

Elpida Memory, Inc.

(Tokyo Stock Exchange, 6665)

June 3, 2010

Notice of Ordinary General Meeting of Shareholders Following the Close of the 11th Fiscal Year

Dear Shareholder,

Elpida Memory, Inc. ("The Company") would hereby like to inform you that the 11th Ordinary General Meeting of Shareholders will be held as follows, and would be grateful if you could attend the meeting.

There are items on the agenda that require a quorum for resolution. If you are unable to attend the meeting, you can exercise your voting rights by paper ballot or electronic means (i.e. via the Internet). Please review the attached Reference Documents for the General Meeting of Shareholders and exercise your voting rights by 5:30 p.m., Thursday, June 24, 2010 (JST), following the guide on Page 3.

Yours faithfully,

Yukio Sakamoto,
President, Representative Director
Elpida Memory, Inc.
2-1 Yaesu 2-chome, Chuo-ku, Tokyo

- 1. Date and time:** Friday, June 25, 2010, from 10:00 a.m. (JST)
- 2. Place:** Bellesalle Akihabara
1st Floor and 1st Basement, Sumitomo Fudosan Akihabara Bldg.
3-12-8 Soto-Kanda, Chiyoda-ku, Tokyo, Japan
(Please note that the aforementioned location is different from last year.)
- 3. Subject matters of the General Meeting of Shareholders:**

Items to be reported:

1. The Business Report, Consolidated Financial Statements and the results of audit of the consolidated financial statements by the Independent Auditors and the Board of Corporate Auditors for the 11th fiscal year (from April 1, 2009 to March 31, 2010)
2. The Financial Statements for the 11th fiscal year (from April 1, 2009 to March 31, 2010)

Items to be resolved:

- Proposal 1: Election of seven (7) Directors
Proposal 2: Election of one (1) Corporate Auditor
Proposal 3: Election of one (1) substitute Corporate Auditor
Proposal 4: Reduction in Legal Capital Surplus and Appropriation of Surplus
Proposal 5: Granting of Retirement Benefits to Retiring Corporate Auditor

4. Voting when you are unable to attend the meeting

<Exercise of voting rights in writing>

Please indicate your “approval or disapproval” for each of the proposals on the voting form enclosed herewith and return the form to arrive no later than 5:30 p.m. on Thursday, June 24, 2010 (JST).

<Exercise of voting rights by Electronic Means (i.e. via the Internet)>

Please refer to “Voting by Electronic Means (i.e. via the Internet)” on Page 3 and enter your vote for each proposal no later than 5:30 p.m. on Thursday, June 24, 2010 (JST).

5. Other matters regarding the convocation of the General Meeting of Shareholders:

- (1) If you vote more than once via the Internet, or if you vote by both PC and mobile phone, the last vote will be deemed valid.
- (2) If you vote both in writing and via the Internet, the Internet vote will be deemed valid.

Shareholders are requested to fill out and submit the appended voting form at the reception desk when attending.

After the closing of this meeting, the Business Briefing Session will be held in the same place. We would very much like you to remain at the place and attend this Session.

If there is any revision to Reference Documents for the General Meeting of Shareholders, Business Report, Financial Statements, and Consolidated Financial Statements, such revision will be notified on the Company’s website (<http://www.elpida.com/en/ir/meeting.html>).

Voting by Electronic Means (i.e. via the Internet)

Procedures When Voting via the Internet

Please review the following matters when voting via the Internet.

1. You may enter your vote only by using the voting website designated by the Company as below. This site is also accessible via mobile phone.
Voting website URL: <http://www.webdk.net>
2. If voting via the Internet, please follow the on-screen instructions and enter your vote for each proposal using the code and password for voting stated in the enclosed voting form.
3. We will accept votes submitted via the Internet until 5:30 p.m., Thursday, June 24, 2010 (JST), but would appreciate your prompt voting for convenience in compiling voting results.
4. If you vote more than once via the Internet, or if you vote by both PC and mobile phone, the last vote will be deemed valid.
5. If you vote both in writing and via the Internet, the Internet vote will be deemed valid.
6. It should be noted that you will bear connection fees to your service provider and communication fees to your telecommunication service provider (such as telephone charges) incurred by accessing the voting website.

System Environment for Voting via the Internet

The following system environment is required for accessing the voting website.

- (i) You must have access to the Internet.
- (ii) If you wish to exercise your voting rights using your personal computer, Microsoft® Internet Explorer6.0 or above is required as your Internet browser software. Adequate hardware environment that supports the above browser software is also required.
- (iii) If you wish to exercise your voting rights by using your mobile phone, the relevant device must be capable of 128bitSSL telecommunication (encrypted communication). (To ensure security, the Company website is only configured to support models capable of 128bitSSL telecommunication (encrypted communication). The website thus cannot be accessed by certain models.)
(Microsoft® is a registered trademark of Microsoft Corporation (incorporated in the U.S.) in the U.S. and other countries.)

Inquiries regarding Voting via the Internet

If you have any questions regarding voting via the Internet, please contact:

Transfer Agent: Stock Transfer Agency Department, Sumitomo Trust and Banking Co., Ltd.
Telephone: 0120-186-417 (24 hours)
(Other references, such as requests for obtaining forms): 0120-176-417 (9 a.m. to 5 p.m., (JST) excluding Saturdays, Sundays and Japanese national holidays)

Platform for Electronic Voting

Nominee shareholders which are trust banks, etc. (including standing proxy agents), that have made a prior application for using the platform for electronic voting operated by ICJ Inc., the joint company established by several organizations, including the Tokyo Stock Exchange, may use the platform as an electronic method for voting at the Company's General Meeting of Shareholders in addition to the electronic method as described above.

(Translation)

Business Report

(From April 1, 2009, to March 31, 2010)

1. Overview of Consolidated Business Activities

(1) Business Conditions in the Fiscal Year under Review

1) Progress and Results of Business Activities

During the consolidated fiscal year under review, the global economy started to show signs of a slow recovery in the second half, mainly due to economic stimulus measures taken by national governments in response to the worldwide financial crisis, which had become a serious issue during the previous consolidated fiscal year.

In the DRAM industry, as PC shipment volume increased with improving business confidence, demand for PC DRAM products increased rapidly. On the other hand, the DRAM demand-supply position became tight, with supply affected by capital spending cuts by DRAM makers during the long slump, and prices of PC DRAM products recovered rapidly toward the end of the fiscal year.

Given this environment, aiming to improve profitability by reducing costs and boosting supply, the Company worked to enhance productivity by minimizing die size through process migration and design optimization, improving yield, and achieving shorter cycle times. In addition, in June 2009, the Company submitted to the Ministry of Economy, Trade and Industry (“METI”) a business restructuring plan with a framework for strengthening financial foundations to secure funds for research and development and capital investment, while increasing production capacity by strengthening cooperation with Taiwanese DRAM makers, in accordance with the “Act on Special Measures for Industrial Revitalization and Innovation of Industrial Activities”. The plan was approved by METI in June 2009 (The plan was partially revised with regard to a method for strengthening the cooperation with Taiwanese DRAM makers in March 2010). For premier DRAMs, one of the Company’s strengths, the Company developed cutting-edge technologies to maintain its technological superiority, while also entering the graphics memory market. Thus, the Company made active efforts to further expand its future businesses and show an enhanced presence in the industry.

As a result, shipment of bits of the Company for the consolidated fiscal year under review increased by 50% YoY (year on year) and average selling price (in US dollars) increased by 5% YoY. Despite the effects of the surging yen, net sales increased 41.1% YoY to 466,953 million yen. Gross profit improved dramatically to 88,961 million yen, compared to a loss of 86,078 million yen in the previous consolidated fiscal year, mainly due to positive effects from improving productivity through process migration and other factors. As a result of improved gross profit, operating income marked 26,845 million yen (a loss of 147,389 million yen in the previous consolidated fiscal year) and ordinary income marked 12,290 million yen (a loss of 168,757 million yen loss in the previous consolidated fiscal year). Net income was 3,085 million yen (a loss of 178,870 million yen in the previous consolidated fiscal year), after factoring in an extraordinary gain of 1,592 million yen for the reversal of provision for loss on litigation, extraordinary losses of 3,036 million yen on the loss on retirement of property, plant and equipment, 2,241 million yen of impairment losses, and 4,114 million yen of minority interests in income.

From the consolidated fiscal year under review, the Company included Rexchip Electronics Corporation (Taiwanese name: 瑞晶電子股份有限公司, hereinafter “Rexchip”), a Taiwan-based DRAM manufacturing joint venture, Tera Probe, Inc., and TeraPower Technology Inc. (consolidated subsidiary of Tera Probe, Inc.) within the scope of consolidation.

Premier DRAM

Demand for DRAMs used in digital consumer electronics, including digital TVs, started showing signs of recovery after hitting bottom in the fourth quarter of the previous consolidated fiscal year, due to increased sales of electronic devices resulting from economy-boosting measures taken by national governments, including Japan’s “EcoPoint” program and China’s home appliance subsidy program in rural areas. Since the fourth quarter of the consolidated fiscal year, supply has tightened with increased demand for PC DRAMs, and selling prices have also risen. However, the recovery in prices, which saw a sharp drop during the two-year slump, was not as dramatic as that of PC DRAM prices, and average selling unit prices per bit fell sharply on a year-to-year basis, resulting in a decrease of sales of these DRAMs.

Sales of DRAMs used in mobile equipment decreased because of decreased demand due to a worldwide decline in shipment volumes of mobile phones and falling selling prices. However, since the fourth quarter of the consolidated fiscal year, the Company has been enjoying a rapid growth of orders received, with positive effects from increased demand and orders for new products against a backdrop of larger memory capacity per unit and further growth of smartphones.

As a result, Premier DRAM sales fell about 15% YoY during the consolidated fiscal year and accounted for just below 30% of overall net sales.

Premier DRAM net sales consist of DRAMs used in digital consumer electronics and mobile devices, and other sales.

Computing DRAM

During the consolidated fiscal year under review, PC shipment volume increased with a recovery of business confidence in the global economy and favourable growth of the new OS Windows 7, leading to a dramatic increase of demand for PC DRAMs. Due to this trend, prices also recovered as described above. The Group accelerated the shift to 65 nm-S process production to increase bit supply, while further reducing production costs per product.

As a result, computing DRAM sales increased dramatically by about 85% YoY for the consolidated fiscal year, and accounted for a little over 70% of overall net sales.

Computing DRAM net sales consist of DRAMs used in servers and personal computers.

2) Capital Investment

During the consolidated fiscal year under review, the Group allocated a total of 43,836 million yen to capital expenditures to shift production towards using 65 nm and 54 nm/40 nm process technology on production lines of the Hiroshima Plant and Rexchip.

With this investment, about 80% and 10% of the monthly production capacity of the Hiroshima Plant were for production using 65 nm and 54 nm/40 nm process technologies, respectively, as of March 31, 2010. At Rexchip, 65 nm process technology accounts for all production.

3) Financing

The Company provided for the financing of capital investments on cutting-edge equipment and research and development to actively reduce costs of the Company and its consolidated subsidiaries, and repayment and redemption of interest-bearing debts, including loans, lease obligations and bonds, as described below.

- The Company raised 30,000 million yen through the issuance of preferred shares to the Development Bank of Japan by third party allotment, in accordance with the “Act on Special Measures for Industrial Revitalization and Innovation of Industrial Activities.” It also raised 60,390 million yen through the issuance of common shares in a public offering.
- The Company raised a total of 110,000 million yen, which consisted of 100,000 million yen in syndicated loans provided by financial institutions, including major financing banks, and 10,000 million yen loans provided by the Development Bank of Japan.
- The Company raised 17,905 million yen by finance lease (sale and leaseback transaction).

4) Acquisition or Disposition of Shares and Other Interests in Other Companies (including Foreign Companies) or Share Subscription Rights

In October 2009, Elpida Memory (Taiwan) Co., Ltd., a consolidated subsidiary of the Company, acquired a portion of the issued shares (350 million shares) of Rexchip, a joint-venture company with Powerchip Semiconductor Corporation (hereinafter, “PSC”), which were owned by PSC and its subsidiaries. As a result, the Group accounts for 64.0% of the total voting rights of Rexchip (percentage of voting rights of the Company: 51.7%).

