a class of nonvolatile memory, we do not compete with FLASH due to its relatively higher storage capacity than F-RAM. Nonvolatile memory products are manufactured and marketed by major corporations possessing wafer manufacturing and integrated circuit production facilities such as ST-Microelectronics N.V., Atmel Corporation, and by specialized product companies, such as Intersil Corporation, Maxim Integrated and Integrated Silicon Solution Inc.

Our microcontroller products compete with industry standard products offered by established semiconductor manufacturers such as Renasas, Freescale, Microchip, NEC, Atmel, NXP and Zilog. We intend to use our close customer relationships to sell in this intensely competitive environment where we have a proven track record of providing individualized design assistance and after sale support. Due to the more specialized nature of our mixed signal enhanced microcontrollers, they are less susceptible to the same level of competition as industry standard microcontroller products.

Our licensees may market products that compete with our F-RAM products. Most of our licensees have the right to manufacture and sell F-RAM products, however, with the exception of Fujitsu, we are not aware of any licensees that market competitive F-RAM products. Under our agreements with Rohm, Toshiba, Fujitsu, Samsung, Infineon, NEC, National Semiconductor, Symetrix Corporation and Texas Instruments, we granted each of those companies a non-exclusive license to F-RAM technology, which includes the right to manufacture and sell products using F-RAM technology. Most of these license agreements provide for the con-

tinuation of the license rights to our technology and know-how after expiration or termination of the agreements.

Competition affecting our F-RAM products may also come from emerging alternative nonvolatile technologies such as magnetic random access memory or phase change memory, or other developing technologies.

RESEARCH AND DEVELOPMENT

We use our technological and engineering expertise to develop proprietary technologies for high quality, technologically advanced products that meet the complex and diverse needs of our customers. We intend to continue leveraging and expanding our technological and engineering expertise to develop new proprietary technologies and expand our product offerings.

We continue to make additional investments in research and development for technologies and products. Current research and development activities are focused on expanding our product offerings and securing additional foundry capacity to meet our future needs.

We seek to maintain our leadership role in F-RAM technology development by working in cooperation with the world's leading semiconductor manufacturers to further the development of our proprietary F-RAM technology.

Research and development expenses were $11.9 million in 2008, $10.6 million in 2007, and $9.9 million in 2006. As of December 31, 2008, we had 43 employees engaged in research and development activities. In addition, manufacturing personnel were involved in research and development efforts to increase the manufacturing yields of our products.

ENVIRONMENTAL COMPLIANCE

Federal, state and local regulations impose various environmental compliance measures on the discharge of chemicals and gases used in our prototype manufacturing and research and development processes. We believe that the risk of a future failure or violation is remote due to the nature of our current operations and the nature of the substances we use in our testing and failure analysis at our facility. We believe we have taken all necessary steps to ensure that our activities comply with all applicable environmental rules and regulations. Additional risks and uncertainties are further discussed under Part I. Item 1A. Risk Factors.

EMPLOYEES

We have approximately 122 employees, including 43 in research and development, 33 in manufacturing, 31 in marketing and sales, and 15 in administration. None of our employees are represented by a collective bargaining agreement, nor have we ever experienced any work stoppage. None of our non-executive employees currently have employment contracts or post-employment non-competition agreements. We believe that our employee relations are good.

FINANCIAL INFORMATION ABOUT GEOGRAPHIC AREAS

See Item 8. Financial Statements and Supplementary Data - Note 12 of the Notes to Consolidated Financial Statements for certain financial information concerning geographic area information.

AVAILABLE INFORMATION

We make available financial information, news releases and other information on our website at www.ramtron.com. Such reports are available free of charge on our website as soon as practicable after we file such reports and amendments with or furnish them to the Securities and Exchange Commission (SEC). In addition, our filings are available on the website of the SEC via the EDGAR database, where our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and any amendments to those reports are filed. In addition, such reports are also available free of cost by contacting Investor Relations, 1850 Ramtron Drive, Colorado Springs, Colorado 80921. Stockholders can also obtain such reports directly from the SEC at no charge at the SEC's website (www.sec.gov) or by visiting the SEC's Public Reference room in Washington, D.C. or by calling the SEC at 1-800-SEC-0330.

Item 1A. RISK FACTORS

As previously discussed, our actual results could differ materially from our forward-looking statements. Factors that might cause or contribute to such differences include, but are not limited to, those discussed below. These and many other factors described in this report could adversely affect our operations, performance and financial condition.

OUR ACHIEVEMENT OF SUSTAINED PROFITABILITY IS UNCERTAIN.

Our ability to continue to reflect a profit from ongoing operations in future periods is subject to significant risks and uncertainties, including, but not limited to, our ability to successfully sell our products at prices that are sufficient to cover our operating costs, to enter into additional technology development and license arrangements, to obtain sufficient contract manufacturing capacity and, if and as may be necessary, to raise additional financing to fund our growth. There is no guarantee that we will be successful in addressing these risks.

We have spent substantial amounts of money in developing our products and in our efforts to obtain commercial manufacturing capabilities for those products. At December 31, 2008, our accumulated deficit was $213 million. Our ability to increase revenue and sustain profitability in the future will depend substantially on our ability to increase sales of our products by gaining new cus-

tomers and increasing sales to our existing customers, our success in reducing manufacturing costs, while increasing our contract manufacturing capacity, our ability to significantly increase sales of existing products, and our success in introducing and profitably selling new products.

IF WE FAIL TO VIGOROUSLY PROTECT OUR INTELLECTUAL PROPERTY, OUR COMPETITIVE POSITION MAY SUFFER.

Our future success and competitive position depend in part upon our ability to obtain and maintain proprietary technology used in our products. We protect our intellectual property rights through a combination of patent, trademark, copyright and trade secret laws, as well as licensing agreements and employee and third party nondisclosure and assignment agreements. We cannot provide assurances that any of our pending patent applications will be approved or that any of the patents that we own will not be challenged, invalidated or circumvented by others or be of sufficient scope or strength to provide us with any meaningful protection or commercial advantage.

Policing the unauthorized use of our intellectual property is difficult and costly, and we cannot be certain that the steps we have taken will prevent the misappropriation or unauthorized use of our technologies, particularly in countries where the laws may not protect our proprietary rights as fully as in the United States. In addition, we cannot be certain that we will be able to prevent other parties from designing and marketing semiconductor products or that others will not independently develop or otherwise acquire the same or substantially equivalent technologies as ours.

We may be subject to intellectual property infringement claims by others that result in costly litigation and could harm our business and ability to compete. Our industry is characterized by the existence of a large number of patents, as well as frequent claims and related litigation regarding these patents and other intellectual property rights. In particular, many leading semiconductor memory companies have extensive patent portfolios with respect to manufacturing processes, product designs, and semiconductor memory technology, including ferroelectric memory technology. We may be involved in litigation to enforce our patents or other intellectual property rights, to protect our trade secrets and know-how, to determine the validity of property rights of others, or to defend against claims of invalidity. This type of litigation can be expensive, regardless of whether we win or lose. Also, we cannot be certain that third parties will not make a claim of infringement against us or against our licensees in connection with their use of our technology. In the event of claims of infringement against our licensees with respect to our technology, we may be required to indemnify our licensees, which could be very costly. Any claims, even those without merit, could be time consuming to defend, result in costly litigation and diversion of technical and management personnel, or require us to enter into royalty or licensing agreements. Royalty or licensing agreements, if required, may not be available to us on acceptable terms or at all. A successful claim of infringement against us or one of our semiconductor manufacturing licensees in connection with our use of our technology would harm our business and result in significant cash expense to us to cover litigation costs, as well as the reduction of future license revenue.

CATASTROPHIC EVENTS CAUSING SYSTEM FAILURES MAY DISRUPT OUR BUSINESS.

We are a highly automated business and rely on our network infrastructure and enterprise applications, internal technology systems and our Web site for our development, marketing, operational, support, hosted services and sales activities. A disruption or failure of these systems in the event of a major earthquake, fire, telecommunications failure, cyber-attack, war, terrorist attack, or other catastrophic event could cause system interruptions, reputational harm, delays in our product development, breaches of data security and loss of critical data and could prevent us from fulfilling our customers' orders. We have developed certain disaster recovery plans and certain backup systems to reduce the potentially adverse effect of such events, but a catastrophic event that results in the destruction or disruption of any of our data centers or our critical business or information technology systems could severely affect our ability to conduct normal business operations and, as a result, our future operating results could be adversely affected.

EARTHQUAKES, OTHER NATURAL DISASTERS AND POWER SHORTAGES OR INTERRUPTIONS MAY DAMAGE OUR BUSINESS.

Some of our contract manufacturers' facilities are located near major earthquake faults. If a major earthquake or other natural disaster occurs that damages those facilities or restricts their operations, or interrupts our and our suppliers' and customers' communications, our business, financial condition and results of operations would be materially adversely affected. A major earthquake or other natural disaster near one or more of our major suppliers could disrupt the operations of those suppliers, which could limit the supply of our products and harm our business.

OUR FUTURE SUCCESS DEPENDS IN PART ON THE CONTINUED SERVICE OF A RELATIVELY SMALL NUMBER OF KEY EMPLOYEES.

Our future success depends, among other factors, on the continued service of our key technical and management personnel and on our ability to continue to attract and retain qualified employees. We are particularly dependent on the highly skilled design, process, materials and testing engineers involved in the development and oversight of the manufacture of our semiconductor products and processes. The competition for these personnel is intense, and the loss of key employees, including our executive officers, or our inability to attract additional qualified personnel in the future, could have both an immediate and a long-term adverse effect on us.

GENERAL ECONOMIC TRENDS AND OTHER FACTORS, INCLUDING THE EFFECTS OF THE RECENT WORLDWIDE CREDIT CRISIS, MAY NEGATIVELY AFFECT OUR BUSINESS.

The worldwide economic slowdown and tightening of credit in the financial markets may impact the businesses of our customers, which could have an adverse effect on our business, financial condition or results of operations. Toward the end of 2008, we experienced a slowdown in overall order flow, particularly from automotive customers as the production of high-end navigation and entertainment systems softened. We anticipate that this trend may continue throughout 2009 as economic conditions tighten for semiconductor products.

Adverse changes in general economic or political conditions in any of the major countries in which we do business could adversely affect our operating results.

OUR PRODUCTS ARE COMPLEX AND MAY CONTAIN DEFECTS THAT COULD RESULT IN PRODUCT LIABILITY CLAIMS, AN INCREASE IN OUR COSTS OR A REDUCTION IN OUR REVENUE.

Our products are complex and may contain defects, particularly when first introduced or as new versions are released or defects may result from the manufacturing process employed by our foundries. We develop integrated semiconductor products containing functions in addition to memory, thereby increasing the overall complexity of our products. We rely primarily on our in-house testing personnel to design test operations and procedures to detect any defects prior to delivery of our products to our customers. However, we rely on both in-house personnel and subcontractors to perform our testing. Because our products are manufactured by third parties and involve long lead times, we may experience delays in meeting key introduction dates or scheduled delivery dates to our customers if problems occur in the manufacture or operation or performance of our products. These defects also could cause us to incur significant re-engineering or production costs, divert the attention of our engineering personnel from our new product development efforts and cause significant customer relations issues and damage to our business reputation. Any defects could require product replacement, cost of remediation, or recall or we could be obligated to accept product returns. Any of the foregoing could cause us to incur substantial costs and harm our business. Our products are typically sold at prices that are significantly lower than the cost of the end-products into which they are incorporated. A defect or failure in our product could cause failure in our customer's end-product, so we could face product liability claims for damages or lost profits that are disproportionately higher than the revenue and profits we receive from the products involved. There can be no assurance that any insurance we maintain will sufficiently protect us from any such claims.

WE DEPEND ON A SMALL NUMBER OF SUPPLIERS FOR THE SUPPLY OF OUR PRODUCTS AND THE SUCCESS OF OUR BUSINESS MAY BE DEPENDENT ON OUR ABILITY TO MAINTAIN AND EXPAND OUR RELATIONSHIPS WITH FOUNDRIES AND OTHER SUPPLIERS.

We currently rely on foundry services from Fujitsu and Texas Instruments to manufacture our F-RAM products. These foundry agreements may not be renewed at the end of the contract term or negotiation of new contract terms may not be acceptable and the engagement of other foundry services will become necessary are may require capital investment and related cash funding. In addition, we rely on a small number of other contract manufacturers and foundries to manufacture our other products. Reliance on limited foundries involves several risks, including capacity constraints or delays in the timely delivery of our products, reduced control over delivery schedules and the cost of our products, variations in manufacturing yields, dependence on the foundries for quality assurance, and the potential loss of production and a slowdown in filling our orders due to seismic activity, other force majeure events and other factors beyond our control, including increases in the cost of the wafers we purchase from our foundries. Although we continuously evaluate sources of supply and may seek to add additional foundry capacity, there can be no assurance that such additional capacity can be obtained at acceptable prices, if at all. We are also subject to the risks of service disruptions and raw material shortages affecting our foundry suppliers, which could also result in additional costs or charges to us. We also rely on domestic and international subcontractors for packaging and testing of products, and are subject to risks of disruption of these services and possible quality problems. The occurrence of any supply or other problem resulting from these risks could have a material adverse effect on our revenue and results of operations.

We cannot provide any assurances that foundry or packaging and testing services will be available to us on terms and conditions, and at the times, acceptable to us. If we are unable to obtain foundry and packaging and testing services meeting our needs, we may be unable to produce products at the times and for the costs we anticipate and our financial condition and results of operations will be materially adversely affected.

WE ARE A RELATIVELY SMALL COMPANY WITH LIMITED RESOURCES, COMPARED TO SOME OF OUR CURRENT AND POTENTIAL COMPETITORS, AND WE MAY NOT BE ABLE TO COMPETE EFFECTIVELY AND INCREASE OUR MARKET SHARE.

Our nonvolatile memory, microcontroller and integrated semiconductor products, which presently account for a substantial portion of our revenue, compete against products offered by current and potential competitors with longer operating histories, significantly greater financial and personnel resources, better name recognition and a larger base of customers than we have. In addition, many of our competitors have their own facilities for the production of semi-

conductor memory components or have recently added significant production capacity. As a result, these competitors may have greater credibility with our existing and potential customers. They also may be able to adopt more aggressive pricing policies and devote greater resources to the development, promotion and sale of their products than we can to ours. In addition, some of our current and potential competitors have already established supplier or joint development relationships with the decision makers at our current or potential customers. These competitors may be able to leverage their existing relationships to discourage their customers from purchasing products from us or persuade them to replace our products with their products. These and other competitive pressures may prevent us from competing successfully against current or future competitors, and may materially harm our business. Competition could force us to decrease our prices, reduce our sales, lower our gross profits or decrease our market share. Our competitors include companies such as ST Microelectronics, Renesas Technology Corporation, Freescale Semiconductor, Inc., Microchip Technology Inc., NEC Corporation, Atmel Corporation, Fujitsu and NXP, as well as specialized product companies such as Intersil Corporation, Maxim Integrated and Integrated Silicon Solution Inc., which produce products that compete with our current products and may compete with our future products.

EMERGING TECHNOLOGIES AND STANDARDS MAY POSE A THREAT TO THE COMPETITIVENESS OF OUR PRODUCTS.

Competition affecting our F-RAM products may also come from alternative nonvolatile technologies such as magnetic random access memory or phase change memory, or other developing technologies. We cannot provide assurance that we will be able to identify new product opportunities successfully, develop and bring to market new products, achieve design wins or respond effectively to new technological changes or product announcements by our competitors. In addition, we may not be successful in developing or using new technologies or in developing new products or product enhancements that achieve market acceptance. Our competitors or customers may offer new products based on new technologies, new industry standards or end-user or customer requirements, including products that have the potential to replace, or provide lower-cost or higher-performance alternatives to, our products. The introduction of new products by our competitors or customers could render our existing and future products obsolete or unmarketable.