(2) Changes in Properties and Profits and Losses in the Most Recent Three Fiscal Years

	The 8th Fiscal year (The Fiscal Year Ended March 2007)	The 9th Fiscal year (The Fiscal Year Ended March 2008)	The 10th Fiscal year (The Fiscal Year Ended March 2009)	The 11th Fiscal year (The Fiscal Year Ended March 2010)
Net sales (Millions of yen)	490,039	405,481	331,049	466,953
Operating income (loss) (Millions of yen)	68,420	(24,940)	(147,389)	26,845
Ordinary income (loss) (Millions of yen)	63,636	(39,623)	(168,757)	12,290
Net income (loss) (Millions of yen)	52,943	(23,542)	(178,870)	3,085
Net income (loss) per share (Yen)	444.00	(181.58)	(1,349.11)	14.54
Total assets (Millions of yen)	762,436	754,379	965,289	947,450
Net assets (Millions of yen)	378,977	347,875	266,469	346,782
Net assets per share (Yen)	2,930.92	2,679.57	1,181.45	1,185.27

(3) Status of Significant Subsidiaries (as of March 31, 2010)

Name of subsidiary	Capital	Percentage of voting rights (%)	Principal Business Activities
Akita Elpida Memory, Inc.	Millions of yen 310	100	Manufacturing of electronic components, such as semiconductor devices and integrated circuits (back-end process)
Rexchip Electronics Corporation	Thousands of Taiwan dollar 29,451,000	64.0 (12.3)	Manufacturing of electronic components, such as semiconductor devices and integrated circuits (front-end process)
Tera Probe, Inc.	Millions of yen 9,600	60.9	Semiconductor wafer testing
TeraPower Technology Inc.	Thousands of Taiwan dollar 750,000	51.0 (51.0)	Semiconductor wafer testing
Elpida Memory (Europe) GmbH	Thousands of Euro 25	100 (100)	Design and development of electronic components, such as semiconductor devices and integrated circuits
Elpida Memory (Italy) S.r.l.	Thousands of Euro 10	100 (100)	Design and development of electronic components, such as semiconductor devices and integrated circuits
Elpida Memory (USA) Inc.	Thousands of dollar 4,000	100	Sales of electronic components, such as semiconductor devices and integrated circuits
Elpida Memory (Taiwan) Co., Ltd.	Thousands of Taiwan dollar 50,000	100 (100)	Sales of electronic components, such as semiconductor devices and integrated circuits
Elpida Memory (Europe) Sàrl	Thousands of Swiss Franc 20	100 (100)	Sales of electronic components, such as semiconductor devices and integrated circuits
Elpida Memory (Hong Kong) Co., Ltd.	Thousands of HK dollar 3,500	100 (100)	Sales of electronic components, such as semiconductor devices and integrated circuits
Elpida Memory (Singapore) Pte. Ltd.	Thousands of Singapore dollar 800	100 (100)	Sales of electronic components, such as semiconductor devices and integrated circuits
Elpida Memory International B.V.	Thousands of Euro 18	100	Management and assistance of businesses in the Asian and European regions
EBS, Inc.	Millions of yen 15,405	100	Management of fund , etc.
ECM, Inc.	Millions of yen 7,550	90.0	Sales of semiconductor products manufactured for the Group, etc.

Notes:

1. Figures in brackets in percentage of voting rights indicate the percentages of indirect ownership included in the above figures.
2. Elpida Memory (Italy) S.r.l. was established in January 2010.

(4) Issues to Be Addressed

The DRAM market is intensely competitive. To achieve further growth and attain a stronger position in the industry, the Group is focusing on the following issues:

1) Reduction of manufacturing costs

Reducing manufacturing costs is the greatest source of corporate profit and is a major topic of concern at all times in the semiconductor memory manufacturing industry. It is essential for the Group to maximize profits during a boom period and maintain a profit structure that is able to survive a slump by further promoting cost reductions under any conditions. Although the most effective measure to reduce manufacturing costs is to minimize die size through process migration, lowering semiconductor manufacturing costs involves large-scale investments in manufacturing equipment for advanced process migration. Thus, one of the Group's greatest concerns is how it can make the most efficient investments as prices of manufacturing equipment increase.

The Company strives to reduce manufacturing costs by minimizing die size through process migration and developing an innovative memory cell layout from a technological viewpoint, while continuing to enhance production by improving throughput and achieving shorter cycle times, and reducing manufacturing processes. Further efforts are underway to significantly reduce costs by enhancing production using 65 nm-XS and 40 nm process technologies. To shift to a production line with these leading-edge process technologies, the Company will minimize new capital investments by extracting the most from existing equipment through process and design, aiming to further cost reductions.

2) Strengthening of business base

More than half of DRAM demand comes from the PC-related market. But since PC DRAMs are commodity products, changes in the balance of supply and demand affect prices and have significant impacts on corporate profits. Also, it is generally expected that as chip manufacturing technology becomes more advanced, greater investments for cutting edge equipment will become necessary for the DRAM business. In the case of an extended slump in the DRAM market, these two factors create the risk that investments for the expansion of production capacity in anticipation of an eventual market recovery and technology migration to enable lower costs may be insufficient.

Given this risk we believe it is important to make our business base even more robust. One approach we are taking is to strengthen ties with our Taiwan business partners, in order to achieve highly efficient development and manufacturing operations in our technology group and to diversify business risk. While placing emphasis on high value-added Premier DRAM business, we will also make efforts in our foundry business to achieve efficient returns on capital investment and business stability.

3) Strengthening of financial base

Due to the recovery of the DRAM market and reduction in manufacturing costs, the Group saw improved performance every quarter of the consolidated fiscal year under review, and achieved positive net income for the full year. With such a favourable trend, operating cash flow became positive in the consolidated fiscal year; however, free cash flow, which is operating cash flow plus investment cash flow, remained negative. In addition, as of the end of the consolidated fiscal year, the balance of

interest-bearing debt was 504,749 million yen and the net interest-bearing debt to equity ratio was 1.48 times, which remains at high levels.

To improve these conditions and prepare for a slump, the Group will push forward to improve corporate profits through various measures for improving technological and cost competitiveness. In addition, we will make efforts to further reinforce our financial position.

4) Leading-edge technology R&D

In semiconductor memory production, important performance issues are improving speed and power consumption, enhancing memory capacity, and minimizing die size. To resolve these issues, the implementation of leading-edge processes and new materials, development of innovative memory cell and transistor layouts, as well as development of related measuring and analysing technologies, are essential. On the other hand, because it is believed that minimization of the manufacturing process node is nearly reaching its physical limits, the DRAM industry is searching for various ways to break the deadlock. Moreover, another issue relating to such development is how we will reduce rising R&D development expenses with increasing technological sophistication and diversification.

Giving priority to its policy of developing new technologies ahead of competitors in these areas, the Company is working to establish an efficient development structure, while working on new technological breakthroughs and securing highly skilled engineers. Moreover, we have established a development center in Rexchip, while enhancing our development capabilities and reducing our cost burden by leveraging technology partnerships with leading domestic and overseas companies and R&D institutions. We will continue to consider strategic cooperation with appropriate companies and research institutions where necessary.

With regard to the limit to minimizing the manufacturing process node, we will engage in the development of new technologies such as Phase change Random Access Memory (PRAM) and Resistance Random Access Memory (ReRAM) as candidates for future memory technology, while focusing on developing 3-D mounting technology using Through Silicon Via (TSV) to achieve large-capacity memories.

(5) Principal businesses (as of March 31, 2010)

Development, design, manufacture, sale and maintenance of electronic components, such as semiconductor devices and integrated circuits.

(6) Main Office and Factories (As of March 31, 2010)

1) Principal Offices and Plants of the Company

Name	Location
Headquarter	Chuo-ku, Tokyo
Hiroshima Plant	Higashi Hiroshima-shi, Hiroshima
Development Center	Sagamihara-shi, Kanagawa
Hiroshima Development Center	Higashi Hiroshima-shi, Hiroshima
Kansai Design Center	Yodogawa-ku, Osaka-shi, Osaka
Tohoku Design Center	Akita-shi, Akita
Kansai Branch Office	Yodogawa-ku, Osaka-shi, Osaka
Chubu Branch Office	Naka-ku, Nagoya-shi, Aichi

2) Subsidiaries' Offices

Name	Location
Akita Elpida Memory, Inc.	Akita-shi, Akita
Rexchip Electronics Corporation	Taichung, Taiwan
Tera Probe, Inc.	Yokohama-shi, Kanagawa
TeraPower Technology Inc.	Hsinchu, Taiwan
Elpida Memory (Europe) GmbH	Munich, Germany
Elpida Memory (Italy) S.r.l.	Milan, Italy
Elpida Memory (USA) Inc.	California, U.S.A.
Elpida Memory (Taiwan) Co., Ltd.	Taipei, Taiwan
Elpida Memory (Europe) Sàrl	Geneva, Switzerland
Elpida Memory (Hong Kong) Co., Ltd.	Hong Kong, China
Elpida Memory (Singapore) Pte. Ltd.	Singapore, Singapore
Elpida Memory International B.V.	Amsterdam, the Netherlands

Note: Elpida Memory (Italy) S.r.l. became a consolidated subsidiary of the Company in January 2010.

(7) Employees (As of March 31, 2010)

1) Number of employees in the Group

Number of employees	Changes from the end of previous consolidated fiscal year
6,099	Up 236 employees

Notes:

1. The number of employees is the number of persons who engage in full-time work.
2. The number of employees increased by 236 from the end of the previous consolidated fiscal year, mainly because of the employment of college graduates by the Company and Akita Elpida Memory, Inc. and establishment of new overseas design centers.

2) Number of employees in the Company

Number of employees	Changes from the end of previous fiscal year	Average age	Average service years
3,169	Up 80 employees	34.6 years old	5.45 years

Notes:

1. The number of employees is the number of persons who engage in full-time work.
2. The number of employees increased by 80 from the end of the previous fiscal year, mainly because of the employment of college graduates.

(8) Major Creditors (As of March 31, 2010)

Creditor	Balance of borrowings
Sumitomo Mitsui Banking Corporation	37,633 million yen
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	37,633 million yen
The Sumitomo Trust and Banking Co., Ltd.	35,513 million yen
Mizuho Corporate Bank, Ltd.	31,633 million yen
Development Bank of Japan Inc.	29,567 million yen
Japan Bank for International Cooperation	20,655 million yen

(9) Other Important Present Status relating to the Group

- 1) The Company raised funds equivalent to 11,679 million yen through third party allotment on April 20, 2010. On the same day, the Company issued US\$75 million U.S. dollar denominated convertible bond-type bonds with subscription rights to shares (*tenkan shasaigata shinkabu yoyakuken-tsuki shasai*).
- 2) Rexchip, a consolidated subsidiary of the Company, was registered as a public company under the Taiwanese Companies Act on January 18, 2010 and its stock was listed on the Taiwan Emerging Market on April 20, 2010.

2. Present State of the Company

(1) Capital stock (As of March 31, 2010)

1) The number of authorized shares	
Common shares	400,000,000 shares
Type 1 preferred shares	1,000,000 shares
Type 2 preferred shares	2,000,000 shares
Total	403,000,000 shares
2) The number of shares issued	
Common shares	196,601,419 shares
Type 1 preferred shares	1,000,000 shares
Type 2 preferred shares	2,000,000 shares
Total	199,601,419 shares
3) The number of Shareholders	
Common shares	47,422
Type 1 preferred shares	1
Type 2 preferred shares	1
Total	47,424

(Note) Number of shares increased in the latest fiscal year

- The total number of shares issued increased by 3,000,000 shares because the Company issued 1,000,000 Type 1 preferred shares and 2,000,000 Type 2 preferred shares through a third party allocation during the fiscal year.
- The total number of shares issued increased by 55,000,000 shares because the Company issued 55,000,000 common shares through a public offering during the fiscal year.

4) Major shareholders

Name of shareholder	Number of shares held				Percentage of shares held (%)
	Common shares	Type 1 preferred shares	Type 2 preferred shares	Total	
The Master Trust Bank of Japan, Ltd. (Trust account)	19,913,700 shares	-	-	19,913,700 shares	9.98%
Japan Trustee Services Bank, Ltd. (Trust account)	14,275,300 shares	-	-	14,275,300 shares	7.15 %
Mizuho Trust & Banking Co., Ltd. as trustee for Retirement Benefit Trust of Hitachi, Ltd. (re-entrusted to Trust & Custody Services Bank, Ltd.)	12,800,000 shares	-	-	12,800,000 shares	6.41%
NEC Corporation	7,740,020 shares	-	-	7,740,020 shares	3.88%
THE CHASE MANHATTAN BANK, N.A. LONDON SECS LENDING OMNIBUS ACCOUNT	6,880,900 shares	-	-	6,880,900 shares	3.45%
CBNY- ORBIS SICAV	3,480,000 shares	-	-	3,480,000 shares	1.74%
Japan Trustee Services Bank, Ltd. (Trust account 9)	3,469,800 shares	-	-	3,469,800 shares	1.74%
Development Bank of Japan Inc.	-	1,000,000 shares	2,000,000 shares	3,000,000 shares	1.50%
STATE STREET BANK AND TRUST COMPANY 505223	2,504,076 shares	-	-	2,504,076 shares	1.25%
MELLON BANK, N.A. AS AGENT FOR ITS CLIENT MELLON OMNIBUS US PENSION	1,973,770 shares	-	-	1,973,770 shares	0.99%

Note: The percentage of shares held has been calculated excluding treasury stock (1,461 shares).

(2) Share Subscription Rights

1) Share subscription rights granted to and held by the Company's Directors and Corporate Auditors in compensation for execution of their duties (as of March 31, 2010):

a) Share subscription rights based on the resolution at the meeting of the Board of Directors held on March 22, 2004 (Share subscription rights granted in accordance with the former Commercial Code):

- Number of share subscription rights:
32,300 (100 shares per share subscription right)
- Class and number of shares to be issued or transferred upon exercise of the share subscription rights:
3,230,000 common shares
- Issue price of the share subscription rights:
To be issued gratis
- Amount to be paid upon exercise of each share subscription right:
2,500 yen per share
- Period for exercise of the share subscription rights:
From April 1, 2004 to March 31, 2011
- Conditions for exercise of the share subscription rights:

A grantee of share subscription rights shall be in the position of a Director, Corporate Auditor, Executive Officer or employee of the Company or a company of which 50% or greater of the total voting rights is directly or indirectly held by the Company when the grantee exercises its share subscription rights, except in the cases where the Director, Corporate Auditor or Executive Officer retires from office upon expiration of his/her term of office (including the cases where he/she retires upon the expiration of the term of entrustment agreement or is dismissed during the term of entrustment agreement) or where the employee retires due to his/her mandatory retirement age or due to the Company's reason.

Transfer of share subscription rights by succession shall be approved only when the grantee becomes a decedent thereof. After the said succession, the heir may not transfer the share subscription rights.

Share subscription rights may not be disposed in any manner, including pledging.

The conditions of exercising share subscription rights shall be governed by the agreement on the grant of share subscription rights concluded by and between the Company and each grantee of share subscription rights.

- Restrictions on transfer of the share subscription rights:

Transfer of the share subscription rights shall require the prior approval of the Board of Directors.

- Share subscription rights held by the Company's Directors and Corporate Auditors

	Number of share subscription rights	Number of shares subject to share subscription rights	Number of holders
Director (Excluding Outside Directors)	7,962	796,200 shares	4
Outside Director	-	-	-
Corporate Auditor	564	56,400 shares	2

b) Share subscription rights based on the resolution at the meeting of the Board of Directors held on August 24, 2005 (Share subscription rights granted in accordance with the former Commercial Code):

- Number of share subscription rights:
6,952 (100 shares per share subscription right)
- Class and number of shares to be issued or transferred upon exercise of the share subscription rights:
695,200 common shares
- Issue price of the share subscription rights:
To be issued gratis
- Amount to be paid upon exercise of each share subscription right:
3,766 yen per share
- Period for exercise of the share subscription rights:
From October 1, 2007 to September 30, 2013

- Conditions for exercise of the share subscription rights:
A grantee of share subscription rights shall be in the position of a Director, Corporate Auditor, Executive Officer or employee of the Company or a company of which 50% or greater of the total number of voting rights held by all shareholders is directly or indirectly held by the Company when the grantee exercises its share subscription rights, except in the cases where he/she retires from office upon the expiration of his/her term of office or due to his/her mandatory retirement age or any other justifiable reason.

Transfer of share subscription rights by succession shall be approved only when the grantee becomes a decedent thereof. After the said succession, the heir may not transfer the share subscription rights.

Share subscription rights may not be disposed in any manner, including pledging.

The conditions of exercising share subscription rights shall be governed by the agreement on the grant of share subscription rights concluded by and between the Company and each grantee of share subscription rights.

- Restrictions on transfer of the share subscription rights:
Transfer of the share subscription rights shall require the prior approval of the Board of Directors.

- Share subscription rights held by the Company's Directors and Corporate Auditors

	Number of share subscription rights	Number of shares subject to share subscription rights	Number of holders
Director (Excluding Outside Directors)	169	16,900 shares	4
Outside Director	-	-	-
Corporate Auditor	22	2,200 shares	2

c) Share subscription rights based on the resolution at the meeting of the Board of Directors held on August 31, 2006 (Share subscription rights granted in accordance with the Companies Act):

- Number of share subscription rights:
989 (100 shares per share subscription right)
- Class and number of shares to be issued or transferred upon exercise of the share subscription rights:
98,900 common shares
- Issue price of the share subscription rights:
To be issued gratis
- Property value for investment in exercising share subscription rights:
5,130 yen per share
- Period for exercise of the share subscription rights:
From October 1, 2008 to September 30, 2013
- Conditions for exercise of the share subscription rights:
A grantee of share subscription rights shall be in the position of a Director, Corporate Auditor, Executive Officer or employee of the Company or a company of which 50% or greater of the total number of voting rights held by all shareholders is directly or indirectly held by the Company when the grantee exercises its share subscription rights, except in the cases where he/she retires from office upon the expiration of his/her term of office or due to his/her mandatory retirement age or any other justifiable reason.

Transfer of share subscription rights by succession shall be approved only when the grantee becomes a decedent thereof. After the said succession, the heir may not transfer the share subscription rights.

Exercise of share subscription rights shall not be approved in cases where they are pledged or under security interests.

The conditions of exercising share subscription rights shall be governed by the agreement on the grant of share subscription rights concluded by and between the Company and each grantee of share subscription rights.
- Restrictions on acquisition of the share subscription rights via transfer:
Acquisition of the share subscription rights via transfer shall require the prior approval of the Company's Board of Directors.

- Share subscription rights held by the Company's Directors and Corporate Auditors

	Number of share subscription rights	Number of shares subject to share subscription rights	Number of holders
Director (Excluding Outside directors)	27	2,700 shares	1
Outside Director	-	-	-
Corporate Auditor	-	-	-

d) Share subscription rights based on the resolution at the meeting of the Board of Directors held on August 30, 2007 (Share subscription rights granted in accordance with the Companies Act):

- Number of share subscription rights:
997 (100 shares per share subscription right)
- Class and number of shares to be issued or transferred upon exercise of the share subscription rights:
99,700 common shares
- Issue price of the share subscription rights:
To be issued gratis
- Property value for investment in exercising share subscription rights:
5,222 yen per share
- Period for exercise of the share subscription rights:
From October 1, 2009 to September 30, 2013

- Conditions for exercise of the share subscription rights:
A grantee of share subscription rights shall be in the position of an employee, Executive Officer, Director or Corporate Auditor of the Company or a company of which 50% or greater of the total number of voting rights held by all shareholders is directly or indirectly held by the Company during the period from the day of grant through the time when the grantee exercises its share subscription rights, except in the cases where he/she retires from office upon the expiration of his/her term of office or due to his/her mandatory retirement age or any other justifiable reason.

Transfer of share subscription rights by succession shall be approved only when the grantee becomes a decedent thereof. After the said succession, the heir may not transfer the share subscription rights.

When the share subscription rights are pledged or other security interests are established during the period from the day of grant through the time when the grantee exercises its share subscription rights, exercising the said rights shall not be approved.

The conditions of exercising share subscription rights shall be governed by the agreement on the grant of share subscription rights concluded by and between the Company and each grantee of share subscription rights.

- Restrictions on acquisition of the share subscription rights via transfer:
Acquisition of the share subscription rights via transfer shall require the prior approval of the Company's Board of Directors.

- Share subscription rights held by the Company's Directors and Corporate Auditors

	Number of share subscription rights	Number of shares subject to share subscription rights	Number of holders
Director (Excluding Outside Directors)	70	7,000 shares	2
Outside Director	-	-	-
Corporate Auditor	-	-	-

e) Share subscription rights based on the resolution at the meeting of the Board of Directors held on August 26, 2008 (Share subscription rights granted in accordance with the Companies Act):

- Number of share subscription rights:
1,000 (100 shares per share subscription right)
- Class and number of shares to be issued or transferred upon exercise of the share subscription rights:
100,000 common shares
- Issue price of the share subscription rights:
To be issued gratis
- Property value for investment in exercising share subscription rights:
2,928 yen per share:
- Period for exercise of the share subscription rights:
From October 1, 2010 to September 30, 2013
- Conditions for exercise of the share subscription rights:
A grantee of share subscription rights shall be in the position of an employee, Executive Officer, Director or Corporate Auditor of the Company or a company of which 50% or greater of the total number of voting rights held by all shareholders is directly or indirectly held by the Company during the period from the day of grant through the time when the grantee exercises its share subscription rights, except in the cases where he/she retires from office upon the expiration of his/her term of office or due to his/her mandatory retirement age or any other justifiable reason.

Transfer of share subscription rights by succession shall be approved only when the grantee becomes a decedent thereof. After the said succession, the heir may not transfer the share subscription rights.

When the share subscription rights are pledged or other security interests are established during the period from the day of grant through the time when the grantee exercises its share subscription rights, exercising the said rights shall not be approved.

The conditions of exercising share subscription rights shall be governed by the agreement on the grant of share subscription rights concluded by and between the Company and each grantee of share subscription rights.
- Restrictions on acquisition of the share subscription rights via transfer:
Acquisition of the share subscription rights via transfer shall require the prior approval of the Company's Board of Directors.

- Share subscription rights held by the Company's Directors and Corporate Auditors

	Number of share subscription rights	Number of shares subject to share subscription rights	Number of holders
Director (Excluding Outside Directors)	150	15,000 shares	1
Outside Director	-	-	-
Corporate Auditor	-	-	-

- 2) Share subscription rights granted to the Company's employees, etc., in compensation for execution of their duties:
Not applicable.
- 3) Other important matters regarding share subscription rights
The Company issued U.S. dollar denominated convertible bond-type bonds with subscription rights to shares to Kingston Technology Corporation on April 20, 2010.

(3) Directors and Corporate Auditors of the Company

1) Directors and Corporate Auditors (as of March 31, 2010)

Name	Position and Responsibility in the Company	Significant concurrent positions in other entities, etc.	Remarks
Yukio Sakamoto	President, Representative Director, CEO and Head of DRAM Business Unit	Director, Akita Elpida Memory, Inc. Director, Rexchip Electronics Corporation Director, Elpida Memory (USA) Inc. Director, Elpida Memory (Taiwan) Co., Ltd. President, Representative Director, EBS, Inc. President, Representative Director, ECM, Inc.	
Shuichi Otsuka	Director, COO and in charge of New Memory Project	President, Representative Director, Akita Elpida Memory, Inc.	
Takao Adachi	Director, CTO (New Technology) and in charge of DRAM Business Unit Graphics Div. and New memory Development		
Hideki Gomi	Director, CTO (DRAM Technology) and in charge of DRAM Business Unit DRAM Technology Development Office	Director, Rexchip Electronics Corporation	
Toshio Nohara	Director	Corporate Auditor, Renesas Technology Corp.	Note 2
Kosei Nomiya	Director	Chairman, Ultratech Japan K.K.	Note 2
Tsutomu Niimura	Director		Note 2
Tsugio Makimoto	Director	Representative, TechnoVision Consulting Representative Director, PDF Solutions KK	Note 2
Masaji Kubo	Full-time Corporate Auditor	Supervisor, Elpida Memory (Taiwan) Co., Ltd.	
Toshimasa Ota	Full-time Corporate Auditor	Corporate Auditor, Akita Elpida Memory, Inc. Supervisor, Rexchip Electronics Corporation Corporate Auditor, Tera Probe, Inc.	
Katsumi Sakurai	Corporate Auditor		Note 3
Masamitsu Nakayama	Corporate Auditor		Note 3

Notes:

1. Mr. Tokuo Yamamoto, Corporate Auditor, resigned his office on June 29, 2009.
2. The above Directors are Outside Directors as stipulated in Article 2, item (15) of the Companies Act.
3. The above Corporate Auditors are Outside Corporate Auditors as stipulated in Article 2, item (16) of the Companies Act.

4. Mr. Katsumi Sakurai, Corporate Auditor, and Mr. Masamitsu Nakayama, Corporate Auditor, have considerable expertise in finance and accounting as follows.
- Mr. Katsumi Sakurai, Corporate Auditor, engaged in work relating to accounting in Hitachi, Ltd. and its affiliated company for many years.
 - Mr. Masamitsu Nakayama, Corporate Auditor, engaged in work relating to business administration and accounting in a company having overseas consolidated subsidiaries for many years.
5. Regarding Yukio Sakamoto, Director, there were some changes in his position and responsibilities during the current fiscal year as follows.

New	Previous	Date of transfer
President, Representative Director and CEO and Head of DRAM Business Unit	President, Representative Director and CEO and in charge of legal and IP	August 17, 2009

6. Regarding Shuichi Otsuka, Director, there were some changes in his position and responsibilities during the current fiscal year as follows.

New	Previous	Date of transfer
Director, COO and in charge of Emerging Market Project	Director, COO and Head of DRAM Business Unit	August 17, 2009
Director, COO and in charge of New Memory Project	Director, COO and in charge of Emerging Market Project	October 31, 2009

7. Regarding Takao Adachi, Director, there were some changes in his position and responsibilities during the current fiscal year as follows.

New	Previous	Date of transfer
Director, Head of New Technology Development Unit and in charge of New Technology Development Unit Future Technology Development Office (CTO (New Technology Development Unit)) and Taiwan Alliance	Director, Head of New Business Unit Manager and in charge of New Business Unit Future Technology Development Office (CTO (New Business Unit)) and in charge of Foundry Business Div.	August 17, 2009
Director CTO (New Technology) and in charge of DRAM Business Unit Graphics Div. and Memory Development,	Director, Head of New Technology Development Unit and in charge of New Technology Development Unit Future Technology Development Office (CTO (New Technology Development Unit)) and Taiwan Alliance	January 1, 2010

8. Regarding Hideki Gomi, Director, there were some changes in his position and responsibilities during the current fiscal year as follows.

New	Previous	Date of transfer
Director CTO (DRAM Technology) and in charge of DRAM Business Unit DRAM Technology Development Office	Director, in charge of DRAM Business Unit DRAM Technology Development Office (CTO (DRAM Business Unit))	January 1, 2010

2) Total remuneration for Directors and Corporate Auditors pertaining to the current fiscal year

Category	Headcount	Total amount
Directors (Outside Directors of the above)	8 (4)	130 million yen (13 million) yen
Corporate Auditors (Outside Corporate Auditors of the above)	5 (3)	33 million yen (5 million) yen
Total (Outside Directors and Corporate Auditors of the above)	13 (7)	163 million yen (18 million) yen

Notes:

1. Amounts for Directors do not include the salary for his/her service in the capacity of an employee as employee-director.
2. Maximum annual remuneration for Directors, including Directors' bonuses, is 400 million yen (including annual remuneration of 40 million yen for Outside Directors) according to the resolution at the 8th Ordinary General Meeting of Shareholders held on June 28, 2007.
3. Maximum annual remuneration for Corporate Auditors is 50 million yen, according to the resolution at the Extraordinary General Meeting of Shareholders held on January 28, 2004.
4. Apart from those stated above, 27 million yen (24 million yen for Directors who are not Outside Directors; 3 million yen for Corporate Auditors who are not Outside Corporate Auditors) is added as provision for directors' retirement benefits for the current fiscal year.