A memory technology other than F-RAM nonvolatile memory technology may be adopted or become generally accepted in integrated semiconductor products, or in stand-alone memory products, and our competitors may be in a better financial and marketing position than we are to influence such adoption or acceptance.

OUR RESEARCH AND DEVELOPMENT EFFORTS ARE FOCUSED ON A LIMITED NUMBER OF NEW TECHNOLOGIES AND PRODUCTS, AND ANY DELAY IN THE DEVELOPMENT, OR THE ABANDONMENT, OF THESE TECHNOLOGIES OR PRODUCTS BY INDUSTRY PARTICIPANTS, OR THEIR FAILURE TO ACHIEVE MARKET ACCEPTANCE, COULD COMPROMISE OUR COMPETITIVE POSITION.

Our F-RAM semiconductor memory, microcontroller and integrated semiconductor products are used as components in electronic devices in various markets. As a result, we have devoted and expect to continue to devote a large amount of resources to develop products based on new and emerging technologies and standards that will be commercially introduced in the future. Our research and development expense, excluding customer-sponsored research and development expenses, for the year ended December 31, 2008, was $11.9 million, or 19% of our total revenue for the year ended December 31, 2008.

If we do not accurately anticipate new technologies and standards, or if the products that we develop based on new technologies and standards fail to achieve market acceptance, our competitors may be better positioned to satisfy market demand than us. Furthermore, if markets for new technologies and standards develop later than we anticipate, or do not develop at all, demand for our products that are currently in development would suffer, resulting in lower sales of these products or lower sale prices, or both, than we currently anticipate, which would adversely affect our revenue and gross profits. We cannot be certain that any products we may develop based on new technologies or for new standards will achieve market acceptance.

IF WE DO NOT CONTINUALLY DEVELOP NEW PRODUCTS THAT ACHIEVE MARKET ACCEPTANCE, OUR REVENUE MAY DECLINE.

We need to develop new products and new process and manufacturing technologies. We believe that our ability to compete in the markets in which we expect to sell our F-RAM based microcontroller and integrated semiconductor products will depend, in part, on our ability to produce products that address customer needs efficiently and in a cost-effective manner and also our ability to incorporate effectively other semiconductor functions with our F-RAM products. Our inability to successfully develop and have manufactured new products would harm our ability to compete and have a negative impact on our operating results.

If we fail to introduce new products in a timely manner or are unable to manufacture such products successfully, or if our customers do not successfully introduce new systems or products incorporating our products, or if market demand for our new products does not develop as anticipated, our business, financial condition and results of operations could be seriously harmed.

WE COMPETE IN CERTAIN MARKETS WITH SOME OF OUR F-RAM TECHNOLOGY LICENSEES, WHICH MAY REDUCE OUR PRODUCT SALES.

We have licensed the right to fabricate products based on our F-RAM technology and memory architecture to certain independent semiconductor device manufacturers. Fujitsu and Texas Instruments, who we depend on for our F-RAM wafer supply, market certain F-RAM memory products that compete with certain of our F-RAM products. Some of our licensees have suspended or terminated their F-RAM initiatives, while others may still be pursuing a possible F-RAM based technology initiative or product development without our knowledge. We expect manufacturers that develop products based on our technology to sell such products worldwide. We are entitled to royalties from sales of F-RAM products by some but not all of these licensees, and we have the right under certain of our licensing agreements to negotiate an agreement for a portion of the licensee's F-RAM product manufacturing capacity. Our licensees may, however, give the development and manufacture of their own F-RAM products a higher priority than ours. Any competition in the marketplace from F-RAM products manufactured and marketed by our licensees could reduce our product sales and harm our operating results.

WE MAY NOT BE ABLE TO REPLACE OUR EXPECTED REVENUE FROM SIGNIFICANT CUSTOMERS, WHICH COULD ADVERSELY AFFECT OUR BUSINESS.

Our success depends upon continuing relationships with significant customers who, directly or indirectly, purchase significant quantities of our products. In 2008, approximately 48% of our product sales revenue was generated by five major, direct sales and distributor, customers. Any reduction of product sales to our significant customers, without a corresponding increase in revenue from existing and new customers, may result in significant decreases in our revenue, which would harm our cash flows, operating results and financial condition. We cannot assure you that we would be able to replace these relationships in a timely manner or at all.

WE EXPECT THAT INTERNATIONAL SALES WILL CONTINUE TO REPRESENT A SIGNIFICANT PORTION OF OUR PRODUCT SALES IN THE FUTURE. AS A RESULT, WE ARE SUBJECT TO A NUMBER OF RISKS RESULTING FROM SUCH OPERATIONS.

International sales comprise a significant portion of our product sales, which exposes us to foreign political and economic risks. Such risks include political and economic instability and changes in diplomatic and trade relationships, foreign currency fluctuations, unexpected changes in regulatory requirements, delays resulting from difficulty in obtaining export licenses for certain technology, tariffs and other barriers and restrictions, and the burdens of complying with a variety of foreign laws. There can be no assurance that such factors will not adversely impact our results of operations in the future or require us to modify our current business practices.

The majority of our revenue, expense and capital purchases are transacted in U.S. dollars. We purchase wafers from Fujitsu in Japanese Yen and have limited accounts payable transactions in Canadian dollars. At this time, we do not use financial derivatives to hedge our prices, therefore, we have some exposure to foreign currency price fluctuations. However, payments from Japanese customers provide yen currency for approximately 49% of our wafer purchase costs. We do not use financial derivatives to hedge our prices; therefore, we have some exposure to foreign currency price fluctuations. As part of our risk management strategy, we frequently evaluate our foreign currency exchange risk by monitoring market data and external factors that may influence exchange rate fluctuations.

Our business is also subject to risks generally associated with doing business with third-party manufacturers in non-U.S. jurisdictions including, but not limited to government regulations and political and financial unrest which may cause disruptions or delays in shipments to our customers or access to our inventories. Our business, financial condition and results of operations may be materially adversely affected by these or other factors related to our international operations.

WE ARE SUBJECT TO ENVIRONMENTAL LAWS THAT ARE SUBJECT TO CHANGE AND MAY RESTRICT THE MARKETABILITY OF CERTAIN OF OUR PRODUCTS, WHICH COULD ADVERSELY IMPACT OUR FINANCIAL PERFORMANCE OR EXPOSE US TO FUTURE LIABILITIES.

We are subject to laws and regulations relating to the use of and human exposure to hazardous materials. Our failure to comply with these laws and regulations could subject us to future liabilities or result in the limitation or suspension of the sale or production of product, including without limitation, products that do not meet the various regulations relating to use of lead-free components in products. These regulations include the European Union's Restrictions on Hazardous Substances ("RoHS"), Directive on Waste Electrical and Electronic Equipment ("WEEE"), and the directive on End of Life for Vehicles (ELV); California's SB20 and SB50 which mimic RoHS; and China's WEEE adopted by the State Development and Reform Commission. New electrical and electronic equipment sold in the European Union may not exceed specified concentration levels of any of the six RoHS substances (lead, cadmium, hexavalent chromium, mercury, PBB, and PBDE) unless the equipment falls outside the scope of RoHS or unless one of the RoHS exemptions is satisfied. Our products as manufactured contain lead, but in ceramic form (the "ferroelectric memory capacitor") are at levels below the threshold concentration levels specified by RoHS and similar directives. However, these directives are still subject to amendment and such changes may be unfavorable to our products. Any supply of products that infringe applicable environmental laws may subject us to penalties, customer litigation or governmental sanctions, which may result in significant costs to us, which could adversely impact our results of operations.

OUR BUSINESS IS SUBJECT TO STRICT ENVIRONMENTAL REGULATIONS AND LEGAL UNCERTAINTIES, WHICH COULD IMPOSE UNANTICIPATED REQUIREMENTS ON OUR BUSINESS IN THE FUTURE AND SUBJECT US TO LIABILITIES.

Federal, state and local regulations impose various environmental controls on the discharge of chemicals and gases used in the manufacturing processes of our third-party foundry and contract manufacturers. Compliance with these regulations can be costly. Increasing public attention has been focused on the environmental impact of semiconductor operations. Any changes in environmental rules and regulations may impose the need for additional investments in capital equipment and the implementation of compliance programs in the future.

Any failure by us or our foundries or contract manufacturers to comply with present or future environmental rules and regulations regarding the discharge of hazardous substances could subject us to serious liabilities or cause our foundries or contract manufacturers to suspend manufacturing operations, which could seriously harm our business, financial condition and results of operations.

In addition to the costs of complying with environmental, health and safety requirements, in the future we may incur costs defending against environmental litigation brought by government agencies and private parties. We may be defendants in lawsuits brought by parties in the future alleging environmental damage, personal injury or property damage. A significant judgment against us could harm our business, financial condition and results of operations.

IF OUR GOODWILL OR AMORTIZED INTANGIBLE ASSETS BECOME IMPAIRED WE MAY BE REQUIRED TO RECORD A SIGNIFICANT CHARGE TO EARNINGS.

Under GAAP, we review the carrying value of our goodwill annually and amortized intangible assets for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Factors that may be considered a change in circumstances indicating that the carrying value of our goodwill or amortizable intangible assets may not be recoverable include a decline in stock price and market capitalization, future cash flows, and slower growth rates in our industry. We may be required to record a significant charge to earnings in our financial statements during the period in which any impairment of our goodwill or amortizable intangible assets is determined, resulting in an impact on our results of operations.

OUR STOCK PRICE IS EXTREMELY VOLATILE AND YOU MAY NOT BE ABLE TO RESELL YOUR SHARES AT OR ABOVE THE PRICE YOU PAID.

The market price of our common stock has fluctuated widely in recent periods and is likely to continue to be volatile. A number of other factors and contingencies can affect the market price for our common stock, including the following:

- actual or anticipated variations in our operating results;
- the low daily trading volume of our stock, which has in recent years traded at prices below $5 per share;
- announcements of technological innovations or new products by us or our competitors;
- competition, including pricing pressures and the potential impact of competitors' products on our sales;
- conditions or trends in the semiconductor memory products industry;
- unexpected design or manufacturing difficulties;
- any announcement of potential design or manufacturing defects in our products;
- changes in financial estimates or recommendations by stock market analysts regarding us or our competitors;
- announcements by us or our competitors of acquisitions, strategic partnerships or joint ventures; and
- additions or departures of our senior management.

In addition, in recent years the stock market in general, and shares of technology companies in particular, have experienced extreme price and volume fluctuations. These fluctuations have often been unrelated or disproportionate to the operating performance of these technology companies. These broad market and industry fluctuations may harm the market price of our common stock, regardless of our operating results.

PROVISIONS IN OUR CERTIFICATE OF INCORPORATION AND PREFERRED SHARES RIGHTS AGREEMENT MAY HAVE ANTI-TAKEOVER EFFECTS AND COULD AFFECT THE PRICE OF OUR COMMON STOCK.

Our board of directors has the authority to issue up to 10,000,000 shares of preferred stock in one or more series and to fix the voting powers, designations, preferences and relative rights, qualifications, limitations or restrictions of the preferred stock, without any vote or action by our stockholders. Our authority to issue preferred stock with rights preferential to those of our common stock could be used to discourage attempts by others to obtain control of or acquire us, including an attempt in which the potential purchaser offers to pay a per share price greater than the current market price for our common stock, by making those attempts more difficult or costly to achieve. In addition, we may seek in the future to obtain new capital by issuing shares of preferred stock with rights preferential to those of our common stock. This provision could limit the price that investors might be willing to pay in the future for our common stock.

We also entered into a preferred shares rights agreement with Citicorp N. A., as rights agent on April 19, 2001, which gives our stockholders certain rights that would likely delay, defer or prevent a change of control of us in a transaction not approved by our board of directors. On July 1, 2007, Computershare Trust Company, N.A. assumed these duties as rights agents.

Item 1B. UNRESOLVED STAFF COMMENTS

None

Item 2. PROPERTIES

We own a building in Colorado Springs, Colorado, which serves as our world headquarters and principal executive offices. The building has a testing facility to support research and development, prototype manufacturing, advanced materials development and customer quality assurance and failure analysis support. The building is encumbered.

Leased space within the United States is as follows:

California

Leased space outside the United States is as follows:

United Kingdom
Japan
Canada
China/Hong Kong
Thailand
Taiwan

We believe that our existing facilities are adequate for our needs in the foreseeable future. If additional leased space is required in the future, such leased space is readily available.

Item 3. LEGAL PROCEEDINGS

PATENT INTERFERENCE PROCEEDING

On April 6, 2004, the Company and National Semiconductor Corporation (National) entered into an agreement to settle our long standing patent interference dispute, which began in 1991 as a patent interference proceeding that was declared in the United States Patent and Trademark Office in regard to one of our issued United States patents. The patent involved covers a basic ferroelectric memory cell design invention that we believe is of fundamental importance to our F-RAM business in the United States.

Under the terms of the settlement agreement we abandoned four of the five claims in our existing patent, two of National's patent applications relating to the interference claims were assigned to us and two others were retained by National. National and Ramtron agreed to cross license any and all future patents that may be issued from the four applications at no additional cost to either company. As consideration for the assigned patent applications and cross license provisions of the agreement, we will pay National $2.5 million in equal annual installments of $250,000 through 2013. We have not recorded an impairment of the existing patents held for the technology in dispute since we believe, as a consequence of the assignments and cross-license arrangements discussed previously, we are in a position now, insofar as our ability to use the technology in dispute is concerned, that is at least as favorable as our position prior to this resolution.

The fifth remaining count of the patent interference proceeding with National Semiconductor Corporation was sent to a Special Master for a final ruling. On December 12, 2005, the District Court for the District of Columbia reversed the judgment of the Board of Patent Appeals and Interferences and found that the claims of Ramtron's patent were supported by an enabling disclosure. Thus, Ramtron's patent was found to be entitled to priority over National Semiconductor Corporation's patent application, and pursuant to our agreement with National Semiconductor, we granted a license with respect to this technology to National Semiconductor Corporation.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None

PART II

Item 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common stock trades on the Nasdaq Global Market under the symbol "RMTR." The following table sets forth the 2008 and 2007 quarterly ranges of the high and low closing sales prices for the common stock as reported on the Nasdaq Global Market.

	High	Low
2008		
First Quarter	$4.81	$3.54
Second Quarter	$4.57	$3.98
Third Quarter	$4.29	$2.75
Fourth Quarter	$2.60	$1.42
2007		
First Quarter	$3.82	$2.46
Second Quarter	$3.44	$2.68
Third Quarter	$3.79	$2.84
Fourth Quarter	$4.74	$2.90

RECORD HOLDERS

As of January 29, 2009, there were approximately 1,078 record holders of our common stock.

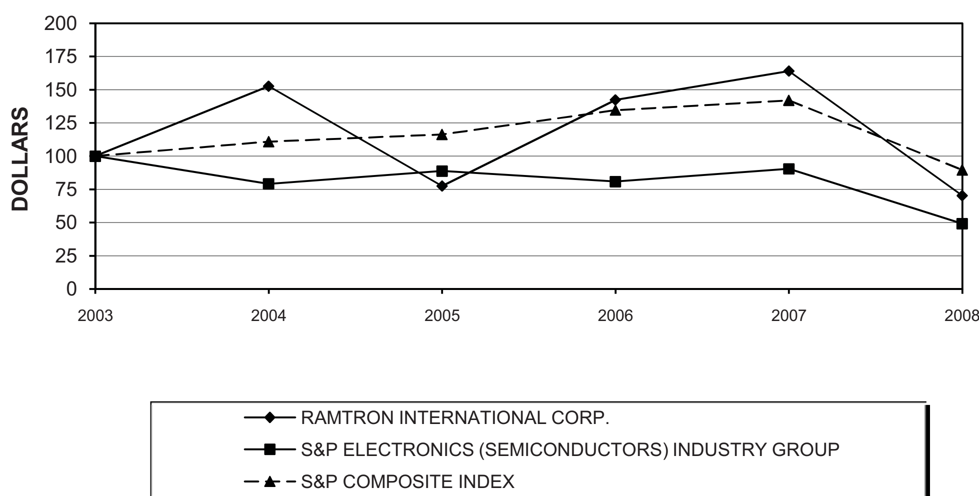
DIVIDEND POLICY

We have not paid any dividends since our inception and do not intend to pay any cash dividends in the foreseeable future. We intend to retain any earnings to finance operations.