3) Matters regarding outside Directors and Corporate Auditors (As of March 31, 2010)

- a) Significant concurrent positions in other entities (when the relevant person is an executing person in such entities) and relationship between the Company and the relevant entity
 - Mr. Kosei Nomiya, Director, also serves as Chairman of Ultratech Japan K.K.
 - Mr. Tsugio Makimoto, Director, also serves as Representative of Techno Vision Consulting and Representative Director of PDF Solutions KK. The Company has a business relationship on purchase of products with PDF Solutions, Inc., the parent company of PDF Solutions KK.
- b) Major activities of outside Directors and Corporate Auditors in the current fiscal year

Title	Name	Major Activities
Director	Toshio Nohara	He attended all the 20 meetings of the Board of Directors held during the current fiscal year, and made remarks about market trends, development and investment policy and other relevant matters, using insight gained from his experiences in the semiconductor industry. This way, he gives advice and makes suggestions to ensure the appropriateness and reasonableness of decisions made by the Board of Directors.
Director	Kosei Nomiya	He attended 18 of 20 meetings of the Board of Directors held during the current fiscal year, and made remarks about market trends, development and investment policy and other relevant matters, using insight gained from his experiences in the semiconductor industry. This way, he gives advice and makes suggestions to ensure the appropriateness and reasonableness of decisions made by the Board of Directors.
Director	Tsutomu Niimura	He attended 19 of the 20 meetings of the Board of Directors held during the current fiscal year, and made remarks from the standpoint of users of the Company's products, based on his experiences in the consumer electronics industry. This way, he gives advice and makes suggestions to ensure the appropriateness and reasonableness of decisions made by the Board of Directors.

Title	Name	Major Activities
Director	Tsugio Makimoto	He attended 16 of 20 meetings of the Board of Directors held during the current fiscal year, and made remarks about market trends, development and investment policy and other relevant matters, using insight gained from his experiences in the semiconductor industry. This way, he gives advice and makes suggestions to ensure the appropriateness and reasonableness of decisions made by the Board of Directors.
Corporate Auditor	Katsumi Sakurai	He attended 19 of 20 meetings of the Board of Directors and all of the 14 meetings of the Board of Corporate Auditors held during the current fiscal year, and made remarks mainly about finance, accounting and compliance.
Corporate Auditor	Masamitsu Nakayama	He attended all of the 15 meetings of the Board of Directors and all of the 11 meetings of the Board of Corporate Auditors held after his appointment on June 29, 2009, and made remarks mainly about finance, accounting and compliance.

c) Outline of liability limitation contracts

The Company has entered into a liability limitation contract for limiting liability for damages under Article 423, paragraph (1) of the Companies Act, with each outside Director and Outside Corporate Auditor, pursuant to the provision of Article 427, paragraph (1) of the Companies Act. The maximum amount of liability for damages in accordance with the said contract is 10 million yen or the sum of amounts stipulated in Article 425, paragraph (1), items (i) and (ii) of the Companies Act, whichever is higher.

(4) Matters concerning the Accounting Auditor (Independent Auditor)

- 1) Name ERNST & YOUNG SHINNIHON LLC
- 2) Remuneration and other amounts payable to the Accounting Auditor in the current fiscal year (FY 2009)

	Amount
Amount of remuneration prescribed in Article 2, paragraph (1) of the Certified Public Accountants Act	197 million yen
Total amount of money and other property benefits to be paid by the Company and its subsidiaries to Accounting Auditors	269 million yen

Notes:

1. Of the Company's subsidiaries, subsidiaries located abroad have been audited by a certified public accountant or an audit corporation (including those who have a qualification equivalent to said certificates) that is not the Company's accounting auditor.
2. For the reason that compensation for audits is not clearly classified as compensation based on the Companies Act or compensation in accordance with the Financial Instruments and Exchange Law in the audit agreement concluded between the Company and Accounting Auditor, and since compensation cannot substantially be divided, the sum of these amounts is recorded in the amount of remuneration for the current fiscal year.

3) Non-audit duties of the Accounting Auditor

The Company paid the Accounting Auditor compensation for advisory and consultancy services with regard to internal control over financial reporting and on the adoption of International Financial Reporting Standards as non-audit services other than those prescribed in Article 2, paragraph (1) of the Certified Public Accountants Act.

4) Policy regarding a decision to dismiss or not reappoint Accounting Auditor

When the Company's Board of Directors recognizes that there is any difficulty in the execution of duties by the Accounting Auditor or concludes that it is necessary to do so for other reasons, it shall submit a proposal of dismissal or non-reappointment of the Accounting Auditor at a General Meeting of Shareholders with the consent of the Board of Corporate Auditors or at its request.

If it is concluded that an Accounting Auditor falls under any of the items in Article 340, paragraph (1) of the Companies Act, the Board of Corporate Auditors shall dismiss the Accounting Auditor with the consent of all the Corporate Auditors. In such case, a Corporate Auditor designated by the Board of Corporate Auditors shall report the dismissal of the Accounting Auditor and the reason for it at the first General Meeting of Shareholders convened after the dismissal. In addition, when the Board of Corporate Auditors recognizes that there is any difficulty in execution of duties by the Accounting Auditor or concludes that it is necessary to do so for other reasons, it will request the Board of Director to submit a proposal of dismissal or non-reappointment of the Accounting Auditor at a General Meeting of Shareholders.

(5) System for Ensuring the Appropriateness of Operations

The Company, by a resolution of the Board of Directors on July 30, 2009, partially revised matters concerning systems for ensuring that the execution of duties by Directors comply with the laws and regulations of Japan and the Company's Articles of Incorporation, and other systems for ensuring operations of the company are performed in an appropriate manner. Details of matters resolved are summarized below.

Summary of Resolution

The basic policies for ensuring that the execution of duties by Directors and any other company business activities are in compliance with laws and regulations and the Company's Articles of Incorporation are described below. The Directors will continually update the system prescribed by this basic policy, as appropriate.

- 1) Systems to Ensure the Execution of Duties by Directors and Employees are Compliance with the Laws and Regulations and the Company's Articles of Incorporation
 - With regard to all corporate activities, the Elpida Code of Conduct shall be the guiding principal to make clear standards and policies necessary for compliance. The Elpida Code of Conduct shall be distributed to Directors and employees of the Group companies (as defined by the resolution of the Board of Director meeting of the Company) and compliance shall be mandatory.
 - A Risk Management and Compliance Committee shall be maintained for the purpose of deciding policies that concern risk management and compliance systems at all Group companies.
 - Outside Directors shall be appointed for the purpose of improving and supporting supervisory functions that are related to the performance of duties by other Directors.
 - An Audit Office shall be maintained to audit and inspect procedures and business operations at the Company and each Group company.
 - An internal reporting system shall be maintained to receive reports with regard to allegations of illegal activities by individuals or business units within Group companies.
- 2) System for Storage and Maintenance of Information Related to Decisions by Directors

If it is necessary to determine whether the Board of Directors has properly executed its duties, the minutes of Board of Director meetings and other documents concerning the execution of duties by Board of Directors shall be stored and maintained in accordance with company rules.
- 3) Rules and Systems Concerning Management of Risk of Loss
 - A set of Risk Management Rules and other resources shall clarify the systems and response procedures for minimizing losses that may result from risk.
 - A Risk Management and Compliance Committee shall be maintained for the purpose of determining Group company risk management policies.
- 4) System to Ensure Efficient Execution of Duties by the Directors
 - Based on a system of Executive Officers, the Board of Directors shall manage business activities rapidly by focusing on management administration

functions, such as strengthening supervisory functions. The execution of daily operations of the Company shall be delegated to the Executive Officers.

- The Board of Directors shall supervise the duties and responsibilities of the Executive Officers and address other important management matters.
- The Executive Officers shall establish a special Officer's meeting to discuss from a company point of view, specific management issues, as necessary, for the execution of duties of Executive Officers.

5) System to Effectively Manage the Corporate Affairs of the Company and Group Companies

- Unified guiding principles shall be followed in determining universal Group rules and other requirements, such as the Elpida Code of Conduct .
- Necessary support and guidance shall be provided in the case the Group companies (joint venture companies, etc.) establish or organize its original regulations or standards, in relation to the compliance.
- In order to encourage effective Group management, support and guidance related to business management shall be provided.

6) Matters Relating to Employees Who May be Asked to Assist the Corporate Auditors in Their Duties

The Executive Officer in charge of personnel affairs shall consult with the Corporate Auditors regarding the designation of certain employees to assist with auditing duties.

7) Matters Relating to Ensuring that Employees Assigned to the Audit Staff will be Independent from Directors

The Corporate Auditors shall be consulted prior to any personnel transfer, personnel evaluation or disciplinary action involving any of the aforementioned employees.

8) System for Directors and Employees to Report to Corporate Auditors and a System to Others Involved in Auditing Activities

- The Corporate Auditors shall perform audits based on the auditing policies and auditing plans stipulated each fiscal year by the Board of Corporate Auditors.
- The full-time Corporate Auditors shall serve as the official person to be reported to under an internal reporting system.
- As requested by the Corporate Auditors, the Directors and employees shall provide reports on the execution of their management and work duties.
- In order to promote mutual understanding, the Representative Director and the Corporate Auditors shall have regular meetings.

9) System to Ensure an Effective Audit by the Corporate Auditors

- In order for the Corporate Auditors to have timely information concerning the execution of duties by the Directors and employees, full time Corporate Auditors shall attend the Board of Directors' meetings, the Executive Officer's meetings, Risk Management and Compliance Committee meetings and other important meetings.
- The Audit Office shall report to the Board of Corporate Auditors the background and results of internal audits.

As part of these systems, the Company has also established Basic Policies for the Design, Operation and Evaluation of Internal Control over Financial Reporting, in order to make design and operation of internal control over financial reporting and evaluation of effectiveness thereof efficient, which is necessary to ensure the reliability of Elpida's financial reporting.

(6) Basic Policy on the Control over the Company

The Company has not established particular basic policy regarding the party who controls the decisions on the Company's financial and business policies.

Consolidated Balance Sheet

(As of March 31, 2010)

(Millions of yen)

Items	Amount
ASSETS	
Current assets	326,370
Cash and deposits	113,338
Notes and accounts receivable, trade	122,618
Inventories	72,816
Deferred tax assets	2,639
Accounts receivable, other	8,142
Consumption taxes receivable	3,822
Other current assets	8,566
Allowance for doubtful accounts	(5,571)
Noncurrent assets	621,080
Property, plant and equipment	596,402
Buildings and structures	96,367
Machinery, equipment and vehicles	465,030
Tools, furniture and fixtures	17,152
Land	4,451
Construction in process	13,402
Intangible assets	7,634
Goodwill	1,050
Software	5,844
Software in progress	56
Other intangible assets	684
Investments and other assets	17,044
Investment securities	4,101
Long-term prepaid expenses	10,938
Deferred tax assets	400
Other assets	1,605
Total assets	947,450

Consolidated Balance Sheet (continued)

(As of March 31, 2010)

(Millions of yen)

Items	Amount
LIABILITIES	
Current liabilities	274,199
Accounts payable, trade	53,556
Short-term loans payable	1,465
Current portion of bonds	30,000
Current portion of long-term loans payable	132,460
Current portion of lease obligations	21,919
Accounts payable, other	12,824
Income taxes payable	2,014
Provision for bonuses	2,827
Provision for loss on inventory valuation	736
Provision for sales returns	474
Provision for loss on settlements and litigations	1,485
Other current liabilities	14,439
Noncurrent liabilities	326,469
Bonds payable	75,000
Long-term loans payable	200,064
Lease obligations	43,841
Long-term accounts payable, other	1,519
Deferred tax liabilities	2,474
Provision for retirement benefits	2,298
Provision for directors' retirement benefits	174
Provision for loss on settlements and litigations	651
Other noncurrent liabilities	448
Total liabilities	600,668
NET ASSETS	
Shareholders' equity	276,980
Capital stock	203,860
Capital surplus	214,902
Retained earnings	(141,777)
Treasury stock	(5)
Valuation and translation adjustments	(13,343)
Valuation difference on available-for-sale securities	825
Deferred gains or losses on hedges	(64)
Foreign currency translation adjustment	(14,104)
Subscription rights to shares	287
Minority interests	82,858
Total net assets	346,782
Total liabilities and net assets	947,450

Consolidated Statement of Operations

(From April 1, 2009 through March 31, 2010)

(Millions of yen)

Items	Amount	
Net sales		466,953
Cost of sales		377,992
Gross profit		88,961
Selling, general and administrative expenses		62,116
Operating income		26,845
Non-operating income		
Interest income	1,141	
Foreign exchange gains	412	
Gain on valuation of interest-rate swaps	102	
Subsidy income	76	
Rent income on facilities	485	
Others	222	2,438
Non-operating expenses		
Interest expense	10,566	
Commission for loans	2,294	
Stock issuance cost	501	
Depreciation of inactive noncurrent assets	1,541	
Others	2,091	16,993
Ordinary income		12,290
Extraordinary income		
Gain on sale of property, plant and equipment	142	
Gain on donation of noncurrent assets	143	
Reversal of provision for loss on settlements and litigations	1,592	
Gain on change in equity	61	1,938
Extraordinary losses		
Loss on sales of property, plant and equipment	32	
Loss on retirement of property, plant and equipment	3,036	
Impairment loss	2,241	5,309
Income before income taxes and minority interests		8,919
Income taxes - current	1,786	
Income taxes - deferred	(66)	1,720
Minority interests in income		4,114
Net income		3,085

Consolidated Statement of Changes in Net Assets

(From April 1, 2009 through March 31, 2010)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2009	158,665	169,707	(144,862)	(5)	183,505
Changes					
Issuance of stock	45,195	45,195			90,390
Net income			3,085		3,085
Purchase of treasury stock				(0)	(0)
Net changes of items other than shareholders' equity					-
Net changes	45,195	45,195	3,085	(0)	93,475
Balance as of March 31, 2010	203,860	214,902	(141,777)	(5)	276,980

	Valuation and translation adjustments				Subscription rights to shares	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total valuation and translation adjustments			
Balance as of March 31, 2009	(453)	(300)	(15,457)	(16,210)	242	98,932	266,469
Changes							
Issuance of stock				-			90,390
Net income				-			3,085
Purchase of treasury stock				-			(0)
Net changes of items other than shareholders' equity	1,278	236	1,353	2,867	45	(16,074)	(13,162)
Net changes	1,278	236	1,353	2,867	45	(16,074)	80,313
Balance as of March 31, 2010	825	(64)	(14,104)	(13,343)	287	82,858	346,782

Notes to Consolidated Financial Statements

Basic and Important Matters for Preparation of Consolidated Financial Statements

1. Scope of consolidation

All the subsidiaries are consolidated.

Number of the consolidated subsidiaries: 14

Names of the consolidated subsidiaries:

Akita Elpida Memory, Inc.
Rexchip Electronics Corporation
Tera Probe, Inc.
TeraPower Technology Inc.
Elpida Memory (Europe) GmbH
Elpida Memory (Italy) S.r.l.
Elpida Memory (USA) Inc.
Elpida Memory (Taiwan) Co., Ltd.
Elpida Memory (Europe) Sàrl
Elpida Memory (Hong Kong) Co., Ltd.
Elpida Memory (Singapore) Pte. Ltd.
Elpida Memory International B.V.
EBS, Inc.
ECM, Inc.

For the fiscal year ended March 31, 2010, the number of the Company's consolidated subsidiaries has increased by one (Elpida Memory (Italy) S.r.l.) through incorporation in January 2010.

2. Application of equity method

Not applicable

3. The fiscal year end date for the consolidated subsidiaries

Among consolidated subsidiaries, the fiscal year end date of Rexchip Electronics Corporation and TeraPower Technology Inc. is December 31. The accompanying consolidated financial statements are prepared based on the results of the provisional closing procedures taken on the consolidated closing date in accordance with the normal closing procedures.

4. Accounting principles

(1) Valuation principles and methods for assets

1) Valuation principles and methods for securities

Available-for-sale securities

Marketable securities available for sale are stated at market price as of the date of the consolidated financial statements (The unrealized gains/losses on the marketable securities are recognized as a component of net assets and the cost of securities sold is pursuant to the moving-average method).

2) Derivatives: derivatives are stated based on a market value method.

3) Valuation of inventories:

Finished goods

Cost method based on the first-in, first-out method (amount shown on the balance sheet is stated by figuring based on decrease in profitability).

Semi-finished goods

Cost method based on the first-in, first-out or gross average method (amount shown on the balance sheet is stated by figuring based on decrease in profitability).

Work in process

Cost method based on the first-in, first-out or gross average method (amount shown on the balance sheet is stated by figuring based on decrease in profitability).

Raw materials

Cost method based on the first-in, first-out or gross average method (amount shown on the balance sheet is stated by figuring based on decrease in profitability).

Supplies

Cost method based on the most recent purchase price method (amount shown on the balance sheet is stated by writing down based on decrease in profitability).

(2) Depreciation method of noncurrent assets

1) Property, plant and equipment (excluding leased assets)

Property, plant and equipment are stated at cost. Depreciation is computed using the straight-line method based on the following estimated useful lives of the assets.

Buildings and structures:	2 to 56 years
Machinery, equipment and vehicles:	2 to 20 years
Tools, furniture and fixtures:	2 to 25 years

Additional information

Change to useful lives of noncurrent assets:

Effective in the second quarter of the year ended March 31, 2010, one of the Company's domestic consolidated subsidiaries changed the useful lives of certain property, plant and equipment, intangible assets and investments and other assets. It found that certain property, plant and equipment, intangible assets and investments and other assets have been physically used longer than the former estimated useful lives. Consequently, it reassessed the useful lives of fixed assets based on future business plan.

As a result of this change, operating income, ordinary income and income before income taxes increased by 3,089 million yen, 3,276 million yen and 3,178 million yen, respectively.

2) Intangible assets: straight-line method

Certain costs incurred to obtain internal use software are capitalized and amortized on a straight-line basis over the estimated useful lives (10 years at maximum).

3) Leased assets:

Leased assets under finance lease transactions which transfer ownership of the assets: a same method is applied as that of noncurrent assets the Company owns.

Leased assets under finance lease transactions which do not transfer ownership of the assets at the end of the lease term: depreciated on a straight-line basis over the lease terms assuming no residual value.

(3) Principles for provisions

1) Allowance for doubtful accounts:

An allowance for doubtful accounts is provided based on credit loss history for general receivables and an evaluation of collectability for any specific doubtful receivables.

2) Provision for bonuses:

Provision for bonuses is provided for the estimated amounts, which the Company will pay based on the service provided during the current period.

3) Provision for loss on inventory valuation:

Following purchase of inventories from consignment factories, the Company set provision for loss on inventory valuation, which the Company expects to bear.

4) Provision for sales returns:

In preparation for expected returns, a provision for sales return is provided for the amount equivalent to gross profit associated with such returns and the expected

return loss in view of the individual possibilities of future returns.

- 5) Provision for retirement benefits:
Pension and retirement benefits are accrued at the Company and its domestic subsidiaries based on the benefit obligations and pension plan assets at the end of the current fiscal year.
Prior service costs are amortized by the straight-line method over the period (mainly 15 years) which is within the average remaining years of service of the employees.
Actuarial gains or losses are amortized by the straight-line method over the period (mainly 15 years), which is within the average remaining years of service of the employees, from the fiscal year following the fiscal year in which such gains or losses incur.
- 6) Provision for directors' retirement benefits:
Cost for Director's retirement benefits is accrued at the Company and its domestic subsidiaries based on the benefit obligations at end of period determined by in-company rules.
- 7) Provision for loss on settlements and litigations:
Provision for loss on settlements and litigations is provided based on estimated loss which provably occurs from settlements and litigations.

(4) Foreign currency translation

Foreign currency receivables and payables are translated into Japanese yen at effective period-end exchange rates and the resulting transaction gains or losses are figured into the consolidated results.

The assets and liabilities of foreign consolidated subsidiaries are translated into Japanese yen at effective period-end spot exchange rates, and all income and expense accounts are translated at the average exchange rate in effect during the period. The resulting translation differences of consolidated subsidiaries are recorded in a separate component of net assets as foreign exchange translation adjustment.

- (5) Hedge accounting:
 - 1) Hedge accounting:
The Company has adopted deferral hedge accounting.
 - 2) Hedging instruments and hedged items:
Hedging instruments: Interest rate swaps
Hedged items: Company bonds
 - 3) Policy of hedging:
The Company has entered into interest rate swap agreements in order to hedge the future risks of fluctuations in interest rates pertaining to company bonds. The hedged items are identified individually by contract.
 - 4) Evaluation of Hedge effectiveness:
Hedge effectiveness is evaluated by comparing the cumulative changes in cash flows or fair values from the hedging instruments with those from the hedged items.
- (6) Consumption taxes
Accounted exclusive of consumption taxes.
- 5. Valuation of assets and liabilities of consolidated subsidiaries
The assets and liabilities excluding minority interests of consolidated subsidiaries are evaluated using the fair market value at each time the Company acquired equity interest in the respective subsidiaries.
- 6. Amortization of goodwill
Goodwill is amortized on a straight-line method over 5 years or 15 years.
- 7. Changes in basic and important matters for preparation of consolidated financial statements
 - (1) Change to accounting standard for retirement benefit
Effective for the fiscal year beginning on or after April 1, 2009, the “Partial Amendments to Accounting Standard for Retirement Benefit (Part 3)” (ASBJ Statement No.19; July 31, 2008) is adopted. This adoption does not affect operating results as the actuarial difference is amortized from the following fiscal year. Further, the remaining difference of benefit obligations that was incurred following the adoption of the Accounting Standard is immaterial.
 - (2) Change in presentation
 - 1) “Maintenance costs for idle assets,” which were independently presented as non-operating expenses in the consolidated statement of operations until the year ended March 31, 2009, are presented as “Others,” based on their materiality for the year ended March 31, 2010.
“Maintenance costs for idle assets” were 555 million yen for the fiscal year ended March 31, 2010.
 - 2) “Commission for loans,” which were included in “Others” in the non-operating expenses in the consolidated statement of operations until the year ended March 31, 2009, are presented independently based on their importance for the year ended March 31, 2010. “Commission for loans” were 385 million yen for the fiscal year ended March 31, 2009.

Notes to Consolidated Balance Sheet

1. Assets pledged as collateral and obligations collateralized

(1) Assets pledged as collateral

Buildings and structures	87,923 million yen	(70,753) million yen
Machinery, equipment and vehicles	285,329 million yen	(178,449) million yen
Land	4,000 million yen	(4,000) million yen
Construction in process	2,224 million yen	(2,224) million yen
Total	379,476 million yen	(255,426) million yen

(2) Obligation collateralized

Long-term loans payable (including current portion of long-term loans payable)	321,624 million yen	(237,976) million yen
Lease obligations	17,837 million yen	(17,837) million yen
Operating leases with minimum rental commitments	4,736 million yen	(4,736) million yen

Figures in parentheses above are those related to the formation of Hiroshima Plant Foundation.

2. Accumulated depreciation of property, plant and equipment was 494,155 million yen

3. Contingent liability

Important litigations

Class actions against the Company and Elpida Memory (USA) Inc. with regards to the Antitrust Laws were filed in several courts in the U.S. and Canada. The Company and its subsidiary are also proceeding with negotiations for settlement with each major client. The Company has undergone similar investigations by the European Commission and the Competition Bureau of Industry Canada. In preparation for various expenses that may be incurred through individual settlement outside of courts and the class actions as well as surcharges incurred relating to the investigations by the European Commission about the EC competition law, provision for loss on settlements and litigations of 2,136 million yen is recorded at the end of the current fiscal year.

4. Financial covenant clause

Some of the interest-bearing liabilities of the Group have some financial covenants attached, and the Group may be requested to perform lump-sum repayment of those interest-bearing liabilities in the event that any of the matters mentioned below is violated. The more severe conditions are described if there are multiple conditions (each amount in parenthesis shows the liabilities which each covenant clause is applied to):

Maintenance of Net Assets clause

- 1) The amount of the Net Assets in the consolidated balance sheet of the Company as of the end date of the fiscal year and the end date of the second quarter (ended September 30) shall be 75% or above of the amount as of the corresponding dates of the previous fiscal year (253,813 million yen).
- 2) The amount of the Net Assets in the consolidated balance sheet of the Company as of the end date of the fiscal year less the amounts of deferred gains or losses on hedges, subscription rights to shares, and minority interests shall be 137.8 billion yen or above (12,000 million yen).
- 3) The amount of the Net Assets in the balance sheet of any specified subsidiary as of the end date of the fiscal year and the end date of the second quarter shall be 75%

or above of the amount as of the corresponding dates of the previous fiscal year (38,480 million yen).

- 4) The amount of the Net Assets in the balance sheet of any specified subsidiary as of the end date of the fiscal year shall be 7,824 million yen or above (900 million yen).

Maintenance of profit clause

- 1) Operating income will be recorded in the consolidated statement of operations for the fiscal year ending March 31, 2011 (148,480 million yen).
- 2) The amount of the net income of any specified subsidiary alone for the fiscal year shall not fall into the red for two consecutive terms (900 million yen).

Financial leverage restriction clause

The net debt equity ratio of any specified subsidiary as of the end date of the fiscal year and the end date of the second quarter shall not be greater than 1.5 times of that of the previous term for two consecutive biannual-terms (38,480 million yen).

Maintenance and Achievement of Business Restructuring Plan

In respect of borrowings made by financial institutions mainly consisting of major financing banks and Development Bank of Japan Inc. during the fiscal year under review, the Company shall have the obligation to maintain and achieve the business-restructuring plan under the “Act on Special Measures for Industrial Revitalization and Innovation of Industrial Activities.”

5. Agreement on purchase of noncurrent assets

Commitments outstanding for purchase of noncurrent assets which have been ordered and not yet inspected are 68,136 million yen as of March 31, 2010.