Pursuant to our Amended and Restated Loan and Security Agreement dated December 30, 2005, as amended, with Silicon Valley Bank, we will not pay any dividends without Silicon Valley Bank's prior written consent for so long as the bank has an obligation to lend and there are any outstanding obligations by the Company.

PERFORMANCE GRAPH

Comparison of Five-Year Cumulative Total Return Among
Ramtron International Corporation, the S&P Electronics (Semiconductors) Index
and the S&P Composite Index



ASSUMES $100 INVESTED ON JAN. 1, 2004
ASSUMES DIVIDEND REINVESTED
FISCAL YEAR ENDING DEC. 31, 2008

		Dec. 31, 2004	Dec. 30, 2005	Dec. 29, 2006	Dec. 31, 2007	Dec. 31, 2008
Ramtron	$100	$152.67	$ 77.48	$142.37	$164.12	$70.23
S&P Electronics (Semiconductors) Industry Index	100	79.11	88.73	80.82	90.50	49.11
S&P Composite Index	100	110.88	116.33	134.70	142.10	89.53

ITEM 6. SELECTED FINANCIAL DATA

The following selected financial data should be read in conjunction with, and are qualified in their entirety by, the consolidated financial statements and related notes thereto contained in Part II. Item 8. Financial Statements and Supplementary Data and Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operation included herein.

	Year Ended December 31,				
(in thousands, except per share data)	2008	2007	2006	2005	2004
Revenue	$63,554	$51,094	$40,481	$34,392	$39,494
Gross margin, product sales	32,518	25,983	20,657	15,789	20,032
Income (loss) from continuing operations	3,660	9,891	457	(2,642)	3,457
Income (loss) from discontinued operations	--	--	--	(3,849)	145
Net income (loss) applicable to common shares	3,660	9,891	457	(6,491)	3,602
Earnings (loss) per share from continuing operations:					
- basic	$ 0.14	$ 0.39	$ 0.02	$ (0.11)	$ 0.15
- diluted	$ 0.13	$ 0.37	$ 0.02	$ (0.11)	$ 0.14
Earnings (loss) per share - basic	$ 0.14	$ 0.39	$ 0.02	$ (0.28)	$ 0.16
Earnings (loss) per share - diluted	$ 0.13	$ 0.37	$ 0.02	$ (0.28)	$ 0.15
Working capital	23,454	15,162	11,242	10,133	16,319
Total assets	52,004	46,526	32,457	32,816	33,653
Total long-term debt	4,577	4,894	5,859	7,137	4,914
Stockholders' equity	37,130	31,205	17,072	14,494	15,192
Cash dividends per common share[(1)]	--	--	--	--	--

(1) We have not declared any cash dividends on our common stock and do not expect to pay such dividends in the foreseeable future.

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Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

The following discussion and analysis is intended to provide greater details of our results of operations and financial condition. The following discussion should be read in conjunction with the information under Part II. Item 6. Selected Financial Data and Part II. Item 8. Financial Statements and Supplementary Data. Certain statements under this caption constitute "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, and, as such, are based on current expectations and are subject to certain risks and uncertainties. You should not place undue reliance on these forward-looking statements for many reasons including those risks discussed under Part I. Item 1A. Risk Factors and elsewhere in this Annual Report on Form 10-K.

CRITICAL ACCOUNTING POLICIES

Significant Estimates. The preparation of our consolidated financial statements and related disclosures in conformity with generally accepted accounting principles in the United States requires us to make estimates and judgments that affect the amounts reported in our financial statements and accompanying notes. By their nature, these estimates and judgments are subject to an inherent degree of uncertainty. On an ongoing basis we re-evaluate our judgments and estimates including those related to bad debts and sales returns and allowances, inventories, long-lived assets, intangible assets, income taxes, accrued expenses and other contingencies. We base our estimates and judgments on our historical experience, market trends, financial forecasts and projections and on other assumptions that we believe are reasonable under the circumstances, and apply them on a consistent basis. Any factual errors or errors in these estimates and judgments may have a material impact on our financial condition and operating results.

Results for the quarter ended December 31, 2008 included a charge of $815,000 against cost of product sales as an estimate of a loss contingency to cover anticipated customer warranty and associated costs arising from previously announced in-field failures of one of our products. This charge represents an amount within a range of a potential warranty claim that can be reasonably estimated with currently available information. We continue to work with the customer to determine the amount of the customer's losses for which we might be liable. Future estimates and the final amount of the charge could change depending on various factors, including, among others, a change in contemplated remediation actions, the Company's potential to be liable for any of the customer's consequential losses, changes in the estimated time to complete remediation, and laws governing warranty and remediation requirements. Therefore, the estimated cost of the charge could be materially different than the estimated cost of the Company has recorded in the December 31, 2008 financial statements.

Recognition of Revenue. Revenue from product sales to direct customers and distributors is recognized upon shipment as we generally do not have any post-shipment obligations or allow for any acceptance provisions. In the event a situation occurs to create a post-shipment obligation, we would defer revenue recognition until the specific obligation was satisfied. We defer recognition of sales to distributors when we are unable to make a reasonable estimate of product returns due to insufficient historical product return information. The revenue recorded is dependent upon estimates of expected customer returns and sales discounts based upon both historical data and management estimates.

Revenue from licensing programs is recognized over the period we are required to provide services under the terms of the agreement. Revenue from research and development activities that are funded by customers is recognized as the services are performed. Revenue from royalties is recognized upon the notification to us of shipment of product from our technology license partners to direct customers.

Inventory Valuation/Scrap. We write-down our inventory, with a resulting increase in our scrap expense, for estimated obsolescence or lack of marketability for the difference between the cost of inventory and the estimated market value based upon assumptions about future demand and market conditions. If actual market conditions are less favorable than those projected by management, additional inventory write-downs may be required.

Allowance for Doubtful Accounts and Returns. We seek to maintain a stringent credit approval process although our management must make significant judgments in assessing our customers' ability to pay at the time of shipment. Despite this assessment, from time to time, customers are unable to meet their payment obligations. If we are aware of a customer's inability to meet its financial obligations to us, we record an allowance to reduce the receivable to the amount we believe we will be able to collect from the customer. For all other customers, we record an allowance based upon the amount of time the receivables are past due. If actual accounts receivable collections differ from these estimates, an adjustment to the allowance may be necessary with a resulting effect on operating expense. We continue to monitor customers' credit worthiness, and use judgment in establishing the estimated amounts of customer receivables which will ultimately not be collected.

In addition, our distributors have a right to return products under certain conditions. We recognize revenue on shipments to distributors at the time of shipment, along with a reserve for estimated returns based on historical data and future estimates.

Deferred Income Taxes. As part of the process of preparing our consolidated financial statements in conformity with accounting principles generally accepted in the United States of America, we are required to estimate our income taxes on a consolidated basis. We record deferred tax assets and liabilities for the estimated

future tax effects of temporary differences between the tax basis of assets and liabilities and amounts recorded in the consolidated financial statements, and for operating loss and tax credit carryforwards. Realization of the recorded deferred tax assets is dependent upon our generating sufficient taxable income in future years to obtain benefit from the reversal of net deductible temporary differences and from tax credit and operating loss carryforwards. A valuation allowance is provided to the extent that management deems it more likely than not that the net deferred tax assets will not be realized. The amount of deferred tax assets considered realizable is subject to adjustment up or down in future periods if estimates of future taxable income are changed. Future adjustments could materially affect our financial results as reported in conformity with accounting principles generally accepted in the United States of America and, among other effects, could cause us not to achieve our projected results.

In assessing the potential to realize our deferred tax assets, we consider whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. We consider the scheduled reversal of deferred tax assets and liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes it is more likely than not that we will realize the benefits of these deductible differences. The amount of the deferred tax assets considered realizable, however, could be reduced if estimates of future taxable income during the carryforward period are reduced.

Long-lived Assets. We review the carrying values of long-lived assets whenever events or changes in circumstances indicate that such carrying values may not be recoverable. Under current standards, the assets must be carried at historical cost if the projected cash flows from their use will recover their carrying amounts on an undiscounted basis and without considering interest. However, if projected cash flows are less than their carrying value, the long-lived assets must be reduced to their estimated fair value. Considerable judgment is required to project such cash flows and, if required, estimate the fair value of the impaired long-lived asset. The estimated future cash flows are based upon, among other things, assumptions about expected future operating performance and may differ from actual cash flows. There can be no assurance that future long-lived asset impairments will not occur.

Goodwill. Goodwill represents the excess of the purchase price over the fair value of identifiable net tangible and intangible assets acquired in a business combination. Goodwill is required to be tested for impairment annually or more frequently if events or changes in circumstances indicate that goodwill may be impaired. We performed our annual goodwill impairment testing as of October 31, 2008, and determined that no impairment existed at that date. This assessment requires estimates of future revenue, operating results and cash flows, as well as estimates of critical valuation inputs such as discount rates, terminal values and similar data. We continue to perform periodic and annual impairment analysis of goodwill resulting from acquisitions. As a result of such impairment analysis, impairment charges may be recorded and may have a material adverse impact on our financial position and operating results. Additionally, we may make strategic business decisions in future periods which impact the fair value of goodwill, which could result in significant impairment charges. There can be no assurance that future goodwill impairments will not occur.

Share-Based Payment Assumptions. We estimate volatility and forfeitures based upon historical data. Securities and Exchange Commission Staff Accounting Bulletin No. 110, issued in December 2007, permits certain companies to use the "simplified" method for estimating the term of "plain vanilla" share options granted under specified conditions. We use this method to estimate our expected term of options granted. All of these variables have an effect on the estimated fair value of our share-based awards.

RESULTS OF OPERATIONS

Overview

We are a fabless semiconductor company that designs, develops and markets specialized semiconductor memory, microcontroller, and integrated semiconductor solutions, used in many markets for a wide range of applications. We pioneered the integration of ferroelectric materials into semiconductor products, which enabled the development of a new class of nonvolatile memory products, called ferroelectric random access memory (F-RAM). F-RAM products merge the advantages of multiple memory technologies into a single device that is able to retain information without a power source, can be read from and written to at very fast speeds and written to many times, and consumes low amounts of power and can simplify the design of electronic systems. In many cases, we are the sole provider of F-RAM enabled semiconductor products, which facilitates close customer relationships, long application lifecycles and the potential for high-margin sales.

We also integrate analog and mixed-signal functions such as microprocessor supervision, tamper detection, timekeeping, and power failure detection onto a single device with our F-RAM. This has enabled a new class of products that addresses the growing market need for more efficient and cost effective semiconductor products.

In 2008, we introduced 9 new products, which included stand-alone memory, AEC-Q100 automotive grade products, integrated products and a custom integrated circuit device.

Our total revenue for the year ended December 31, 2008 was $63.6 million. In 2008, 98% of our revenue was derived from sales of our products and 2% of our revenue was derived from customer-sponsored research and development programs and royalties.

FINANCIAL HIGHLIGHTS FOR THE YEAR ENDED DECEMBER 31, 2008

- Total revenue in 2008 was $63.6 million, an increase of 24% from $51.1 million in 2007.
- Total product revenue in 2008 was $62.1 million, an increase of 26% from $49.4 million in 2007.
- Integrated product revenue in 2008 was $17.9 million, an increase of 143% from $7.4 million in 2007.
- Product gross margin in 2008 was 52%, compared to 53% in 2007.
- A charge of $815,000 was recorded in the quarter ended December 31, 2008 against cost of product sales as an estimate of a loss contingency to cover anticipated customer warranty and associated costs arising from in-field failures of one of our products. This charge represents an amount within a range of a potential warranty claim that can be reasonably estimated with currently available information. Future estimates of this contingency and the final amount of the charge are subject to change.
- The Company reversed all previously recognized expense for previously issued performance-based restricted stock awards totaling $892,000 in 2008 and does not expect to accrue any further expense.
- By region, sales in 2008 were as follows: Asia Pacific (28% of sales), Americas (30% of sales), Japan (16% of sales), and Europe (26% of sales). These sales are based on the location of the design program that uses the Company's device.

2009 FINANCIAL OUTLOOK

The following statements are based on the Company's current expectations of results for full-year 2009. These statements are forward looking, and actual results may differ materially from those set forth in these statements. Ramtron intends to continue its policy of not updating forward-looking statements other than in publicly available documents, even if experience or future changes show that anticipated results or events will not be realized.

For the full-year 2009, excluding any potential charges related to the product defect issue, management currently projects:

- Total revenue comparable to 2008 full-year revenue of $63.5 million.
- The full-year total revenue projection represents management's best estimate based on current visibility and inputs from the Company's sales organization; however, external economic factors may cause management to reevaluate its projections during the year.
- Gross margin of 53% to 55%.
- Non-product revenue of approximately $1.2 million.
- Total operating expenses to be approximately 46% to 48% of total revenue. By expense line item, management is targeting sales and marketing to be 13% to 14% of total revenue, research and development to be 23% to 24% of total revenue, and general and administrative to be 10% of total revenue.
- Net income between 2.5% and 4.5% of total revenue.
- Stock-based compensation expense of approximately $1.4 million.
- We expect to record tax expense approximating 40% of net income before income taxes. We do not expect to release any further valuation allowance associated with our deferred tax assets during 2009, if not, we would record a corresponding tax benefit.

2009 BUSINESS OUTLOOK

During 2009 management plans to:

- Focus the Company's product development efforts on integrated products.
- Expand the Company's F-RAM V-Family to include two-wire serial parts and additional densities and interfaces.
- Develop new automotive grade products, including a specially qualified versions of the Company's state saver products.
- Introduce a new class of RFID tag silicon that capitalizes on the capabilities of the Company's F-RAM technology.
- Take substantive action to reduce cost of our products to increase the Company's market opportunities. These actions may include the re-design or optimization of selected products or seeking lower cost foundry capacity.

Estimates and the final amount of charges related to the previously announced in-field failures of one of our products could change depending on various factors, including, among others, a change in contemplated remediation actions, the Company's potential to be liable for any of the customer's consequential losses, changes

in the estimated time to complete remediation, and laws governing warranty and remediation requirements. Future estimates of this contingency and the final amount of the charge are subject to change.

We have started loan negotiations and renewal negotiations of our revolving security credit facility with Silicon Valley Bank, which will provide us access to funds that may be needed for future capital expenditures or working capital. We have no assurance that the loan or revolving credit facility will be renewed or that the terms will be acceptable to the Company.