6. Agreement on purchase of natural gas

Hiroshima Elpida Memory, Inc. (currently the Company’s Hiroshima Plant) concluded an agreement with Hiroshima Gas Co., Ltd. as of February 24, 2005 for long-term purchasing of natural gas for a period of 10 years from April 1, 2005 to March 31, 2015. As of March 31, 2010 the estimated amount of gas that Hiroshima Elpida Memory must purchase over the next five years in accordance therewith is 45,426 million yen.

7. Agreement on long-term purchase of energy

Hiroshima Elpida Memory, Inc. (currently the Company’s Hiroshima Plant) concluded an agreement with SC Hiroshima Energy Corporation on September 30, 2005 for long-term purchasing of energy for a period of 15 years from December 1, 2005 to January 31, 2021. As of March 31, 2010, the estimated amount of electric power that Hiroshima Elpida Memory must purchase by the expiration date of the agreement in accordance therewith is 8,616 million yen.

On December 28, 2006, the second-term agreement on long-term purchase of energy for a period of 15 years from July 1, 2007 to June 30, 2022 was executed. As of March 31, 2010, the estimated amount of electric power that Hiroshima Elpida Memory must purchase by the expiration date of the agreement in accordance therewith is 5,568 million yen.

In addition, on November 1, 2007, the third-term agreement on long-term purchase of energy for a period of 15 years from June 1, 2008 was executed so as to meet E300Fab Area 3 enhancement. As of March 31, 2010, the estimated amount of electric power that Hiroshima Elpida Memory must purchase by the expiration date of the agreement in

accordance therewith is 8,457 million yen.

8. All fractions contained in the above amounts are rounded off to the nearest units.

Notes to Consolidated Statement of Operations

1. Cost of sales

Provision for sales returns of 474 million yen is included in the cost of sales.

2. Impairment loss

For the year ended March 31, 2010, the Group has recognized impairment loss for the following asset group.

Location	Use	Category
Higashi Hiroshima-shi, Hiroshima prefecture	Assets to be disposed of	Machinery, equipment and vehicles
Taichung County, Taiwan	Assets to be disposed of	Tools, furniture and fixtures
Ashikita-gun, Kumamoto prefecture	Assets to be disposed of	Machinery, equipment and vehicles Construction in process

The Group assesses impairment based on a place of business as a fundamental unit, and important “idle assets & assets to be disposed of” is a unit of the asset group for impairment assessment.

The assets to be disposed of were originally scheduled to be used depending on the conditions of market demands. However, these assets - machinery, equipment, vehicles, tools, furniture and fixtures, and construction in process - became unlikely to be used due to the change in market conditions. Therefore, the Group has decided to mark the assets down to the recoverable value, and recognized corresponding impairment loss of 2,241 million yen as “extraordinary losses” in the consolidated statement of operations.

The breakdown of impairment loss is as follows.

Machinery, equipment and vehicles	787 million yen
Tools, furniture and fixtures	1,451 million yen
Construction in process	3 million yen
Total	2,241 million yen

The recoverable value is based on the net sale value, but the value of assets that are difficult to transfer to other assets or sold is determined at memorandum price.

3. All fractions contained in the above amounts are rounded off to the nearest units.

Notes to Consolidated Statement of Changes in Net Assets

1. Matters of class and the total number of shares issued

Class of shares	Number of shares as of March 31, 2009	Increase in number of shares in the current period	Decrease in number of shares in the current period	Number of shares as of March 31, 2010
Common share	141,601,419 shares	55,000,000 shares	-	196,601,419 shares
Type 1 preferred share	-	1,000,000 shares	-	1,000,000 shares
Type 2 preferred share	-	2,000,000 shares	-	2,000,000 shares

Note: The total number of common shares issued increased following the issue of 55,000,000 new shares through a public offering (due date: September 24, 2009).

Type 1 preferred share and Type 2 preferred share increased by 1,000,000 shares and 2,000,000 shares, respectively, because the Company conducted a capital increase through a third party allotment of new shares of preferred share allocated to Development Bank of Japan Inc., under the “Act on Special Measures for Industrial Revitalization and Innovation of Industrial Activities” (due date: August 31, 2009).

2. Class and number of shares subject to subscription rights to shares (other than those whose period for the exercise of rights has not commenced) at the end of the fiscal year under review

Common share 3,060,500 shares

3. All fractions contained in the above amounts are rounded off to the nearest units.

Notes on Financial Instruments

1. Matters concerning the status of financial instruments

The Group raises funds through capital increase, borrowings from banks, issuing of bonds and lease transactions for the purpose of securing working capital and funds for capital investment to manufacture and sell DRAMs, which are the Group’s main products. Further, the Group temporarily manages surplus funds in bank deposits with safety in mind until they are applied as investment funds. The Company deposits funds mainly in major banks that are highly rated, and thus risk is low.

Credit risk of customers concerning accounts receivable (trade) is managed in accordance with the credit management regulations of the Company, and the Sales Department and Financial Department regularly monitor the status of major companies with which the Company has transactions and manage the collection date and balance of each such company to assess concerns about collection at an early stage and mitigate such concerns. Operating receivables such as accounts receivable and portions of accounts payable (trade) and accounts payable (facilities) of the Group are denominated in foreign currency and are constantly exposed to the risk of exchange rate fluctuations. However, in principle, the Group makes hedges using hedging instruments, including exchange forward contracts, in particular, against positions calculated by netting operating receivables against operating payables denominated in the same currency.

Because most of the borrowings, bonds and lease obligations have a floating interest rate, there is a risk of interest rate fluctuations. Further, the Company conducts interest rate swaps against the cash flow risk of some bonds.

The Company conducts derivative transactions in accordance with internal rules under which authority to conduct transactions, limits and other matters are set forth. Trading

performance is reported regularly to officers who control the Financial Department.

Investment securities are shares and bonds related mainly to businesses or capital alliances with companies with which the Company has transactions and is exposed to the risk of market price fluctuations. In response, by regularly recognizing the market value and financial conditions of issuers (companies with which the Company has transactions), the Company tries to maintain integrity.

The Company manages liquidity risk concerning operating payables, including accounts payable (trade), and the repayment of interest-bearing liabilities such as borrowings by regularly preparing and updating the financing plan. The Company also handles liquidity risk by maintaining liquidity in hand at around three-month consolidated sales.

2. Fair value of financial instruments

Amount recorded in the consolidated balance sheet, market value as of March 31, 2010, and difference between them are as follows.

(Millions of yen)

	Amount recorded in the consolidated balance sheet	Fair value	Difference
(1) Cash and deposits	113,338	113,338	-
(2) Notes and accounts receivable, trade	122,618		
Allowance for doubtful accounts	(2,304)		
	120,314	120,314	-
(3) Accounts receivable, other	8,142		
Allowance for doubtful accounts	(2,690)		
	5,452	5,452	-
(4) Consumption taxes receivable	3,822	3,822	-
(5) Investment securities	4,101	4,101	-
Total Assets	247,027	247,027	
(6) Accounts payable, trade	53,556	53,556	-
(7) Short-term loans payable	1,465	1,465	-
(8) Accounts payable, other	11,243	11,243	-
(9) Income taxes payable	2,014	2,014	-
(10) Bonds payable	105,000	102,569	(2,431)
(11) Long-term loans payable	332,524	328,413	(4,111)
(12) Lease obligations	65,760	65,151	(609)
(13) Long-term accounts payable, other	3,100	2,979	(121)
Total Liabilities	574,662	567,390	(7,272)
(14) Derivatives	(646)	(646)	-

Notes:

- (1) Cash and deposits, (2) Notes and accounts receivable, trade, (3) Accounts receivable, other, (4) Consumption taxes receivable
Because all of them are settled on a short-term basis and fair values are approximately equivalent to book value, their fair values are shown at book value.
- (5) Investment securities
In respect of the fair value of investment securities, the values of shares and bonds are based on prices quoted on an exchange. Securities are held as other securities and the difference between the amount recorded in the consolidated balance sheet and the acquisition cost is as follows.

(Millions of yen)

	Type	Acquisition cost	Amount recorded in the consolidated balance sheet	Difference
Securities whose amount recorded in the consolidated balance sheet exceeds the acquisition cost	Bonds	2,325	3,567	1,242
	Shares	445	534	89

3. (6) Accounts payable, trade, (7) Short-term loans payable, (8) Accounts payable, other, (9) Income taxes payable
Because all of them are settled on a short-term basis and fair values are approximately equivalent to book values, they are shown at book values.
4. (10) Bonds payable
The fair value of bonds issued by the Company is determined based on market price
5. (11) Long-term loans payable, (12) Lease obligations, (13) Long-term accounts payable, other
The fair values of these are calculated from the present value discounted at the risk free rate to which the credit spread has been added.
6. (14) Derivatives
Derivatives for which hedge accounting is not adopted
Derivative transactions for which hedge accounting is not adopted, the contract amount or the amount equivalent to the principal set forth in the contract, market value and loss/gain on valuation for each type of subject of transactions as of the last day of the fiscal year and the method of calculation of the market value are as follows.

(a) Currency

(Millions of yen)

Classification	Type	Contract amount, etc.	Contract amount for which the period is longer than one year	Fair value	Gain/loss on valuation
Transactions other than market transactions	Forward exchange contract Selling positions U.S. dollar	37,816	-	(763)	(763)
	Buying positions U.S. dollar Taiwan dollar	155	-	4	4
		271	-	(1)	(1)
Total				(760)	(760)

Note: Method of determining fair value

Fair value is determined from prices and other information provided by a financial institution with which the Company has transactions or others.

(b) Interest rate

(Millions of yen)

Classification	Type	Contract amount, etc.	Contract amount for which the period is longer than one year	Fair value	Gain/loss on valuation
Transactions other than market transactions	Interest rate swap transactions Fixed-rate receiving and floating-rate paying	10,000	10,000	114	114
Total				114	114

Note: Method of determining fair value

Fair value is determined from prices and other information provided by a financial institution with which the Company has transactions or others.

7. Amount of receivables and securities with maturity scheduled to be redeemed after the last day of the fiscal year

(Millions of yen)

	Within one year	More than one year and within five years	More than five years and within ten years	More than ten years
Cash and deposits	113,338	-	-	-
Notes and accounts receivable, trade	120,314	-	-	-
Accounts receivable, other	5,452	-	-	-
Consumption taxes receivable	3,822	-	-	-
Investment securities				
Available-for-sale securities with maturities (bonds)	-	2,325	-	-

8. Amount of bonds, long-term loans payable and lease obligations scheduled to be repaid after the last day of the fiscal year

(Millions of yen)

	Within one year	More than one year and within two years	More than two years and within three years	More than three years and within four years	More than four years and within five years
Bonds payable	30,000	45,000	30,000	-	-
Long-term loans payable	132,460	89,390	110,674	-	-
Lease obligations	21,919	19,629	16,435	5,091	2,686

(Additional information)

Effective for the fiscal year beginning on or after April 1, 2009, the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10 issued on March 10, 2008) and the Guidance on Disclosure of Fair Value of Financial Instruments” (ASBJ Guidance No. 19 issued on March 10, 2008) are adopted.

Notes on Business Combinations

Transactions, etc., under common control

1. Name of the combining company concerned and its business description, legal form of the business combination, name after the business combination and outline of the transaction, including the purpose thereof
 - (1) Name of the combining company concerned and its business description
 - 1) Name of the combining company concerned:
The Company, Rexchip Electronics Corporation
 - 2) Its business description:
Manufacturing of DRAM (front-end process)
 - (2) Legal form of the business combination and name after the business combination
Stock acquisition
The name of the company to be combined did not change when shares were acquired.
 - (3) Outline of the transaction, including the purpose thereof
Elpida Memory (Taiwan) Co., Ltd. (“Elpida Taiwan”), which is our consolidated subsidiary, made a loan to Powerchip Semiconductor Corporation (“PSC”), which is our production partner, in August 2008, and took shares of Rexchip Electronics Corporation held by PSC in pledge. The loan became due and payable in July 2009, and the Company and Elpida Taiwan have entered into advanced consultations with PSC on the repayment of debts since that time.

Subsequently, to further strengthen the Company’s control over Rexchip Electronics Corporation and speed up management decision making, Elpida Taiwan additionally acquired 350,000,000 shares (equivalent to 12.0% of the voting rights) of the stock of Rexchip Electronics Corporation as of October 13, 2009, in accordance with a share purchase agreement entered into with PSC on October 1, 2009, and offset debts arising as a result thereof against part of the loan. Following the additional acquisition, the percentage of voting rights held by the Group increased from 52.0% to 64.0%.
2. Outline of adopted accounting procedures
Because the stock acquisition mentioned above falls under the category of transactions with minority shareholders among transactions, etc., under common control, the amount of interests corresponding to subsidiary shares that were additionally acquired were deducted from minority interests, and the difference from additional investment amount was included in goodwill.
3. Acquisition cost of subsidiary shares additionally acquired and breakdown thereof
 - (1) Acquisition cost 10,772 million yen
 - (2) Breakdown of acquisition cost Stock acquisition cost 10,772 million yen
4. Amount goodwill rose, cause of rise, method of amortization and period of amortization
 - (1) Amount goodwill rose
Goodwill: 451 million yen
 - (2) Cause of rise
As acquisition cost exceeds net assets at market value at the time of business

combination, the difference between them was recognized as goodwill.
(3) Method of amortization and period of amortization

As the amount was small, it was written off completely in the fiscal year.

Per-Share Information

1) Net assets per share	1,185.27 yen
2) Net income per share	14.54 yen

Important Subsequent Events

The Issuance of the shares and the U.S. dollar denominated convertible bond-type bonds with subscription rights to shares (*tenkan shasaigata shinkabu yoyakuken-tsuki shasai*) by way of third party allotment

The Company resolved at its board of directors meeting held on April 2, 2010 that the Company would issue to Kingston Technology Corporation (“KTC”) new shares (total amount to be paid is 11,679 million yen; the “Shares”) and U.S. dollar denominated convertible bond-type bonds with subscription rights to shares (*tenkan shasaigata shinkabu yoyakuken-tsuki shasai*) (total amount of bonds is 75 million U.S. dollars; the “Bonds”) by way of third party allotment (collectively “Third Party Allotment”). Payment for the Third Party Allotment was completed on April 20, 2010.

KTC Group is the largest customer of the Company, which has many customers in the PC manufacturing business, and is also a subcontractor of our module products.

The Company plans to apply the funds raised through the Third Party Allotment to the procurement of manufacturing equipment for the purpose of converting the existing 65 nm semiconductor manufacturing process into the Company’s cutting-edge manufacturing process (40 nm manufacturing process), thus increasing profit and further improving costs.

The Company resolved at the board of directors meeting at which the Third Party Allotment was resolved that the Company would obtain with funds on hand, by exercising the Company’s right to purchase, from a subsidiary belonging to KTC Group (the “KTC Group Subsidiary”) all 30,000 shares of Series A preferred share of our subsidiary EBS, Inc. (equivalent to 15 billion yen) that were allocated by EBS, Inc. to the KTC Group Subsidiary with the due date being March 27, 2009, and obtained them as of April 9, 2010.

1. Outline of the issuance of the Shares

(1) Type of Offered Shares

The common shares of Elpida Memory, Inc.

(2) Number of Offered shares

6,470,200 shares

(3) Payment Amount of Offered shares

1,805 yen per share

(4) Total amount of Payment

11,678,711,000 yen

(5) Increase in the Amount of Capital stock

5,839,355,500 yen (902.5 yen per share)

(6) Increase in the Amount of Legal capital surplus

5,839,355,500 yen (902.5 yen per share)

(7) Payment date

April 20, 2010

(8) Method of Issuance

All shares shall be allotted to KTC by way of a third party allotment.

2. Outline of the issuance of the Bonds with Subscription Rights to shares

(1) Name of bonds

The U.S. Dollar Denominated Convertible Bonds due 2013 (bonds with subscription rights to shares, *tenkan shasaigata shinkabu yoyakuken-tsuki shasai*) of Elpida Memory, Inc. (the “Company”) (hereinafter referred to as the “Bonds with Share Subscription Rights,” of which the bonds, excluding share subscription rights, and share subscription rights are to be hereinafter referred to as the “Bonds,” and the

- “Share Subscription Rights” respectively.)
- (2) Aggregate amount of bonds
75,000,000 U.S. dollars
 - (3) Amount of each bond
5,000,000 U.S. dollars
 - (4) Denomination of the bonds with share subscription rights
The Bonds with Share Subscription Rights shall not have bond certificates issued therefore.
 - (5) Transfer of share subscription rights or bonds
Pursuant to the provisions of the main clause of Article 254, paragraphs 2 and 3 of the Companies Act, neither the Share Subscription Rights nor the Bonds may be transferred individually out of the Bonds with Share Subscription Rights.
 - (6) Interest rate of the bonds
The Bonds shall not accrue interest.
 - (7) Payment amount for the bonds
100 U.S. dollars for the amount of 100 US dollars in each Bond
 - (8) Redemption amount of the bonds
100 U.S. dollars for the amount of 100 US dollars in each Bond
 - (9) Payment date of the bonds
April 20, 2010
 - (10) Allotment date for share subscription rights
April 20, 2010
However, the allotment shall be subject to the payment of the payment amount for each of the Bonds to the Company on the payment date set forth in (9).
 - (11) Method of subscription
All amounts shall be allotted to KTC by way of a third party allotment.
 - (12) Existence of security or guarantee
There are no securities or guarantees on the Bonds with Share Subscription Rights and there are no assets especially withheld for the Bonds with Share Subscription Rights.
 - (13) Bond managers
The Bonds with Share Subscription Rights satisfy the requirements of the proviso clause of Article 702 of the Companies Act. Thus, the bond managers shall not be established.
 - (14) Manner and the Period of the Redemption of Bonds
The aggregate amount of the Bonds shall be redeemed on April 19, 2013. However, the advanced redemption and the purchase and cancellation may be made as set forth in the terms and conditions of the issuance of the Bonds.
 - (15) Matters Regarding the Share Subscription Rights
 - 1) The number of Share Subscription Rights attached to the Bonds
The number of Share Subscription Rights attached to each of the Bonds shall be 1, and a total of 15 Share Subscription Rights shall be issued.
 - 2) Payment amount for each share subscription rights
The person to subscribe for the Share Subscription Rights shall not be required to make a payment of monies in exchange for the Share Subscription Rights.
 - 3) The type of shares subject to the Share Subscription Rights and the method of calculation of the number thereof
The type of shares subject to the Share Subscription Rights shall be common shares of the Company, and the number of common shares of the Company to be

delivered by the Company due to the exercise request shall be the amount obtained by division of the total of the amount of the Bonds attached with the Share Subscription Rights regarding the exercise request converted from US dollars into yen at the fixed foreign exchange rate of 93.43 yen per U.S. dollar (i.e., the amount obtained by multiplication of the number of Share Subscription Rights regarding the exercise request by 467,150,000 yen) by the Conversion Price (defined in (15) 5), (ii) applicable to the date of the exercise request. Any fractions falling short of one (1) share in such event shall be rounded down and no adjustment in cash shall be made.

4) Period in which the Share Subscription Rights may be exercised

The share subscription rights holders of the Bonds with Share Subscription Rights (the “Share Subscription Rights Holders”) may, at any time during the period from April 1, 2012 up to March 31, 2013, exercise the Share Subscription Rights and request the Company to deliver the Company’s common shares set forth in (15) 3). However, for the certain periods set forth in the terms and condition of the issuance of the Bonds, exercise requests may not be conducted.

5) Description of the property to be contributed upon the exercise of the Share Subscription Rights and the amount thereof

- i. Upon the exercise of each of the Share Subscription Rights, the Bonds attached with each of the Share Subscription Rights shall be contributed and the price for the Bonds shall be the same amount as the payment amount of the Bonds.
- ii. The price to be used in the calculation of the number of the Company’s common shares to be delivered by the exercise of each of the Share Subscription Rights (the “Conversion Price”) shall initially be 2,052 yen. However, the Conversion Price may be adjusted pursuant to the provisions of (15) 5) iii.
- iii. After the issuance of the Bonds with Share Subscription Rights, if there is a change in the number of common shares or the possibility thereof due to certain events set forth in the terms and condition of the issuance of the Bonds, the Company shall adjust the Conversion Price using the calculation formula set forth below (the “Conversion Price Adjustment Formula”):

Conversion Price after adjustment =

$$\text{Conversion Price before adjustment} \times \frac{\text{Number of common shares outstanding} + \frac{\text{Number of common shares to be delivered} \times \text{Payment amount per share}}{\text{Current market price per share}}}{\text{Number of common shares outstanding} + \text{Number of common shares to be delivered}}$$

6) Capital stock and Legal capital surplus to be increased in the event of the issuance of shares by the exercise of the Share Subscription Rights

The amount of the capital stock to be increased in the event of the issuance of shares by the exercise of the Share Subscription Rights shall be an amount obtained by multiplying the maximum amount of increases of the capital stock, etc., calculated pursuant to the provisions of Article 17 of the Companies Accounting Regulations by 0.5. Any fractions falling short of one (1) yen as a result of such calculation shall be rounded up. The amount of legal capital surplus to be increased shall be the amount obtained by deducting the amount of the capital stock to be increased from the maximum amount of increases of the capital stock, etc.

7) Restrictions on transfer

Any acquisition of the Share Subscription Rights by way of transfer shall need an approval of the Company's board of directors.

8) Succession of the Bonds with Share Subscription Rights by Succeeding Company, etc., in case the Company conducts Organizational Restructuring Acts
There are certain provisions in the terms and conditions of the issuance of the Bonds.

(16) The reason for not requiring payment of monies in exchange for the Share Subscription Rights

The Share Subscription Rights are affixed to convertible bonds with share subscription rights, and in consideration of the fact that the separate transfer from the Bonds can not be made and that upon the exercise of the Share Subscription Rights, the Bonds attached with the Share Subscription Rights are contributed, the Bonds and the Share Subscription Rights are mutually and closely related, and in consideration of the Share Subscription Rights' value and the economic interests to be obtained by the Company with the Bonds' interest rates and other terms of issuance such as the payment amount, it was decided that the payment of monies will not be required in exchange for the Share Subscription Rights.

Balance Sheet
(As of March 31, 2010)

(Millions of yen)

Items	Amount
ASSETS	
Current assets	263,135
Cash and deposits	51,090
Accounts receivable, trade	114,279
Inventories	66,056
Deferred tax assets	1,854
Short-term loans receivable to subsidiaries and affiliates	16,142
Current portion of long-term loans receivable from subsidiaries and affiliates	2,885
Accounts receivable, other	7,829
Consumption taxes receivable	3,822
Other current assets	2,445
Allowance for doubtful accounts	(3,267)
Noncurrent assets	485,173
Property, plant and equipment	351,827
Buildings	66,594
Structures	5,380
Machinery, equipment and vehicles	257,393
Tools, furniture and fixtures	15,047
Land	4,000
Construction in process	3,413
Intangible assets	5,587
Software	4,922
Software in progress	56
Other intangible assets	609
Investments and other assets	127,759
Investment securities	4,083
Stocks of subsidiaries and affiliates	107,201
Long-term loans receivable from subsidiaries and affiliates	5,071
Long-term prepaid expenses	10,932
Other	472
Total assets	748,308

Balance Sheet (continued)

(As of March 31, 2010)

(Millions of yen)

Items	Amount
LIABILITIES	
Current liabilities	231,660
Accounts payable, trade	56,528
Current portion of bonds	30,000
Current portion of long-term loans payable	94,907
Current portion of lease obligations	9,497
Accounts payable, other	9,068
Income taxes payable	440
Deposits received of subsidiaries and affiliates	15,500
Provision for bonuses	2,308
Provision for loss on inventory valuation	736
Provision for sales returns	474
Provision for loss on settlements and litigations	1,088
Other current liabilities	11,114
Noncurrent liabilities	240,356
Bonds payable	75,000
Long-term loans payable	132,427
Lease obligations	26,645
Long-term accounts payable, other	1,519
Deferred tax liabilities	2,359
Provision for retirement benefits	1,834
Provision for directors' retirement benefits	126
Other noncurrent liabilities	446
Total liabilities	472,016
NET ASSETS	
Shareholders' equity	275,246
Capital stock	203,860
Capital surplus	214,902
Legal capital surplus	214,902
Retained earnings	(143,511)
Other retained earnings	(143,511)
Reserve for special depreciation	3,580
Retained earnings brought forward	(147,091)
Treasury stock	(5)
Valuation and translation adjustments	759
Valuation difference on available-for-sale securities	823
Deferred gains or losses on hedges	(64)
Subscription rights to shares	287
Total net assets	276,292
Total liabilities and net assets	748,308

Statement of Operations
(From April 1, 2009 through March 31, 2010)

(Millions of yen)

Items	Amount	
Net sales		449,036
Cost of sales		389,975
Gross profit		59,061
Selling, general and administrative expenses		54,323
Operating income		4,738
Non-operating income		
Interest income	745	
Gain on valuation of interest-rate swaps	102	
Others	119	966
Non-operating expenses		
Interest expense	4,423	
Interest on bonds	3,071	
Commission for loans	2,294	
Foreign exchange losses	390	
Stock issuance cost	501	
Depreciation of inactive noncurrent assets	1,169	
Others	1,481	13,329
Ordinary loss		7,625
Extraordinary income		
Gain on sale of property, plant and equipment	76	
Gain on donation of noncurrent assets	143	
Reversal of provision for loss on settlements and litigations	1,149	1,368
Extraordinary losses		
Loss on sales of property, plant and equipment	7	
Loss on retirement of property, plant and equipment	2,931	
Impairment loss	724	3,662
Loss before income taxes		9,919
Income taxes - current		16
Net loss		9,935

Statement of Changes in Net Assets
(From April 1, 2009 through March 31, 2010)

(Millions of yen)

	Shareholders' equity					Total shareholders' equity	
	Capital stock	Capital surplus		Retained earnings			Treasury stock
		Legal capital surplus	Other retained earnings				
			Reserve for special depreciation	Retained earnings brought forward			
Balance as of March 31, 2009	158,665	169,707	6,838	(140,414)	(5)	194,791	
Changes							
Issuance of stock	45,195	45,195				90,390	
Net loss				(9,935)		(9,935)	
Purchase of treasury stock					(0)	(0)	
Reversal of reserve for special depreciation			(3,258)	3,258		-	
Net changes of items other than shareholders' equity						-	
Net changes	45,195	45,195	(3,258)	(6,677)	(0)	80,455	
Balance as of March 31, 2010	203,860	214,902	3,580	(147,091)	(5)	275,246	

	Valuation and translation adjustments			Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments		
Balance as of March 31, 2009	(453)	(300)	(753)	242	194,280
Changes					
Issuance of stock			-		90,390
Net loss			-		(9,935)
Purchase of treasury stock			-		(0)
Reversal of reserve for special depreciation			-		-
Net changes of items other than shareholders' equity	1,276	236	1,512	45	1,557
Net changes	1,276	236	1,512	45	82,012
Balance as of March 31, 2010	823	(64)	759	287	276,292

Notes to Financial Statements

Notes to Basic and Important Matters for Preparation of Financial Statements

(1) Valuation principles and methods for securities

Stock of subsidiaries: cost method based on the moving-average method

Available-for-sale securities

Marketable securities available for sale are stated at market price as of the closing date (the unrealized gains/losses on the marketable securities are recognized as a component of net assets and the cost of securities sold is pursuant to the moving average method).