RESULTS OF OPERATIONS FOR THE YEAR ENDED
DECEMBER 31, 2008 AS COMPARED TO DECEMBER 31, 2007
and
DECEMBER 31, 2007 AS COMPARED TO DECEMBER 31, 2006

Revenue

	December 31,			December 31,		
	2008		2007	2007		2006
	(in thousands, except average selling price)					
Product sales	$62,101		$49,422	$49,422		$39,095
% change compared to prior period		+26%			+26%	
Units shipped	87,927		54,068	54,068		44,743
% change compared to prior period		+63%			+21%	
Average selling price	$0.71		$0.91	$0.91		$0.87
% change compared to prior period		-22%			+5%	
Other revenue	$ 1,453		$ 1,672	$ 1,672		$ 1,386
% change compared to prior period		-13%			+20%	
Total revenue	$63,554		$51,094	$51,094		$40,481
% change compared to prior period		+24%			+26%	

2008 to 2007:

Product revenue for the year ended December 31, 2008 reflects a strong year both in terms of units shipped and revenue growth. Units shipped increased by 33.9 million or 63%, compared to the prior year. Average selling price decreased $0.20, or 22%, from 2007 to 2008. This decrease was due primarily to increased sales of custom products that had lower selling prices. However, margin contribution from these products was similar to overall corporate margin levels. Product revenue was $62.1 million in 2008, which was an increase of $12.7 million from 2007. This increase was due primarily to new product introductions and a broadening of our customer base.

Other revenue, consisting of license and development fees, royalty income and customer-sponsored research and development was $1.5 million in 2008, which was a decrease of $200,000 from 2007. This decrease was due primarily to reduced customer-sponsored research and development fees.

2007 to 2006:

The Company had a very strong year both in terms of units shipped and revenue. Our product revenue for the year ended December 31, 2007 was $49.4 million, which was an increase of $10.3 million from 2006. The product revenue increase was driven by a 21% increase in unit shipments combined with a 5% increase in the average selling price.

Non-product revenue for the year ended December 31, 2007 increased $286,000 over the prior year. This increase was due primarily to customer-sponsored research and development (R&D) revenue of $330,000 recognized during 2007 compared to no R&D revenue in 2006.

Cost of Product Sales

	December 31,		December 31,	
	2008	2007	2007	2006
	(in thousands)			
Cost of product sales	$29,583	$23,439	$23,439	$18,438
Gross margin percentage	52%	53%	53%	53%

2008 to 2007:

Cost of product sales was $29.6 million in 2008, which was an increase of $6.1 million from 2007. This increase was due to a $12.7 million increase in product sales combined with an $815,000 charge to costs of sales relating to a provision for loss contingency. The estimated provision for loss contingency was the primary reason for the 1% decrease in our gross margin percentage from the prior year.

Average selling price decreased 22% from 2007 to 2008. This decrease was due primarily to increased sales of custom products that had lower selling prices. However, margin contribution from these products was similar to overall corporate historical margin levels.

2007 to 2006:

Cost of product sales was $23.4 million, which was an increase of $5 million from 2006. This increase was due primarily to increased product sales of $10.3 million. Our gross margin percentage remained the same for both years at 53%.

Research and Development Expense

	December 31,		December 31,	
	2008	2007	2007	2006
	(in thousands)			
Combined research and development expense	$11,959	$10,837	$10,837	$9,885
Percent of total revenue	19%	21%	21%	24%

2008 to 2007:

Combined research and development expense, which includes research and development and customer-sponsored research and development, was $12 million in 2008 or an increase of $1.1 million from 2007. This increase was due primarily to increased compensation expense of $800,000 for increased headcount for integrated circuit design. Also contributing to the increase was $300,000 increase in contract engineering personnel fees. These increases were offset by a decrease in engineering material costs of $200,000 from the prior year. Research and development expense as a percentage of total revenue decreased by 2% from the prior year.

2007 to 2006:

Combined research and development expense was $10.8 million in 2007, which was an increase of $1 million from 2006. This increase was due primarily to increased salaries for additional headcount, increased expenses for masks and wafers associated with our 4-megabit product project, and increased stock-based compensation expense.

General and Administrative Expense

	December 31,		December 31,	
	2008	2007	2007	2006
		(in thousands)		
General and administrative expense	$6,578	$7,053	$7,053	$5,149
Percent of total revenue	10%	14%	14%	13%

2008 to 2007:

General and administrative expense was $6.6 million in 2008, which was a decrease of $500,000 from 2007. This decrease was due primarily to a reduction in stock-based compensation of $900,000, which resulted from the adjustment of our management performance-based restricted stock award accrual. This adjustment is further described in Part II. Item 8. Financial Statements and Supplementary Data - Note 3 of the Notes to Consolidated Financial Statements. This decrease was offset by increased outside service fees of $600,000 from the prior year, primarily relating to legal fees. General and administrative expenses as a percentage of total revenue was $10% in 2008, which was a decrease of 4% from 2007.

2007 to 2006:

General and administrative expense was $7 million in 2007, which was an increase of $1.9 million from 2006. This increase was due primarily to stock-based compensation expense and management bonus expense.

Sales and Marketing Expense

	December 31,		December 31,	
	2008	2007	2007	2006
		(in thousands)		
Sales and marketing expense	$8,804	$7,005	$7,005	$6,034
Percent of total revenue	14%	14%	14%	15%

2008 to 2007:

Sales and marketing expense was $8.8 million in 2008, which was an increase of $1.8 million from 2007. This increase was due primarily to an increase in internal sales commissions of $200,000, and an increase in travel expenses of $400,000. The increased sales in 2008 also increased the representative commission fees $600,000 from 2007. Also contributing to the increase from 2007 was an increase in trade show and promotion expenses of $200,000. Sales and marketing expense as a percentage of total revenue was 14%, the same as 2007.

2007 to 2006:

Sales and marketing expense was $7 million in 2007, which was an increase of $1 million from 2007. This increase was due primarily to increased internal sales and sales representative commissions and travel and stock-based compensation expense.

Other Non-Operating Income (Expenses)

	December 31,		December 31,	
	2008	2007	2007	2006
	(in thousands)			
Interest expense	$ (368)	$ (495)	$ (495)	$ (612)
Other income (expense)	(358)	148	148	154
Income tax (provision) benefit	(2,244)	7,478	7,478	(60)

2008 to 2007:

Interest expense was $368,000 in 2008, which was a decrease of $127,000 from 2007. This decrease was due primarily to lower debt outstanding in 2008 from 2007.

Other income (expense) changed $506,000 from 2007 to 2008. This change, which was a net expense increase, was due to an increase in foreign exchange transaction losses of $488,000 from 2007.

During 2008, the Company recorded a tax provision approximating 38% of pre-tax income and reduced the deferred tax asset that was recorded in 2007. During the quarter ended December 31, 2007, the Company recorded a deferred income tax benefit of $7.6 million relating to a release of a valuation allowance that we determined is no longer required on specific deferred tax assets.

2007 to 2006:

Other interest expense was $495,000 in 2007, which was a decrease of $100,000 from 2006. This decrease was due primarily to lower average principle outstanding on our promissory notes combined with lower interest rates associated with our term loan.

For the year ended December 31, 2006, we recorded an income tax provision of $60,000 for alternative minimum tax. During the quarter ended December 31, 2007, we recorded a deferred income tax benefit of $7.6 million relating to a release of a valuation allowance that we determined is no longer required on specific deferred taxes. The amount of the reversal represents the estimated value of net operating losses that we determined were more likely than not to be realized in the form of reduced taxable income in the future. In future quarters, we expect to record a tax expense of about 38.5% of net income and reduce the deferred tax asset an amount equal to the provision.

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LIQUIDITY AND CAPITAL RESOURCES

Cash Flow Summary

Our cash flows from operating, investing and financing activities, as reflected in the consolidated statements of cash flows for the years ended December 31, 2008 and 2007, are summarized as follows:

(in thousands)	2008	2007
Cash provided by (used for):		
Operating activities	$ 4,188	$ 4,835
Investing activities	(2,637)	(1,710)
Financing activities	1,555	(604)
Effect of exchange rate changes on cash	(34)	2
Net increase in cash and cash equivalents	$ 3,072	$ 2,523

Cash provided by operating activities was $4.2 million in 2008, which was a decrease of $600,000 from 2007. This decrease was due primarily to an increase in our inventory year-over-year of $3.4 million, combined with a reduction in net income of $6.2 million and a smaller increase in accounts payable and accrued liabilities of $1.3 million from 2007. Offsetting the above was a change in deferred tax assets of $9.7 million.

Cash used for investing activities was $2.6 million in 2008, which was an increase of $900,000 from 2007. This increase was due primarily to increased expenditures relating to property, plant and equipment.

Cash provided by financing activities was $1.6 million in 2008, which was an increase of $2.2 million from 2007. This increase was due primarily to receipt of $1.6 million for the issuance of common stock for exercised options and warrants combined with a reduction in principal payments of debt of $300,000.

Liquidity

We had $9.9 million in cash and cash equivalents at December 31, 2008, including $8.1 million in our money market account. Future liquidity depends on continued revenue growth, steady gross margins and control of operating expenses. In addition to operating cash flow from product sales, we have up to $4 million under the revolving secured credit facility available to us through March 27, 2009. We have no assurance that the revolving credit facility will be renewed or that the terms will be acceptable to the Company. As of December 31, 2008, no balance was outstanding on the revolving credit facility. We believe we have sufficient resources to fund operations through at least the end of 2009.

If net cash flow is not sufficient to meet our cash requirements, we may use the credit facility mentioned above or any other credit facility we may obtain. We may, however, be required to seek additional equity or debt financing. Any issuance of common or preferred stock or convertible securities to obtain additional funding would result in dilution of the interest of existing stockholders.

Debt instruments. In September 2005, we entered into a loan agreement with Silicon Valley Bank, which provides for a $4 million revolving secured credit facility. The revolving secured credit facility was renewed on March 28, 2007 and has a term of two years. Interest on the revolving facility is set at a floating rate equal to the prime lending rate plus 0.50% per year, with a minimum interest rate of 6% per year and a commitment fee of $3,750 per quarter. At December 31, 2008, the interest rate was 6%. As of December 31, 2008, no balance was outstanding on the revolving facility. Security for the loan agreement includes all assets except for real estate. In addition, we entered into an intellectual property security agreement with Silicon Valley Bank that secures our obligations under the loan agreement by granting Silicon Valley Bank a security interest in our intellectual property. We are required to comply with certain covenants under the loan agreement, as amended, including requirements to maintain a minimum net worth and maintain certain leverage ratios, and restrictions on certain business actions without the consent of Silicon Valley Bank. We were in compliance with all of debt covenants as of December 31, 2008.

We have started loan negotiations and renewal negotiations of our revolving security credit facility with Silicon Valley Bank, which will provide us access to funds that may be needed for future capital expenditures or working capital. We have no assurance that the loan or revolving credit facility will be renewed or that the terms will be acceptable to the Company.

On December 15, 2005, the Company, through its subsidiary, Ramtron LLC, for which we serve as sole member and sole manager, closed a mortgage loan facility with American National Insurance Company. Ramtron LLC entered into a promissory note evidencing the loan with the principal amount of $4.2 million, with a maturity date of January 1, 2016, bearing interest at 6.17%. As of December 31, 2008, approximately $3.9 million was outstanding on the mortgage loan facility. Ramtron LLC also entered into an agreement for the benefit of American National Insurance Company granting it a mortgage over real estate as collateral for the mortgage loan facility.

We continue to investigate the benefit of leasing the portion of our headquarters that we do not currently use.

Contractual Obligations and Commercial Commitments. At December 31, 2008, our commitments under our contractual obligations and commercial commitments were as follows:

(in thousands)	2009	2010	2011	2012	2013	After 2013	Total
Long-term debt[1]	$ 617	$ 616	$ 616	$ 616	$ 616	$3,489	$ 6,570
Operating leases	606	607	474	55	14	--	1,756
Purchase obligations[2]	4,852	--	--	--	--	--	4,852
Total	$6,075	$1,223	$1,090	$ 671	$ 630	$3,489	$13,178

(1) Includes required principal and interest payments for our outstanding term loan with Silicon Valley Bank; our mortgage loan with American National Insurance Company; the payments to National Semiconductor Corporation and minimum interest charges related to our revolving line of credit with Silicon Valley Bank.

(2) Our purchase obligations are amounts committed under legally enforceable contracts or purchase orders for goods and services with defined terms as to price, quantity, delivery and termination liability.

LEGAL MATTERS

We are party to legal proceedings arising in the ordinary course of our business. Although the outcomes of any such legal actions cannot be predicted, our management believes that there are no pending legal proceedings against or involving us for which the outcome would likely have a material adverse effect upon our financial position or results of operations.

NEW ACCOUNTING STANDARDS

The information required by this Item is provided in Part II. Item 8. Financial Statements and Supplementary Data - Note 1 of the Notes to Consolidated Financial Statements.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk. We do not use derivative financial instruments in our investment portfolio. Our investment portfolio is generally comprised of U.S. money market accounts and cash deposits. Our policy is to invest in instruments that meet high credit quality standards and have maturities of less than one and one half years with an overall average maturity of less than 90 days. These securities are subject to interest rate risk and could decline in value if there is a major change in interest rates. Due to the short duration of the securities in which we invest and the conservative nature of our investment portfolio, a 10% move in interest rates over a one-year period would have an immaterial effect of approximately $20,000 of decreased interest income on our financial position, results of operations and cash flows. If the Yen strengthens against the dollar by 10%, the Company could have foreign currency transaction losses up to $1 million.

The interest rate on our current revolving line of credit is set as a floating rate equal to the prime lending rate plus 0.5% per year, with a minimum interest rate of 6%. If we would borrow $4 million, the current credit limit, a 10% move in the interest rate over a one-year period would have an immaterial effect of approximately $24,000 of decreased interest income on our financial position, results of operations and cash flows.

Foreign Currency Exchange Rate Risk. The majority of our sales and research and development and marketing expenses are transacted in U.S. dollars. We purchase wafers from Fujitsu in Japanese Yen and have limited accounts payable and receivable transactions in Canadian dollars. However, payments from Japanese customers provide Yen currency for approximately 49% of our wafer purchase costs. We do not use financial derivatives to hedge our prices; therefore, we have some exposure to foreign currency price fluctuations. We will continue to evaluate during 2009 the decision not to engage in currency hedging and may adjust our policy if deemed warranted.

Interest payable on the Company's mortgage note is fixed at 6.17% over the term of the loan.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Report of Independent Registered Public Accounting Firm

Stockholders and Board of Directors
Ramtron International Corporation
Colorado Springs, Colorado

We have audited the accompanying consolidated balance sheets of Ramtron International Corporation and subsidiaries (the "Company") as of December 31, 2008 and 2007, and the related consolidated statements of operations and comprehensive income, stockholders' equity and cash flows for the years then ended. We also have audited the Company's internal control over financial reporting as of December 31, 2008, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting included in Item 9A. Our responsibility is to express an opinion on these consolidated financial statements and an opinion on the Company's internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audit of the consolidated financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Ramtron International Corporation and subsidiaries as of December 31, 2008 and 2007, and the results of their operations and their cash flows in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, Ramtron International Corporation maintained, in all material respects, effective internal control over financial reporting as of December 31, 2008, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

/s/ Ehrhardt Keefe Steiner & Hottman PC

Ehrhardt Keefe Steiner & Hottman PC

January 29, 2009
Denver, Colorado

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Ramtron International Corporation:

We have audited the accompanying consolidated statements of operations and comprehensive income, stockholders' equity, and cash flows for the year ended December 31, 2006, and the related financial statement schedule. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the results of Ramtron International Corporation's operations and comprehensive income and their cash flows for the year ended December 31, 2006, and the related financial statement schedule, in conformity with U.S. generally accepted accounting principles.

As discussed in note 1 to the accompanying consolidated financial statements, effective January 1, 2006, the Company adopted Statement of Financial Accounting Standards No. 123(R), Share-Based Payment.

/s/ KPMG LLP

KPMG LLP

February 12, 2007

RAMTRON INTERNATIONAL CORPORATION
CONSOLIDATED BALANCE SHEETS
December 31, 2008 and 2007

(in thousands, except share data)	**2008**	**2007**
ASSETS		
Current assets:		
Cash and cash equivalents	$ 9,900	$ 6,828
Accounts receivable, less allowances of $811 and $384, respectively	11,274	9,490
Inventories	9,992	6,342
Deferred income taxes, net	266	286
Other current assets	1,110	789
Total current assets	32,542	23,735
Property, plant and equipment, net	5,635	4,987
Goodwill, net	1,971	2,311
Intangible assets, net	6,470	7,963
Deferred income taxes, net	5,174	7,300
Other assets	212	230
Total assets	$ 52,004	$ 46,526
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 4,930	$ 4,168
Accrued liabilities	3,131	2,416
Deferred revenue	645	949
Current portion of long-term promissory notes	382	1,040
Total current liabilities	9,088	8,573
Deferred revenue	1,209	1,854
Long-term promissory notes	4,577	4,894
Total liabilities	14,874	15,321
Stockholders' equity:		
Preferred stock, $.01 par value, 10,000,000 shares authorized: 0 shares issued and outstanding	--	--
Common stock, $.01 par value, 50,000,000 shares authorized: 27,687,927 and 26,184,085 shares issued, respectively and 27,687,927 and 26,124,869 shares outstanding, respectively	275	262
Less: Treasury stock of 0 and 59,216 at cost	--	(241)
Additional paid-in capital	249,875	246,513
Accumulated other comprehensive income (loss)	(50)	1,301
Accumulated deficit	(212,970)	(216,630)
Total stockholders' equity	37,130	31,205
Commitments and contingencies (Notes 6, 7 and 14)		
Total liabilities and stockholders' equity	$ 52,004	$ 46,526

See accompanying notes to consolidated financial statements.

RAMTRON INTERNATIONAL CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
For the years ended December 31, 2008, 2007 and 2006

(in thousands, except per share amounts)	**2008**	**2007**	**2006**
Revenue:			
Product sales, net	$62,101	$49,422	$39,095
License and development fees	717	717	717
Royalties	646	625	669
Customer-sponsored research and development	90	330	--
	63,554	51,094	40,481
Costs and expenses:			
Cost of product sales	28,768	23,439	18,438
Provision for loss contingency (see Note 14)	815	--	--
Research and development	11,912	10,573	9,885
Customer-sponsored research and development	47	264	--
General and administrative	6,578	7,053	5,149
Sales and marketing	8,804	7,005	6,034
	56,924	48,334	39,506
Operating income	6,630	2,760	975
Interest expense	(368)	(495)	(612)
Other income (expense), net	(358)	148	154
Income from operations before income tax provision	5,904	2,413	517
Income tax benefit (provision)	(2,244)	7,478	(60)
Net Income	3,660	9,891	457
Other comprehensive income (expense):			
Foreign currency translation adjustments	$ (1,351)	$ 1,165	$ 21
Comprehensive income	$ 2,309	$11,056	$ 478
Operating income earnings per share:			
Basic	$0.14	$0.39	$0.02
Diluted	$0.13	$0.37	$0.02
Weighted average shares outstanding:			
Basic	26,353	25,124	24,478
Diluted	27,551	26,403	24,957

See accompanying notes to consolidated financial statements.

RAMTRON INTERNATIONAL CORPORATION
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
For the years ended December 31, 2008, 2007 and 2006
(in thousands, except par value amounts)

	Common Stock ($.01) Par Value				Accumulated		
	Shares	Amount	Treasury Stock	Additional Paid-in Capital	Other Comprehensive Income	Accumulated Deficit	Total Stockholders' Equity
Balances, December 31, 2005	24,388	$244	--	$241,113	$115	$(226,978)	$14,494
Exercise of options	450	4	--	1,101	--	--	1,105
Stock-based compensation expense	--	--	--	995	--	--	995
Issuance of restricted stock	270	3	--	(3)	--	--	--
Cumulative foreign currency translation adjustments	--	--	--	--	21	--	21
Net income	--	--	--	--	--	457	457
Balances, December 31, 2006	25,108	251	--	243,206	136	(226,521)	17,072
Exercise of options	435	4	--	999	--	--	1,003
Repurchases of common stock	(59)	--	(241)	--	--	--	(241)
Stock-based compensation expense	--	--	--	2,315	--	--	2,315
Issuance of restricted stock, net of forfeitures	641	7	--	(7)	--	--	--
Cumulative foreign currency translation adjustments	--	--	--	--	1,165	--	1,165
Net income	--	--	--	--	--	9,891	9,891
Balances, December 31, 2007	26,125	262	(241)	246,513	1,301	(216,630)	31,205
Exercise of options	143	1	--	306	--	--	307
Exercise of warrants	1,153	10	--	2,304	--	--	2,314
Repurchase of common stock	(15)	--	(55)	--	--	--	(55)
Common stock issued from treasury	--	--	296	(267)	--	--	29
Stock-based compensation expense	--	--	--	1,021	--	--	1,021
Issuance of restricted stock	282	2	--	(2)	--	--	--
Cumulative foreign currency translation adjustments	--	--	--	--	(1,351)	--	(1,351)
Net loss	--	--	--	--	--	3,660	3,660
Balances, December 31, 2008	27,688	$275	--	$249,875	$ (50)	$(212,970)	$37,130

See accompanying notes to consolidated financial statements.

RAMTRON INTERNATIONAL CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2008, 2007 and 2006

(in thousands)	2008	2007	2006
Cash flows from operating activities:			
Net income	$ 3,660	$ 9,891	$ 457
Adjustments used to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	2,462	2,156	1,998
Stock-based compensation	1,021	2,315	995
Deferred income taxes	2,146	(7,586)	--
Imputed interest on note payable	65	75	85
Loss on abandonment of patents	43	37	78
Loss on disposition of equipment	--	7	--
Provision for inventory write-off	442	314	340
Changes in assets and liabilities:			
Accounts receivable	(1,784)	(2,307)	(949)
Inventories	(4,092)	(650)	772
Accounts payable and accrued liabilities	662	1,973	(248)
Product warranty liability	815	--	--
Deferred revenue	(949)	(1,017)	(1,086)
Other	(303)	(373)	423
Net cash provided by operating activities	4,188	4,835	2,865
Cash flows from investing activities:			
Purchase of property, plant and equipment	(2,608)	(1,641)	(1,554)
Payments for intellectual property	(29)	(69)	(97)
Net cash used in investing activities	(2,637)	(1,710)	(1,651)
Cash flows from financing activities:			
Net purchases of treasury stock	(55)	(241)	--
Principal payments on promissory notes	(1,040)	(1,366)	(1,351)
Issuance of common stock, related to options and warrants	2,650	1,003	1,105
Net cash (used in) provided by financing activities	1,555	(604)	(246)
Effect of foreign currency	(34)	2	(8)
Net increase in cash and cash equivalents	3,072	2,523	960
Cash and cash equivalents, beginning of year	6,828	4,305	3,345
Cash and cash equivalents, end of year	$ 9,900	$ 6,828	$ 4,305

See accompanying notes to consolidated financial statements.

RAMTRON INTERNATIONAL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2008, 2007 and 2006

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Description of Business. We are a fabless semiconductor company that designs, develops and markets specialized semiconductor memory, microcontroller, and integrated semiconductor solutions, used in many markets for a wide range of applications. We pioneered the integration of ferroelectric materials into semiconductor products, which enabled the development of a new class of nonvolatile memory, called ferroelectric random access memory (F-RAM). F-RAM products merge the advantages of multiple memory technologies into a single device that retains information without a power source, can be read from and written to at very fast speeds, written to many times, consumes low amounts of power, and can simplify the design of electronic systems. In many cases, we are the sole provider of F-RAM enabled semiconductor products, which facilitates close customer relationships, long application lifecycles and the potential for high-margin sales.

We also integrate analog and mixed-signal functions such as microprocessor supervision, tamper detection, timekeeping, and power failure detection onto a single device with our F-RAM products. This has enabled a new class of products that addresses the growing market need for more efficient and cost effective semiconductor products.

Our revenue is derived from the sale of our products and from license and development arrangements entered into with a limited number of established semiconductor manufacturers involving the development of specific applications of the Company's technologies. Other revenue is generated from customer-sponsored research and development revenue. Product sales have been made to various customers for use in a variety of applications including utility meters, office equipment, automobiles, electronics, telecommunications, disk array controllers, and industrial control devices, among others.

Use of Estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Significant items subject to such estimates and assumptions include the carrying amounts of property, plant and equipment, intangibles and goodwill; valuation of allowances for receivables, inventories and deferred income taxes; product liability accruals; and valuation of share-based payment arrangements. When no estimate in a given range is deemed to be better than any other when estimating contingent liabilities, the low end of the range is accrued. Actual results could differ from those estimates.

Principles of Consolidation. The accompanying financial statements include the consolidation of accounts for the Company's wholly owned subsidiaries, Ramtron LLC, Ramtron Canada, Inc., Ramtron Kabushiki Kaisha (Ramtron K.K.), Ramtron UK Limited, Ramtron Asia Ltd., and Ramtron Asia Pte. Ltd. All significant intercompany accounts and transactions have been eliminated in consolidation.

Cash and Cash Equivalents. The Company considers all cash and highly liquid investments purchased with an average maturity of three months or less to be cash equivalents.

Accounts Receivable. Accounts receivable consists of amounts billed and currently due from customers. The Company extends credit to customers in the normal course of business and maintains an allowance for bad debts and an allowance for returns and discounts. The bad debt allowance is based upon specific customer collection issues. The allowance for returns and discounts is based primarily on historical experience.

Inventories. Inventories are stated at the lower of cost or market value. Cost is determined using average costs. The Company provides for an allowance for estimated obsolescence or lack of marketability for the difference between the cost of inventory and the estimated market value based upon assumptions about future demand and market conditions.

Deferred Income Taxes. Deferred income taxes are recorded to reflect the tax consequences of differences between the tax basis of assets and liabilities and their financial reporting basis and operating loss and tax credit carry forwards. Refer to Note 11 for the types of differences that give rise to significant portions of deferred income tax assets and liabilities. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Deferred income taxes are classified as a net current or non-current asset or liability based on the classification of the related asset or liability for financial reporting purposes. A deferred tax asset or liability that is not related to an asset or liability for financial reporting is classified according to the expected reversal date. We record a valuation allowance to reduce deferred tax assets to an a amount we believe is more likely than not expected to be realized.

Property, Plant and Equipment. Property, plant and equipment are stated at cost, less accumulated depreciation. Depreciation and amortization are provided using the straight-line method over the estimated useful lives of the respective assets and commence once the assets are ready for their intended use. Maintenance and repairs are expensed as incurred and improvements are capitalized.

Goodwill and Intangible Assets. Goodwill represents the excess of the costs over the fair value of assets of businesses acquired. Goodwill and intangible assets acquired in a business combination and determined to have an indefinite useful life are not amortized, but instead are tested for impairment at least annually, or more frequently if events or changes in circumstances indicate that goodwill may be impaired in accordance with the provision of FASB Statement 142, "Goodwill and Other Intangible Assets" (FAS 142). The Company performed its annual goodwill impairment testing as of October 31, 2008, and determined that no impairments existed at that date. Intangible assets are recorded at cost and are amortized on a straight-line basis over their estimated useful lives, ranging from 15 to 17 years, and reviewed for impairment in accordance with FASB Statement 144, "Accounting for Impairment for Disposal of Long-Lived Assets" (FAS 144). The amounts capitalized for patents are primarily the cost of acquiring the patent. The change in carrying value of the goodwill between years is solely due to foreign currency rate changes.

Impairment of Long-Lived Assets. In accordance with FAS 144, long-lived assets held and used by the Company and intangible assets subject to amortization are reviewed for impairment, whenever events or changes in circumstances indicate that carrying amounts of assets may not be recoverable. The Company evaluates recoverability of assets to be held and used by comparing the carrying amount of an asset to the future net undiscounted cash flows to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceed the fair value of the asset calculated using a future discounted cash flow analysis. Considerable judgment is required to project such cash flows and, if required, estimate the fair value of the impaired long-lived asset.

Accrued Liabilities. Accrued liabilities consist of the following as of December 31, 2008 and 2007:

(in thousands)	2008	2007
Compensation related	$1,853	$2,036
Product liability warranty	815	--
Other	463	380
Total	$3,131	$2,416

Revenue Recognition. The Company recognizes revenue from product sales when title transfers, the customer takes ownership and assumes risk of loss, collection of the relevant receivable is probable, persuasive evidence of an arrangement exists and the sales price is fixed or determinable, which is generally at the time of shipment. In the event a situation occurs to create a post-shipment obligation, we would defer revenue recognition until the specific obligation was satisfied. We defer recognition of sales to distributors when we are unable to make a reasonable estimate of product returns due to insufficient historical product return information. The revenue recorded is dependent upon estimates of expected customer returns and sales discounts based upon both historical data and management estimates.

Revenue from licensing programs is recognized over the period the Company is required to provide services under the terms of the agreement. Revenue from research and development activities that are funded by customers are recognized as the services are performed.

Revenue from royalties is recognized upon the notification to us of shipment of product from the Company's technology license partners to direct customers.

Shipping and Handling Fees and Costs. The majority of the Company's customers pay their freight charges. Freight charges billed are offset against selling expenses; the category where the freight expenses are charged. These charges are immaterial.

Warranty Costs. We make periodic provisions for expected warranty costs. Historically warranty costs have been insignificant.

Advertising. The Company expenses advertising costs as incurred. Advertising expenses for the years ended December 31, 2008, 2007 and 2006 were $246,000, $343,000, and $231,000, respectively.

Earnings (Loss) Per Share. The Company calculates its earnings (loss) per share pursuant to SFAS No. 128, "Earnings Per Share" (SFAS No. 128). Under SFAS No. 128, basic earnings (loss) per share is computed by dividing reported income (loss) available to common stockholders by weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share reflects the potential dilution assuming the issuance of common shares for all dilutive potential common shares outstanding during the period. In periods where the Company records a net loss, all potentially dilutive securities, including warrants and stock options, would be anti-dilutive and thus, are excluded from diluted loss per share.

The following table sets forth the calculation of net income (loss) per common share for the years ended December 31, 2008, 2007 and 2006:

(in thousands, except per share amounts)	December 31, 2008	2007	2006
Net income applicable to common shares	$ 3,660	$ 9,891	$ 457
Common and common equivalent shares outstanding:			
Historical common shares outstanding at beginning of year (not including unreleased restricted stock)	25,469	24,838	24,388
Weighted average common equivalent shares issued during year	884	286	90
Weighted average common shares-basic	26,353	25,124	24,478
Weighted average common equivalent shares outstanding during year	1,198	1,279	479
Weighted average common shares-diluted	27,551	26,403	24,957
Net income per basic share	$ 0.14	$ 0.39	$ 0.02
Net income per diluted share	$ 0.13	$ 0.37	$ 0.02

For the years ended December 31, 2008, 2007 and 2006, the Company had several equity instruments or obligations that could cause future dilution to the Company's common stockholders and which were not classified as outstanding common shares of the Company. The following table details the various equity awards that were excluded from the earnings per common share calculation because their inclusion would have been anti-dilutive. These various equity awards could become dilutive in the future if the average share price increases or certain performance conditions are met:

(in thousands)	December 31, 2008	2007	2006
Warrants	--	--	1,425
Options	3,077	3,141	5,028
Restricted stock	575	575	270

Stock-Based Compensation. At December 31, 2008, the Company had two stock-based compensation plans, which are more fully described in Note 8 of these Notes of Consolidated Financial Statements below.

The estimated value of the Company's stock-based option and award plans, less expected forfeitures, is amortized over the awards' respective vesting period on a straight-line basis.

The Company granted restricted stock awards with a vesting period of one month to three years and a condition of service. The Company also granted restricted stock awards to certain executive employees contingent upon satisfaction of a performance condition with a vesting period of three years. Restricted stock awards are valued using the fair market value of our common stock as of the grant date. The Company also granted restricted stock units, restricted by a service condition and a vesting period of three years. The units vest in three equal annual installments, commencing on the anniversary date of the grant. One unit equals one share of stock upon vesting, and the units have a contractual term of ten years. Restricted stock units are valued using the fair market value of our common stock as of the grant date. The Company recognizes compensation expense, net of estimated forfeitures, on a straight-line basis over the vesting period. Estimated forfeitures are reviewed periodically and changes to the estimated forfeitures are adjusted through current period earnings. The remaining unvested shares are subject to forfeiture and restrictions on sale or transfer up until the vest date.

The Company also granted nonqualified stock options at an exercise price equal to the fair market value of the Company's common stock on the grant date. The Company applies the Black-Scholes valuation method to compute the estimated fair value of the stock options and recognizes compensation expense, net of estimated forfeitures on a straight-line basis so that the award is fully expensed at the vesting date. Generally, stock options vest 25 percent on each anniversary of the grant date, are fully vested four years from the grant date, and have a contractual term of ten years.

Treasury Stock. The Company uses the cost method when it acquires stock for treasury.

Fair Value of Financial Instruments. The Company's financial instruments consist of cash and cash equivalents, short-term trade receivables and payables. The carrying values of cash and cash equivalents, restricted cash, and short-term trade receivables and payables approximate fair value due to their short-term nature. The fair value of the Company's promissory notes were approximately $5,015,000, $5,614,000 and $6,329,000 as of December 31, 2008, 2007 and 2006, respectively, using a discounted cash flow approach. See Note 6 above for the related carrying value of these notes.

New Accounting Standards. Effective January 1, 2008, the beginning of the Company's 2008 fiscal year, we adopted Statement of Financial Accounting Standards No. 157, "Fair Value Measurements" ("SFAS No. 157"), which defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles, and expands disclosure about fair value measurements. SFAS No. 157 establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority ("Level 1") to unadjusted quoted prices in active markets for identical assets and liabilities, and gives the lowest priority ("Level 3") to unobservable inputs. The adoption of SFAS No. 157 did not have a significant effect on the Company's consolidated financial statements.

Also, effective January 1, 2008, the Company adopted Financial Accounting Standards No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities, including an amendment of FASB Statement No. 115" ("SFAS No. 159"). SFAS No. 159 expands the use of fair value measurement by permitting entities to choose to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value. We did not elect the fair value option for any of our financial assets or liabilities.

In June 2008, the FASB issued EITF Issue 07-5 ("EITF 07-5"), Determining whether an Instrument (or Embedded Feature) is indexed to an Entity's Own Stock. EITF No. 07-5 is effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years. Early application is not permitted. Paragraph 11(a) of SFAS No. 133 - Accounting for Derivatives and Hedging Activities, specifies that a contract that would otherwise meet the definition of a derivative but is both (a) indexed to the Company's own stock and (b) classified in stockholders' equity in the statement of financial position would not be considered a derivative financial instrument. EITF 07-5 provides a new two-step model to be applied in determining whether a financial instrument or an embedded feature is indexed to an issuer's own stock and thus able to qualify for the SFAS No. 133 paragraph 11(a) scope exception. The adoption of EITF 07-5 is not anticipated to materially impact the Company's consolidated financial statements.

In December 2007, the Financial Accounting Standards Board ("FASB") released Statement of Financial Accounting Standards No. 141(R), "Business Combinations" ("SFAS No. 141(R)"), to establish accounting and reporting standards to improve the relevance, comparability and transparency of financial information that an acquirer would provide in its consolidated financial statements from a business combination. SFAS No. 141(R) is effective for fiscal years beginning after December 15, 2008 and should be applied prospectively for all business combinations entered into after the date of adoption. The adoption of the provisions of SFAS No. 141(R) is not anticipated to materially impact the Company's consolidated financial statements.

In December 2007, the FASB also released Statement of Financial Accounting Standards No. 160, "Noncontrolling Interests in Consolidated Financial Statements, including an amendment of Accounting Research Bulletin No. 51" ("SFAS No. 160"), to improve the relevance, comparability and transparency of the financial information that a reporting entity provides in its consolidated financial statements by establishing accounting and reporting standards for the non-controlling interest in a subsidiary and for the deconsolidation of a subsidiary. SFAS No. 160 is effective for fiscal years after December 15, 2008. The adoption of the provisions of SFAS No. 160 is not anticipated to materially impact the Company's consolidated financial statements.

NOTE 2. CHANGE IN ESTIMATE:

During the quarter ended December 31, 2008, the Company further adjusted its estimate relating to the total compensation charge for the management performance based challenge awards. The awards represented 575,000 shares relating to a performance condition of satisfying both a minimum sales goal and a minimum percentage of sales by December 31, 2009. The Company reversed all prior accruals and does not expect to accrue any further expense for this performance-based restricted stock award. This adjustment was due to the current estimate that the Company will not meet the minimum net income target compared to the target net income for the year ending December 31, 2009 required for any portion of the award to vest. Based upon the revised estimate, the Company made a cumulative adjustment of $669,000 in the quarter ended December 31, 2008. The effect of this adjustment was to reduce expense as follows:

(in thousands)	Quarter Ended September 30, 2008	Quarter Ended December 31, 2008	Total
General and administrative expense	$(128)	$(384)	$(512)
Sales and marketing	(53)	(158)	(211)
Research and development	(42)	(127)	(169)
Total	$(223)	$(669)	$(892)

This change also reduced our additional paid-in capital by $669,000 in the quarter ended December 31, 2008. For the year ended December 31, 2008, this change in estimate increased operating income by $892,000 and net income by $580,000. This change in estimate also increased net income per basic and diluted shares by $0.02 for the year ended December 31, 2008.

NOTE 3. INVENTORIES:

Inventories consist of:

	December 31,	
(in thousands)	2008	2007
Finished goods	$3,409	$2,279
Work in process	6,583	4,063
	$9,992	$6,342

NOTE 4. PROPERTY, PLANT AND EQUIPMENT:

Property, plant and equipment consists of:

	Estimated Useful Lives	December 31,	
(in thousands)	(In Years)	2008	2007
Land	--	$ 668	$ 668
Buildings and improvements	18 and 10	8,924	8,924
Equipment	5	14,613	12,396
Office furniture and equipment	5 and 7	789	623
		24,994	22,611
Less accumulated depreciation		(19,359)	(17,624)
		$ 5,635	$ 4,987

Depreciation expense for property, plant and equipment was $1,864,000, $1,563,000, and $1,426,000 for 2008, 2007 and 2006, respectively. Maintenance and repairs expense was $2,031,000, $1,714,000, and $1,399,000 for 2008, 2007 and 2006, respectively. Included in maintenance are software maintenance contracts.

NOTE 5. GOODWILL AND OTHER INTANGIBLE ASSETS:

Goodwill and other intangible assets consist of:

	December 31,	
(in thousands)	2008	2007
Goodwill	$ 5,914	$ 6,254
Accumulated amortization	(3,943)	(3,943)
Goodwill, net	$ 1,971	$ 2,311
Patents and core technology	$10,603	$11,815
Accumulated amortization	(4,133)	(3,852)
Intangible assets, net	$ 6,470	$ 7,963

Amortization expense for intangible assets was $598,000, $593,000 and $572,000 in 2008, 2007 and 2006, respectively. Estimated amortization expense for intangible assets is $600,000 annually in 2009 through 2013 and $4 million thereafter.

NOTE 6. LONG-TERM DEBT:

(in thousands)	2008	2007
Long-term debt:		
National Semiconductor promissory note	$ 1,100	$ 1,284
Mortgage note	3,859	3,983
Silicon Valley Bank Term Loan	--	667
	4,959	5,934
Long-term debt current maturities	(382)	(1,040)
Total	$ 4,577	$ 4,894

In September 2005, we entered into a loan agreement with Silicon Valley Bank, a subsidiary of Silicon Valley Bancshares, which provides for a $4 million revolving secured credit facility. The revolving secured credit facility was renewed on March 28, 2007 and has a term of two years. We have started to renegotiate the renewal of

this revolving security credit facility. Interest on the revolving facility is set at a floating rate equal to the prime lending rate plus 0.50% per year, with a minimum interest rate of 6% per year and a commitment fee of $3,750 per quarter. At December 31, 2008, the interest rate was 6%. As of December 31, 2008, no balance was outstanding on the revolving facility. Security for the loan agreement includes all assets except for real estate. The related borrowing base is comprised of the Company's trade receivables. In addition, we entered into an intellectual property security agreement with Silicon Valley Bank that secures our obligations under the loan agreement by granting Silicon Valley Bank a security interest in our intellectual property. We are required to comply with certain covenants under the loan agreement, as amended, including requirements to maintain a minimum net worth and maintain certain leverage ratios, and restrictions on certain business actions without the consent of Silicon Valley Bank. We were in compliance with all of debt covenants as of December 31, 2008.

The Company is required to comply with certain covenants under the credit facility, including without limitation, minimum fixed charge covenant ratios, liquidity coverage ratios, and maintain certain leverage ratios, and restrictions on certain actions without the consent of Silicon Valley Bank such as the disposal and acquisition of its business or property, changes in business, ownership or location of collateral, mergers or acquisitions, investments and transactions with affiliates, and paying subordinated debt.

On March 28, 2007, the Company entered into a Fourth Amendment to the Amended and Restated Loan and Security Agreement with Silicon Valley Bank. The loan modification granted more favorable restrictions relating to the Company's foreign account receivable borrowing base, removed prepayment penalties associated with our committed revolving line and extended our revolving credit line to March 27, 2009. The Company was in compliance with all revised financial covenants as of December 31, 2008.

In April 2004, the Company entered into a patent interference settlement agreement with National Semiconductor Corporation. The Company is required to pay National Semiconductor Corporation $250,000 annually through 2013. As of December 31, 2008, the present value of this promissory note is $1,100,000 and the interest expense accrued in 2008 was $65,000. The Company discounted the note at 5.75%. The face value of this note as of December 31, 2008 was $1,250,000.

On December 15, 2005, Ramtron, through its subsidiary, Ramtron LLC, for which Ramtron International Corporation serves as sole member and sole manager, closed on its mortgage loan facility with American National Insurance Company. Ramtron LLC entered into a promissory note evidencing the loan with the principal amount of $4,200,000, with a maturity date of January 1, 2016, bearing interest at 6.17%. The Company is obligated to make monthly principal and interest payments of $30,500 until January 2016 and a balloon payment of $2,757,000 in January 2016. Ramtron LLC also entered into an agreement for the benefit of American National Insurance Company securing the Company's real estate as collateral for the mortgage loan facility.

Maturities of the Company's outstanding promissory notes are as follows as of December 31, 2008:

(in thousands)	2009	2010	2011	2012	2013	Thereafter
Long-term debt obligations	$382	$390	$399	$408	$418	$3,112

NOTE 7. COMMITMENTS:

Lease Commitments. The Company has commitments under non-cancelable operating leases expiring through 2013 for various equipment, software, and facilities. Minimum future annual lease payments for leases that have initial or remaining non-cancelable terms in excess of one year as of December 31, 2008 are as follows:

	(in thousands)
2009	$ 606
2010	607
2011	474
2012	55
2013	14
	$1,756

Total rent expense on all operating leases was $1.7 million, $1.6 million, and $720,000 for 2008, 2007 and 2006, respectively.

Manufacturing Alliances. In 1999, the Company has entered into a manufacturing agreement with Fujitsu Limited for the supply of its F-RAM products. The initial term of the manufacturing agreement was five years with automatic one year renewals. Fujitsu is required to notify us at least two years in advance of any change in its ability, or intention, to supply product wafers to us. The manufacturing agreement provides only for a call on the manufacturing capacity of the vendor. The product will be supplied to the Company at prices negotiated based on current market conditions.

In 2007, the Company and Texas Instruments entered into a commercial manufacturing agreement for F-RAM memory products. The Company will provide design, testing and other activities associated with product development efforts, and Texas Instruments will provide foundry services for a minimum period of two years with one year automatic renewal periods unless a party notifies the other party thirty (30) days prior to the expiration of any renewal period of their desire to terminate the agreement. The manufacturing agreement also contains obligations for us with respect to minimum orders and negotiated pricing.

NOTE 8. STOCK-BASED COMPENSATION:

Stock-Based Compensation Plans

The Company has two active stock option plans: the 1999 Stock Option Plan (the "1999 Plan"), and the 2005 Incentive Award Plan (the "2005 Plan"), collective, the "Plans." The expired 1995 Stock Option plan, as amended, is only relevant to grants outstanding under the plan. The Plans reserve a total of 5,700,000 shares of the Company's common stock for issuance and permit the issuance of non-qualified stock options. The exercise price of all non-qualified stock options must be equal to 100% of the Fair Market Value on the effective date of the grant in both the 1999 and 2005 Plans. The maximum term of each grant is ten years under the Plans. The 2005 Plan also permits the issuance of incentive stock options. In addition, the 2005 Plan permits the issuance of restricted stock and other types of awards. Restricted stock grants generally vest one to three years from the date of grant. Options granted become exercisable in full or in installments pursuant to the terms of each agreement evidencing options granted. The exercise of stock options and issue of restricted stock is satisfied by issuing authorized unissued common stock or treasury stock. As of December 31, 2008, the Company had not granted any incentive stock options. The number of shares available for future grant under these plans was 153,577 as of December 31, 2008.

Total stock-based compensation expense recognized in our consolidated statement of income for the years ended December 31, 2008 and 2007 is as follows:

Income Statement Classifications:

	Year Ended December 31,		
(in thousands)	2008	2007	2006
Cost of sales	$ 161	$ 159	$ 99
Research and development	235	399	191
Sales and marketing	91	347	116
General and administrative	534	1,410	589
Total	$1,021	$2,315	$995

As of December 31, 2008, there was approximately $2.8 million of unrecognized compensation costs, adjusted for estimated forfeitures, related to non-vested options granted to the Company's employees and directors, which will be recognized over a weighted-average period of 2.7 years. Total unrecognized compensation will be adjusted for future changes in estimated forfeitures.

During the year ended December 31, 2008, the Company reduced its compensation expense by $892,000 due to a change in estimate relating to performance-based restricted stock awards. See Note 2 for additional information.

Stock Options

The exercise price of each stock option granted under the Company's Plans equals 100% of the market value of the Company's common stock on the date of grant. The options have a contractual life of ten years and generally vest ratably over three to four years from the date of grant.

For grants issued during 2008, the fair value for stock options was estimated at the date of grant using the Black-Scholes option pricing model, which requires management to make certain assumptions. Expected volatility was estimated based on the historical volatility of the Company's stock over the past 6.25 years. The average expected term was estimated by taking the weighted average of the vesting term and the contractual term of the option, as permitted by the SAB 107 and SAB 110. This simplified method was used as the Company believes that its historical data is not indicative of the expected terms due to significant changes in employee demographics. We based the risk-free interest rate that we use in the option valuation model on U.S. Treasury Notes with remaining terms similar to the expected terms on the options. Forfeitures are estimated at the time of grant based upon historical experience. We do not anticipate paying any cash dividends in the foreseeable future and therefore use an expected dividend yield of zero in the option pricing model.

The assumptions used to value option grants for the years ended December 31, 2008, 2007 and 2006 are as follows:

	2008	2007	2006
Risk free interest rate	3.03%	4.46%	4.81%
Expected dividend yield	0%	0%	0%
Expected lives	6.25 years	6.25 years	6.25 years
Expected volatility	67%	76%	86%

The weighted average fair value of options granted during the years ended December 31, 2008, 2007 and 2006 was $1.27, $2.75, and $2.33, respectively.

A summary of the changes in stock options outstanding during the year ended December 31, 2008 are presented below:

	Number of Option Shares (in thousands)	Weighted Average Exercise Price Per Share
Outstanding at December 31, 2007	6,097	
Granted	458	$2.00
Forfeited	(60)	$3.36
Expired	(151)	$7.46
Exercised	(143)	$2.35
Outstanding at December 31, 2008	6,201	

As of December 31, 2008, options representing 4,591,000 shares were exercisable, respectively, with weighted average exercise prices of $3.31.

The total intrinsic value, which is the amount by which the stock price exceeded the exercise price of the options on the date of exercise, of options exercised during the years December 31, 2008, 2007 and 2006 was $239,000, $344,000 and $358,000, respectively.

The following table sets forth the exercise price range, number of shares, weighted average exercise price and remaining contractual lives by groups of options:

		Weighted Average		
Exercise Price Range	Number of Options Outstanding (in thousands)	Exercise Price	Remaining Contractual Life	Aggregate Intrinsic Value (in thousands)
$ 1.42 - $ 2.22	1,077	$1.78	6.05	
$ 2.29 - $ 2.29	1,365	$2.29	6.93	
$ 2.32 - $ 3.71	1,373	$3.09	5.67	
$ 3.72 - $ 4.07	1,758	$3.88	7.37	
$ 4.15 - $17.81	628	$6.34	2.22	
Ending outstanding	6,201	$3.24	6.14	$142
Ending vested and expected to vest	6,071	$3.25	6.08	$122
Ending exercisable	4,591	$3.31	5.27	--

Exercise Price Range	Number of Options Exercisable	Weighted Average Exercise Price
	(in thousands)	
$ 1.42 - $ 2.22	590	$1.95
$ 2.29 - $ 2.29	1,204	$2.29
$ 2.32 - $ 3.71	1,286	$3.08
$ 3.72 - $ 4.07	922	$3.83
$ 4.15 - $17.81	589	$6.47
	4,591	$3.31

The intrinsic value is calculated as the difference between the market value as of December 31, 2008 and the exercise price of the options. The closing market value as of December 31, 2008 was $1.84 as reported by the Nasdaq Global Market.

Cash received from option exercises for the year ended December 31, 2008 was $336,000. The actual tax benefit realized for the tax deduction from option exercises was $239,000.

RESTRICTED STOCK

Restricted Stock Awards

In 2008, the Company granted 282,000 shares of restricted stock at an average market value of $1.51 per share. Awards representing 8,444 shares vested in one month and the remaining 273,556 shares vest over three years based on continued service. As of December 31, 2008, there was approximately $400,000 of unrecognized compensation cost related to non-vested restricted shares, which will be recognized over a weighted-average period of 1.6 years.

A summary of non-vested restricted shares during the year ended December 31, 2008 is as follows:

	Number of Restricted Shares	Weighted Average Grant Date Fair Value Per Share
	(in thousands)	
Outstanding at December 31, 2007	655	$2.81
Grants	282	$1.51
Forfeited	--	
Vested/Released	(89)	$2.97
Outstanding at December 31, 2008	848	$2.36

Included in the outstanding restricted stock awards at December 31, 2008 are awards representing 575,000 shares relating to a performance condition of satisfying both a minimum sales goal and a minimum percentage of sales by December 31, 2009. The Company is no longer accruing stock-based compensation expense relating to these awards as we do not anticipate the achievement to the performance requirements.

Restricted Stock Units

On December 15, 2008, the Company granted 118,000 restricted stock units that vest over a three year period in three equal annual installments. Restricted stock units represent rights to receive shares of common stock at a future date. There is no exercise price and no cash payment is required for receipt of restricted stock units on the shares issued in settlement of the award. The fair market value of the Company's common stock at the time of the grant is amortized to expense on a straight-line basis over the vesting period. The weighted-average remaining recognition period is 2.96 years for the restricted stock units granted during 2008.

A summary of the Company's restricted stock units as of December 31, 2008 is as follows:

	Number of Restricted Units	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
	(in thousands)		(in thousands)
Outstanding at December 31, 2007	--		
Grants	118		
Forfeited	--		
Vested/Released	--		
Outstanding at December 31, 2008	118	1.96	$216
Vested and expected to vest	118	1.96	$216

As of December 31, 2008, there was approximately $146,000 remaining in unrecognized compensation costs. The cost is expected to be recognized through 2011 with a weighted-average recognition period of 3 years.

Warrants

Warrants to purchase shares of the Company's common stock are as follows:

	Number of Shares	Exercise Price Per Share
	(in thousands)	
Outstanding and exercisable at December 31, 2006	2,331	$1.88-$6.88
Cancelled	(725)	$4.11-$6.88
Outstanding and exercisable at December 31, 2007	1,606	$1.88-$3.04
Exercised	(1,153)	$1.88-$3.04
Cancelled	(353)	
Issued	--	
Outstanding and exercisable at December 31, 2008	100	$1.42

One warrant is exercisable to purchase 100,000 shares of common stock with an exercise price of $1.42 and expires in August 2009.

For the years ended December 31, 2008, 2007 and 2006, the Company recorded no dividends, respectively.

NOTE 9. RELATED PARTY TRANSACTIONS:

Transactions with the Fund. The National Electrical Benefit Fund (the "Fund") is a principal stockholder of the Company.

Pursuant to a Stock and Warrant Purchase Agreement dated March 13, 1989 between the Company and the Fund, as amended, the Company agreed to pay to the Fund, for as long as the Fund owns at least 5% of the outstanding shares of the Company's common stock, a reasonable monthly consulting fee of not more than $5,000 and to reimburse the Fund for all out-of-pocket expenses incurred in monitoring the Fund's investment in the Company. During 2008, 2007 and 2006, the Company was obligated to pay to the Fund approximately $60,000 per year in payment of such fees and expenses. Payments made for these obligations were $0, $0, and $105,000 during 2008, 2007 and 2006, respectively. The amounts of $150,000 and $90,000 related to this obligation are included in accrued liabilities as of December 31, 2008 and 2007, respectively.

Transactions Involving Infineon Technologies AG. Infineon Technologies AG was a principal stockholder of the Company until November 20, 2006.

In November 2006, Infineon Technologies AG transferred to Qimonda AG, an affiliate of Infineon, 4,430,005 shares of the Company's common stock and its warrant to purchase 262,633 additional shares of the Company's common stock (collectively, the "Qimonda Shares"). The Company entered into a Registration Rights Agreement with the purchasers of the Qimonda Shares. The purchase of the shares from Qimonda by institutional and other accredited investors unaffiliated with Ramtron was a privately negotiated transaction from which the Company received no proceeds other than the reimbursement of costs associated with registering the shares.

NOTE 10. SUPPLEMENTAL CASH FLOW INFORMATION AND OTHER NON-CASH ITEMS:

(in thousands)	2008	2007	2006
Cash paid for interest	$ 368	$ 570	$ 585
Cash paid for income taxes	230	125	--
Disposal of fully depreciated assets with no proceeds	--	2,415	131
Amounts included in capital expenditures but not yet paid	390	388	100

NOTE 11. INCOME TAXES:

The sources of income (loss) before income taxes and after discontinued operations were as follows:

(in thousands)	2008	2007	2006
United States	$5,642	$4,785	$ 3,286
Foreign	262	(2,372)	(2,769)
Income (loss) before income taxes	$5,904	$2,413	$ 517

Income tax expense (benefit) attributable to income (loss) before income taxes consists of:

(in thousands)	2008	2007	2006
Current:			
Federal	$ 28	$ 108	$ 60
State	24	--	--
Foreign	46	--	--
	98	108	60
Deferred:			
Federal	1,764	(6,922)	--
State	382	(664)	--
	2,146	(7,586)	--
Income Tax expense (benefit)	$2,244	$(7,478)	$ 60

Total income tax expense (benefit) from continuing operations differs from the amount computed by applying the statutory federal income (loss) tax rate of 35% to income before taxes. The reasons for this difference for the years ended December 31, were as follows:

(in thousands)	2008	2007	2006
Computed expected tax expense (benefit)	$ 2,060	$ 844	$ 181
Increase (reduction) in income taxes resulting from:			
State income taxes, net of federal impact	118	84	18
Non-deductible differences	51	43	48
Change in valuation allowance	--	(8,628)	(247)
Foreign operations	(13)	71	--
Refundable credits	(102)	--	--
Alternative minimum tax	130	108	60
Impact of change on deferred tax assets due to change in income tax rates	1,756	--	2,443
Impact of change on valuation allowance due to change in income tax rates	(1,756)	--	(2,443)
Income tax expense (benefit)	$ 2,244	$(7,478)	$ 60

In assessing the potential to realize our deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes it is more likely than not that the Company will realize the benefits of these deductible differences, net of the existing valuation allowances at December 31, 2008. The amount of the deferred tax asset considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carryforward period are reduced.

Management has determined, based on all available evidence, it is more likely than not that deferred tax assets of approximately $5.4 million at December 31, 2008 will be realized. As of December 31, 2007, the Company determined, based upon all available evidence, it is more likely than not that deferred tax assets of approximately $7.6 million would be realized. As of December 31, 2006, the Company had recorded a valuation allowance equal to its net deferred tax assets.

The components of deferred income taxes are as follows:

(in thousands)	2008	2007	2006
Current:			
Deferred revenue	$ 239	$ 365	$ --
Accrued liabilities, not deducted until paid for tax purposes	734	250	327
U.S. net operating loss carryovers	895	1,277	--
	1,868	1,892	327
Less valuation allowance	(1,602)	(1,606)	(327)
	266	286	--
Non-current:			
U.S. net operating loss carryovers	30,344	39,242	44,664
Capital loss carryovers	--	--	4,380
Foreign net operating loss carryovers	1,617	3,724	2,999
Deferred revenue	447	714	1,470
Fixed assets	1,117	1,214	867
FAS 123R-accrued NSO expense	1,140	901	381
Research and experimentation tax credit	--	1,662	1,662
Alternative minimum tax credit	323	200	60
Other	113	722	720
	35,101	48,379	57,203
Less valuation allowance	(29,927)	(41,079)	(57,203)
	5,174	7,300	--
Net deferred tax assets	$ 5,440	$ 7,586	$ --

As of December 31, 2008, the Company had Federal net operating loss carryforwards of approximately $84 million to reduce future taxable income, which expire as follows:

Expiration Date	Regular Tax Net Operating Losses
	(in thousands)
2009	$20,364
2010	533
2011	4,283
2012	9,749
2013 through 2026	49,502
	$84,431

During 2008 the Company expects to utilize net operating loss carryovers of approximately $6.7 million. During 2008, 2007 and 2006, net operating loss carryovers of approximately $17 million, $5 million, and $12 million, respectively, expired. In addition, during 2006, capital losses of approximately $11.3 million expired. These items decreased the recorded valuation allowance in each respective year.

Tax expense other than payroll and income taxes were $290,000, $235,000 and $246,000 for 2008, 2007 and 2006, respectively.

The Financial Accounting Standards Board issued Interpretation No. 48, "Accounting for Uncertainty in Income Taxes-an Interpretation of FASB Statement No. 109" ("FIN 48"), which requires reporting of taxes based on tax positions which meet a more likely than not standard and which are measured at the amount that is more likely than not to be realized. Differences between financial and tax reporting which do not meet this threshold are required to be recorded as unrecognized tax benefits. FIN 48 also provides guidance on the pres-

entation of tax matters and the recognition of potential IRS interest and penalties. The provisions of FIN 48 were adopted by the Company on January 1, 2007 and had no effect the Company's financial position, cash flows or results of operations upon adoption, as the Company did not have any unrecognized tax benefits.

In 2008, the Company performed a comprehensive review of its material tax positions in accordance with recognition and measurement standards established by FIN 48. As a result of this review, the Company discovered that there were certain deferred tax assets that were not properly stated. The gross and net deferred tax assets did not change as a result of the review but a reclassification was necessary to properly reflect the values of the different components of deferred tax assets. As of January 1, 2008, the Company concluded it did not have any uncertain tax benefits. The change to the amount of uncertain tax benefits is related to approximately $1.3 million of its research and development credits and is reported as a reduction of the Company's deferred tax asset. A reconciliation of the beginning and ending amounts of unrecognized tax liability is as follows:

	(in thousands)
Balance at January 1, 2008	$ --
Additions based on tax positions related to current year	--
Additions for tax positions of prior years	1,260
Reductions for tax positions of prior years	--
Settlements	--
Balance at December 31, 2008	$1,260

The Company classifies penalty and interest expense related to income tax liabilities as an income tax expense. There are no interest and penalties recognized in the statement of operations or accrued on the balance sheet.

The Company files tax returns in the United States, in the states of California, Colorado and Texas and in several foreign countries. The tax years 2005 through 2008 remain open to examination by the major taxing jurisdictions to which the Company is subject, as well as 2004 for California.

NOTE 12. SEGMENT AND GEOGRAPHIC AREA INFORMATION:

Our operations are conducted through one business segment. Our business develops, manufactures and sells ferroelectric nonvolatile random access memory products, microcontrollers, integrated products, and licenses the technology related to such products.

Revenue amounts and related accounts receivable outstanding at December 31, 2008, and percentages of total sales and total receivables for major customers representing more than 10% of total revenue during the past three years are as follows:

(in thousands)	2008	2007	2006
Customer A:			
Sales	$9,600	$3,300	$4,100
	15%	6%	10%
Accounts	$3,900	$ 490	$ 805
Receivable	34%	5%	11%

The following geographic area data include revenue based on product shipment destination, license and development payor location and customer-sponsored research and development payor location. The data presented for long-lived assets was based on physical location.

Geographic Area Net Revenue:

(in thousands)	2008	2007	2006
United States	$ 8,986	$ 7,110	$ 6,243
Japan	11,074	10,892	9,903
United Kingdom	2,112	2,362	2,124
Indonesia	25	2,449	4,149
Taiwan	2,383	2,062	1,167
Germany	4,976	2,656	2,242
China/Hong Kong	22,236	15,604	8,916
Italy	593	262	1,045
Czech Republic	63	74	704
Finland	2,013	2,169	764
Singapore	769	775	734
Slovenia	534	658	501
Mexico	741	1,058	170
Korea	3,253	1,779	899
Thailand	1,317	741	--
Switzerland	1,914	200	--
Rest of world	565	243	920
Total	$63,554	$51,094	$40,481

Geographic Area Long-lived Assets (Net):

(in thousands)	December 31, 2008	2007
United States	$ 7,944	$ 7,741
Thailand	851	435
Canada	5,213	7,008
Japan	280	307
	$14,288	$15,491

NOTE 13. DEFINED CONTRIBUTION PLAN:

The Company has a cash or deferred compensation plan (the "401(k) Plan") intended to qualify under Section 401(k) of the Internal Revenue Code of 1986, as amended (the "Code"), in which substantially all employees are participants. Participants in the 401(k) Plan may make maximum pretax contributions, subject to limitations imposed by the Code, of 100% of their compensation. The Company may make, at the Board of Directors' discretion, an annual contribution on behalf of each participant. During 2008, 2007 and 2006, approximately $102,000, $81,000 and $93,000 were charged to the various income statement classifications based upon the employee's department classification for Company contributions under the 401(k) Plan, which were paid quarterly for 2008 and 2007 and were paid in the first quarter of 2007 for the year ended 2006, respectively.

NOTE 14. CONTINGENCIES:

The Company's industry is characterized by the existence of a large number of patents and frequent claims and related litigation regarding patents and other intellectual property rights. The Company cannot be certain that third parties will not make a claim of infringement against the Company or against its semiconductor company licensees in connection with their use of the Company's technology. Any claims, even those without merit, could be time consuming to defend, result in costly litigation and diversion of technical and management personnel, or require the Company to enter into royalty or licensing agreements. These royalty or licensing agreements, if required, may not be available to the Company on acceptable terms or at all. A successful claim of infringement against the Company or one of its semiconductor manufacturing licensees in connection with use of the Company's technology could materially impact the Company's results of operations.

Results for the quarter ended December 31, 2008 included a charge of $815,000 against cost of product sales as an estimate of a loss contingency to cover anticipated customer warranty and associated costs arising from previously announced in-field failures of one of our products. This charge represents an amount within a range of a potential warranty claim that can be reasonably estimated with currently available information. We continue to work with the customer to determine the amount of the customer's losses for which we might be liable. Future estimates and the final amount of the charge could change depending on various factors, including, among others, a change in contemplated remediation actions, the Company's potential to be liable for any of the customer's consequential losses, changes in the estimated time to complete remediation, and laws governing warranty and remediation requirements. Therefore, the estimated cost of the charge could be materially different than the estimated cost the Company has recorded in the December 31, 2008 financial statements.

The Company is involved in other legal matters in the ordinary course of business. Although the outcomes of any such legal actions cannot be predicted, management believes that there are no pending legal proceeding against or involving the Company for which the outcome would likely to have a material adverse effect upon the Company's financial position or results of operations.

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NOTE 15. QUARTERLY DATA (UNAUDITED):

The following unaudited information shows selected items by quarter for the years 2008 and 2007.

	2008				2007			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	(in thousands, except per share data)							
Revenue	$14,304	$15,535	$17,394	$16,320	$11,088	$12,332	$13,400	$14,275
Gross margin, product sales, including warranty provision	7,370	8,017	9,314	7,817	5,456	6,314	6,964	7,249
Operating income (loss)	1,071	1,364	2,254	1,940	(22)	328	1,278	1,176
Net income (loss) applicable to common shares from continuing operations	565	779	1,402	915(2)	(202)	248	1,136	8,709(1)
Income (loss) per share from continuing operations:								
Basic	$ 0.02	$ 0.01	$ 0.05	$ 0.03	$ (0.01)	$ 0.01	$ 0.05	$ 0.34
Diluted	$ 0.02	$ 0.01	$ 0.05	$ 0.03	$ (0.01)	$ 0.01	$ 0.04	$ 0.32

(1) See Note 11 above. The Company recorded a $7.6 million tax benefit during the quarter ended December 31, 2007 relating to the release of a valuation allowance for deferred tax assets.

(2) See Notes 2 and 14 above. The Company recorded a $669,000 reduction in compensation expense relating to stock-based compensation changes in estimates and an $815,000 increase in cost of goods sold due to a provision for a loss contingency related to product liability issues in the quarter ended December 31, 2008.

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Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None

Item 9A. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures and Related CEO and CFO Certifications

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's reports under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), are recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to management, including the Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), as appropriate, to allow timely decisions regarding required disclosure. In connection with the preparation of this Annual Report on Form 10-K, as of December 31, 2008, an evaluation was performed under the supervision and with the participation of the Company's management, including the CEO and CFO, of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act). Based on this evaluation, our management, including our Chief Executive Officer and Chief Financial Officer, concluded that our disclosure controls and procedures are effective.

(b) Changes in Internal Control and Financial Reporting

There were no changes in the Company's internal control over financial reporting during its most recently completed fiscal quarter that have materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting.

(c) Management's Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in the Exchange Act Rules 13a-15(f). Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and with the participation of management, including the principal executive officer and the principal financial officer, the Company's management has evaluated the effectiveness of its internal control over financial reporting as of December 31, 2008 based on the criteria established in a report entitled Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on its assessment, management concluded that the Company maintained effective internal control over financial reporting as of December 31, 2008.

Item 9A(T). Controls and Procedures

Not applicable

Item 9B. OTHER INFORMATION

None

PART III

Item 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information regarding our directors is incorporated by reference from the information contained under the caption "Election of Directors" in our 2009 Proxy Statement for the 2009 Annual Meeting of Stockholders. Information regarding our audit committee members, including the designated audit committee financial expert, is incorporated by reference from the information contained under the caption "Audit

Committee Members" in our 2009 proxy statement and information regarding current executive officers, is incorporated by reference from the information contained under the caption "Executive Officers of the Registrant" in our 2009 Proxy Statement for the 2009 Annual Meeting of Stockholders. Information regarding Section 16 reporting compliance is incorporated by reference from information contained under the caption "Executive Compensation - Section 16(a) Beneficial Ownership Reporting Compliance" in our 2009 Proxy Statement.

Code of Conduct

We have adopted a Code of Conduct that applies to all of our directors, officers and employees. This code is publicly available on our web site at www.ramtron.com. Any substantive amendments to the code and any grant of waiver from a provision of the code requiring disclosure under applicable SEC or Nasdaq rules will be disclosed by us in a report on Form 8-K.

Item 11. EXECUTIVE COMPENSATION

The information required by this item is incorporated by reference from the information contained under the captions "Executive Compensation" and "Director Compensation" in our 2009 Proxy Statement.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this item is incorporated by reference from the information contained under the caption "Security Ownership of Principal Stockholders and Management" and "Equity Compensation Plan Information" in our 2009 Proxy Statement.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

The information required by this item is incorporated by reference from the information contained under the caption "Certain Transactions" and "Director Independence" in our 2009 Proxy Statement.

Item 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this item is incorporated by reference from the information contained under the caption "Ratification of Appointment of Independent Auditors" in our 2009 Proxy Statement.

PART IV

Item 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as a part of this report:

(1) Financial Statements:

	Page
Report of Independent Registered Public Accounting Firms	27-28
Consolidated Balance Sheets as of December 31, 2008 and 2007	F-1
Consolidated Statements of Operations and Comprehensive Income for the years ended December 31, 2008, 2007 and 2006	F-2
Consolidated Statements of Stockholders' Equity for the years ended December 31, 2008, 2007 and 2006	F-3
Consolidated Statements of Cash Flows for the years ended December 31, 2008, 2007 and 2006	F-4
Notes to Consolidated Financial Statements	F-5

(2) Financial Statement Schedules:

Schedule II: Valuation and Qualifying Accounts	31

All other schedules are omitted because they are not required, or not applicable, or because the required information is included in the financial statements or notes thereto.

(3) Exhibits. The Exhibits listed on the accompanying Index to Exhibits immediately following the Financial Statement Schedules are filed as part of, or incorporated by reference into, this report.

Schedule II: Valuation and Qualifying Accounts

RAMTRON INTERNATIONAL CORPORATION
SCHEDULE II
VALUATION AND QUALIFYING ACCOUNTS
(in thousands)

Column A	Column B	Column C		Column D	Column E
		Additions			
Description	Balance at Beginning of Period	Charged to Costs and Expenses	Charged to Other Accounts	Deductions	Balance at End of Period
Year Ended December 31, 2006:					
Accounts receivable reserves	$273	$ 890	$--	$ 812	$351
Year Ended December 31, 2007:					
Accounts receivable reserves	$351	$1,564	$--	$1,531	$384
Year Ended December 31, 2008:					
Accounts receivable reserves	$384	$1,885	$--	$1,458	$811

INDEX TO EXHIBITS

Exhibit
Number

3.1 Certificate of Incorporation of Registrant, as amended.(4)
3.2 Bylaws of Registrant, as amended.(17)

4.2 Amended and Restated Warrant to purchase 100,000 shares of common stock issued by the Registrant to the National Electrical Fund dated August 6, 1999.(3)
4.5 Form of Rights Agreement, dated April 19, 2001, between Ramtron International Corporation and Citibank, N.A.(6)
4.19 Warrant to Purchase Common Stock between the Registrant and Bramwell Capital Corp., dated March 28, 2002 and as amended on August 18, 2003.(9)
4.22 Warrant to Purchase Common Stock between the Registrant and Alexandra Global Mast Fund, Ltd. dated March 28, 2002 and as amended on August 18, 2003.(15)
4.23 Warrant to Purchase Common Stock between the Registrant and C.E. Unterberg, Towbin Brett Moskowitz Investments, dated November 20, 2006.(15)
4.24 Warrant to Purchase Common Stock between the Registrant and Warrant Strategies Fund, LLC, dated November 20, 2006.(15)

10.3 1995 Stock Option Plan and forms of Incentive Stock Option Agreement and Non-statutory Stock Option Agreement.(2)
10.6 Amendment No. 1 to Registrant's 1995 Stock Option Plan dated October 24, 1996.(1)
10.7* Second Amendment to F-RAM Technology License Agreement between Fujitsu Limited and the Registrant dated September 20, 1999.(4)

10.8 Amendment No. 2 to Registrant's 1995 Stock Option Plan dated December 22, 1999.(4)
10.9 Registrant's 1999 Stock Option Plan.(4)
10.17 Amendment No. 3 to Registrant's 1995 Stock Option Plan, as amended, dated July 25, 2000.(5)
10.18 Amendment No. 1 to Registrant's 1999 Stock Option Plan, as amended, dated July 25, 2000.(5)
10.19* Technology and Service Agreement between Infineon Technologies AG and the Registrant, dated December 14, 2000.(5)
10.21* Joint Development and License Agreement between the Registrant and Texas Instruments, dated August 14, 2001.(7)
10.22* F-RAM Technology License Agreement between the Registrant and NEC Corporation, dated November 15, 2001.(8)
10.31* Settlement Agreement between National Semiconductor Corporation and the Registrant dated April 6, 2004. (10)
10.32 Patent Purchase Agreement between Purple Mountain Server LLC and the Registrant dated April 13, 2004.(10)
10.36 Promissory note between Ramtron LLC and American National Insurance Company dated December 8, 2005.(12)
10.37 Deed of Trust, Security Agreement and Financing Statement between Ramtron LLC and American National Insurance Company dated December 8, 2005.(12)
10.39 Loan Modification Agreement between Ramtron International Corporation and Silicon Valley Bank dated December 30, 2005.(13)
10.41 Registration Rights Agreement between Ramtron International Corporation and certain purchasers dated November 20, 2006. (14)
10.48 Amended and Restated Loan and Security Agreement between Ramtron International Corporation and Silicon Valley Bank, dated September 15, 2005.(11)
10.49 Intellectual Property Security Agreement between Ramtron International Corporation and Silicon Valley Bank, dated September 15, 2005.(11)
10.50 Third Amendment to Amended and Restated Loan and Security Agreement between Ramtron International Corporation and Silicon Valley Bank, dated December 29, 2006.(15)
10.51 Fourth Amendment to Amended and Restated Loan and Security Agreement between Ramtron International Corporation and Silicon Valley Bank.(16)
10.53* Manufacturing Agreement between the registrant and Texas Instruments dated March 6, 2007.(18)
10.54 Amendment No. 2 to Registrant's 1999 Stock Option Plan.
10.55 Amended and Restated 2005 Incentive Award Plan.
10.56 Form of Amended and Restated Change in Control Agreement Between Registrant and its executive officers dated December 23, 2008.

21.1 Subsidiaries of Registrant.

23.1 Consent of Independent Registered Public Accounting Firm
23.2 Consent of Independent Registered Public Accounting Firm

31.1 Certification of Principal Executive Officer pursuant to 18 U.S.C. SECTION 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2 Certification of Principal Financial Officer pursuant to 18 U.S.C. SECTION 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1 Certification of Principal Executive Officer pursuant to 18 U.S.C. SECTION 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2 Certification of Principal Financial Officer pursuant to 18 U.S.C. SECTION 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* Confidential treatment has been granted or requested with respect to portions of this exhibit, and such confidential portions have been deleted and separately filed with the Securities and Exchange Commission pursuant to Rule 24b-2 or Rule 406.

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(1) Incorporated by reference to our Annual Report on Form 10-K (Commission File No. 0-17739) for the year ended December 31, 1996 filed with the Securities and Exchange Commission on March 26, 1997.

(2) Incorporated by reference to our Form S-1 Registration Statement (Registration No. 33-99898) filed with the Securities and Exchange Commission on December 1, 1995.

(3) Incorporated by reference to our Form 8-K (Commission File No. 0-17739) filed with the Securities and Exchange Commission on August 31, 1999.

(4) Incorporated by reference to our Annual Report on Form 10-K (Commission File No. 0-17739) for the year ended December 31, 1999 filed with the Securities and Exchange Commission on March 29, 2000.

(5) Incorporated by reference to our Annual Report on Form 10-K (Commission File No. 0-17739) for the year ended December 31, 2000 filed with the Securities and Exchange Commission on March 30, 2001.

(6) Incorporated by reference to our Form 8-K (Commission File No. 0-17739) filed with the Securities and Exchange Commission on May 9, 2001.

(7) Incorporated by reference to our Amendment No. 1 to Form 10-Q (Commission File No. 0-17739) for the quarter ended September 30, 2001 filed with the Securities and Exchange Commission on November 13, 2001, as amended on August 2, 2002.

(8) Incorporated by reference to our Annual Report on Form 10-K (Commission File No. 0-17739) for the year ended December 31, 2001 filed with the Securities and Exchange Commission on March 29, 2002, as amended on June 17, 2002.

(9) Incorporated by reference to our Annual Report on Form 10-K (Commission File No. 0-17739) for the year ended December 31, 2002 filed with the Securities and Exchange Commission on March 31, 2003.

(10) Incorporated by reference to our Annual Report on Form 10-K (Commission File No. 0-17739) for the year ended December 31, 2003 filed with the Securities and Exchange Commission on March 25, 2004.

(11) Incorporated by reference to our Form 8-K (Commission File No. 0-17739) filed with the Securities and Exchange Commission on September 21, 2005.

(12) Incorporated by reference to our Form 8-K (Commission File No. 0-17739) filed with the Securities and Exchange Commission on December 21, 2005.

(13) Incorporated by reference to our Form 8-K (Commission File No. 0-17739) filed with the Securities and Exchange Commission on January 5, 2006.

(14) Incorporated by reference to our Form 8-K (Commission File No. 0-17739) filed with the Securities and Exchange Commission on November 22, 2006.

(15) Incorporated by reference to our Annual Report on Form 10-K (Commission File No. 0-17739) for the year ended December 31, 2006 filed with the Securities and Exchange Commission on February 21, 2007.

(16) Incorporated by reference to our Form 8-K (Commission File No. 0-17739) filed with the Securities and Exchange Commission on April 4, 2007.

(17) Incorporated by reference to our Form 8-K (Commission File No. 0-17739) filed with the Securities and Exchange Commission on May 1, 2007.

(18) Incorporated by reference to our Form 10-Q (Commission File No. 0-17739) for the quarter ended June 30, 2007 filed with the Securities and Exchange Commission on May 8, 2007.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on February 2, 2009.

RAMTRON INTERNATIONAL CORPORATION

By: /s/ William W. Staunton, III

William W. Staunton, III
Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each individual whose signature appears below constitutes and appoints William W. Staunton and Eric A. Balzer, his true and lawful attorneys-in-fact each acting alone, with full power of substitution and re-substitution, for him and in his name, place and stead in any and all capacities to sign any or all amendments to this report on Form 10-K, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact, or their substitutes, each acting alone, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the Registrant and in the capacities and on the date indicated.

Signature	Title	Date
/s/ William G. Howard, Jr. William G. Howard, Jr.	Chairman of the Board	2-2-2009
/s/ William L. George William L. George	Director	2-2-2009
/s/ Jack L. Saltich Jack L. Saltich	Director	2-2-2009
/s/ Theodore J. Coburn Theodore J. Coburn	Director	2-2-2009
/s/ Eric Kuo Eric Kuo	Director	2-2-2009
/s/ William W. Staunton, III William W. Staunton, III	Director and Chief Executive Officer	2-2-2009
/s/ Eric A. Balzer Eric A. Balzer	Director and Chief Financial Officer (Principal Accounting Officer)	2-2-2009