(2) Derivatives: Derivatives are stated based on a market value method.

(3) Valuation of inventories

Finished goods	Cost method based on the first-in, first-out method (amount shown on the balance sheet is stated by figuring based on decrease in profitability)
Semi-finished goods	Cost method based on the first-in, first-out method (amount shown on the balance sheet is stated by figuring based on decrease in profitability).
Work in process	Cost method based on the first-in, first-out method or gross average method (amount shown on the balance sheet is stated by figuring based on decrease in profitability).
Raw materials	Cost method based on the first-in, first-out method (amount shown on the balance sheet is stated by figuring based on decrease in profitability).
Supplies	Cost method based on the most recent purchase price method (amount shown on the balance sheet is stated by figuring based on decrease in profitability).

(4) Depreciation method of noncurrent assets

1) Property, plant and equipment (excluding leased assets) are stated at cost.

Depreciation is computed using the straight-line method based on the following estimated useful lives of the assets.

Buildings	3 to 50 years
Structures:	2 to 50 years
Machinery, equipment and vehicles:	2 to 20 years
Tools, furniture and fixtures:	2 to 25 years

2) Intangible assets: straight-line method

Certain costs incurred to obtain internal use computer software are capitalized and amortized on a straight-line basis over the estimated useful lives (5 years at maximum).

- 3) Leased assets:
 - Leased assets under finance lease transactions which transfer ownership of the assets: A same method is applied as that of noncurrent assets the Company owns.
 - Leased assets under capital lease transactions which do not transfer ownership of the assets: depreciated on a straight-line basis over the lease terms assuming no residual value.

- (5) Principles for provision
 - 1) Allowance for doubtful accounts:
 - An allowance for doubtful accounts is provided based on credit loss history for general receivables and an evaluation of collectability for any specific doubtful receivables.
 - 2) Provision for bonuses:
 - Provision for bonuses is provided for the estimated amounts, which the Company will pay based on the service provided during the current period.
 - 3) Provision for loss on inventory valuation:
 - Following purchase of inventories from consignment factories, the Company set provision for loss on inventory valuation, which the Company expects to bear.
 - 4) Provision for sales returns:
 - In preparation for expected returns, a provision for sales return is provided for the amount equivalent to gross profit associated with such returns and the expected return loss in view of the individual possibilities of future returns.
 - 5) Provision for retirement benefits:
 - Pension and retirement benefits are accrued based on the benefit obligations and pension plan assets at the end of the current fiscal year.
 - Prior service costs are amortized by the straight-line method over the period (mainly 15 years) which is within the average remaining years of service of the employees.
 - Actuarial gains or losses are amortized by the straight-line method over the period (mainly 15 years), which is within the average remaining years of service of the employees, from the fiscal year following the fiscal year in which such gains or losses incur.
 - 6) Provision for directors' retirement benefits:
 - Cost for Director's retirement benefits is accrued based on the benefit obligations at end of period determined by in-company rules.
 - 7) Provision for loss on settlements and litigations:
 - Provision for loss on settlements and litigations is provided based on estimated loss which provably occurs from settlements and litigations.

- (6) Hedge accounting
 - 1) Hedge accounting:
 - The Company has adopted deferral hedge accounting.
 - 2) Hedging instruments and hedged items:
 - Hedging instruments: Interest rate swaps
 - Hedged items: Company bonds
 - 3) Policy of hedging:

The Company has entered into interest rate swap agreements in order to hedge the future risks of fluctuations in interest rates pertaining to company bonds. The hedged items are identified individually by contract.

- 4) Evaluation of Hedge effectiveness:
Hedge effectiveness is evaluated by comparing the cumulative changes in cash flows or fair values from the hedging instruments with those from the hedged items.

(7) Consumption taxes

Accounted exclusive of consumption taxes.

(8) Change in significant accounting policies

1) Change to accounting standard for retirement benefit

Effective for the fiscal year beginning on or after April 1, 2009, the "Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)" (ASBJ Statement No. 19; July 31, 2008) is adopted. This adoption does not affect operating results as the actuarial difference is amortized from the following fiscal year. Further, the remaining difference of benefit obligations that was incurred following the adoption of the Accounting Standard is immaterial.

2) Change in presentation

- i) Maintenance costs for idle assets," which were independently presented as non-operating expenses in the consolidated statement of operations until the fiscal year ended March 31, 2009, are presented as "Others," based on their materiality for the fiscal year ended March 31, 2010.

"Maintenance costs for idle assets" were 555 million yen for the fiscal year ended March 31, 2010.

- ii) "Commission for loans," which were included in "Others" in the non-operating expenses in the consolidated statement of operations until the year ended March 31, 2009, are presented independently based on their materiality for the year-ended March 31, 2010. "Commission for loans" were 385 million yen for the consolidated fiscal year-ended March 31, 2009.

- iii) "Gain on valuation of interest-rate swaps," which were included in "Others" in the non-operating income section of the consolidated statement of operations until the year ended March 31, 2009, are independently presented because their importance increased in the year ended March 31, 2010. "Gain on valuation of interest-rate swaps" was 196 million yen for the fiscal year ended March 31, 2009.

Notes to Balance Sheet

(1) Assets pledged as collateral and obligations collateralized

Assets pledged as collateral and obligations collateralized as of March 31, 2010 are as follows,

1) Assets pledged as collateral

Buildings and structures	70,753 million yen
Machinery, equipment and vehicles	178,449 million yen
Land	4,000 million yen
Construction in process	2,224 million yen
Total	255,426 million yen

Hiroshima Plant Foundation was formed and a mortgage was created on it in the fiscal year under review.

2) Obligation collateralized	
Long-term loans payable (including current portion of long-term loans payable)	217,333 million yen
Operating leases with minimum rental commitments	4,736 million yen

A mortgage was also created on the Factory Foundation with respect to a portion of borrowings and lease obligations of subsidiaries.

(2) Accumulated depreciation of property, plant and equipment was 340,598 million yen.

(3) Monetary claims and liabilities to subsidiaries and affiliated companies

Monetary claims	
Accounts receivable, trade	51,509 million yen
Accounts receivable, other	656 million yen
Monetary liabilities	
Accounts payable, trade	16,276 million yen
Accounts payable, other	340 million yen

(4) Guarantee liability

Guarantee of obligations

Guarantees	Amounts (millions of yen)	Details
Akita Elpida Memory, Inc.	Revolving amount 744	Notes and accounts payable, trade
Rexchip Electronics Corporation	62,596	Loans payable
Rexchip Electronics Corporation	17,884	Lease obligations

The guarantee of obligations provided for a portion of the borrowings from Rexchip Electronics Corporation (20,697 million yen) and the lease obligations is joint and several suretyship, and the amount borne by the Company is 19,290 million yen.

Important litigations

Class actions against the Company and Elpida Memory (USA) Inc. with regards to antitrust laws were filed in several courts of the U.S. and Canada. The Company and its subsidiary are also proceeding with negotiations for settlement with each major client. The Company has undergone similar investigations by the European Commission and the Competition Bureau of Industry Canada. In preparation for surcharges which the European Commission demands the Company bear, provision for loss on settlements and litigations of 1,088 million yen is recorded at the end of the current fiscal year.

(5) Financial covenant clause

Some of the interest-bearing liabilities of the Company have some financial covenants attached, and the Company may be requested to perform lump-sum repayment of those interest-bearing liabilities in the event that any of the matters mentioned below is violated; The more severe conditions are described if there are multiple conditions (each amount in parenthesis shows the liabilities which each covenant clause is applied to).

Maintenance of Net Assets clause

- 1) The amount of the Net Assets in the consolidated balance sheet of the Company as of the end date of the fiscal year and the end date of the second quarter (ended September 30) shall be 75% or above of the amount as of the corresponding dates of the previous fiscal year (215,333 million yen).
- 2) The amount of the Net Assets in the consolidated balance sheet of the Company as of the end date of the fiscal year less the amounts of deferred gains or losses on hedges, subscription rights to shares, and minority interests shall be 137.8 billion yen or above (12,000 million yen).

Maintenance of profit clause

Operating income will be recorded in the consolidated statement of operations for the fiscal year ending March 31, 2011 (110,000 million yen).

Maintenance and Achievement of Business Restructuring Plan

In respect of borrowings made by financial institutions mainly consisting of major financing banks and Development Bank of Japan Inc. during the fiscal year under review, the Company shall have the obligation to maintain and achieve the business-restructuring plan under the “Act on Special Measures for Industrial Revitalization and Innovation of Industrial Activities.”

(6) Agreement on purchase of noncurrent assets

Commitments outstanding for purchase of noncurrent assets which have been ordered and not yet inspected are 30,647 million yen as of March 31, 2010.

(7) Agreement on long-term purchase of natural gas

Hiroshima Elpida Memory, Inc. (currently the Company’s Hiroshima Plant) concluded an agreement with Hiroshima Gas Co., Ltd. as of February 24, 2005 for long-term purchasing of natural gas for a period of 10 years from April 1, 2005 to March 31, 2015. As of March 31, 2010, the estimated amount of gas that Hiroshima Elpida Memory must purchase over the next five years in accordance therewith is 45,426 million yen.

(8) Agreement on long-term purchase of energy

Hiroshima Elpida Memory, Inc. (currently the Company’s Hiroshima Plant) concluded an agreement with SC Hiroshima Energy Corporation on September 30, 2005 for long-term purchasing of energy for a period of 15 years from December 1, 2005 to January 31, 2021. As of March 31, 2010, the estimated amount of electric power that Hiroshima Elpida Memory must purchase by the expiration date of the agreement in accordance therewith is 8,616 million yen.

On December 28, 2006, the second-term agreement on long-term purchase of energy for a period of 15 years from July 1, 2007 to June 30, 2022 was executed. As of March 31, 2010, the estimated amount of electric power that Hiroshima Elpida Memory must purchase by the expiration date of the agreement in accordance therewith is 5,568 million

yen.

On November 1, 2007, the third-term agreement on long-term purchase of energy for a period of 15 years from June 1, 2008 was executed so as to meet E300Fab Area 3 enhancement. As of March 31, 2010, the estimated amount of electric power that Hiroshima Elpida Memory must purchase by the expiration date of the agreement in accordance therewith is 8,457 million yen.

- (9) All fractions contained in the above amounts are rounded off to the nearest units.

Notes to Statement of Operations

- (1) Transactions with subsidiaries and affiliates

Net sales	272,000 million yen
Cost of sales	128,928 million yen
Selling, general and administrative expenses	3,453 million yen
Transactions other than operating transactions	1,049 million yen

- (2) Research and development expenses

Research and development expenses of 32,365 million yen are included in selling, general and administrative expenses.

- (3) Cost of sales

Provision for sales returns of 474 million yen is included in the cost of sales for the fiscal year under review.

- (4) Impairment loss

For the year ended March 31, 2010, the Company has recognized impairment loss for the following asset group.

Location	Use	Category
Higashi Hiroshima-shi, Hiroshima prefecture	Assets to be disposed of	Machinery, equipment and vehicles

The company assesses impairment based on a place of business as a fundamental unit, and important “idle assets & assets to be disposed of” is a unit of the asset group for impairment assessment.

The assets to be disposed of were originally scheduled to be used depending on the conditions of market demands. However, these assets - machinery, equipment, tools, furniture and fixtures - became unlikely to be used due to the change in market conditions. Therefore, the Company has decided to mark the assets down to the recoverable value and recognized corresponding impairment loss of 724 million yen as “extraordinary losses” in the statement of operations.

The breakdown of impairment loss is as follows.

Machinery, equipment and vehicles	724 million yen
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The recoverable value is based on the net sale value, but the value of assets that are difficult to transfer to other assets or sold is determined at memorandum price.

(5) All fractions contained in the above amounts are rounded off to the nearest units.

Notes to Statement of Changes in Net Assets

(1) Number of treasury shares

Class of shares	Number of shares as of March 31, 2009	Increase in number of shares in the current period	Decrease in number of shares in the current period	Number of shares as of March 31, 2010
Common share	1,315 shares	146 shares	–	1,461 shares

Note: The increase in the number of treasury shares was due to the purchase of shares less than one unit.

(2) All fractions contained in the above amounts are rounded off to the nearest units.

Notes on Tax Effect Accounting

Major causes resulting in deferred tax assets and deferred tax liabilities

(Millions of yen)

Deferred tax assets

Current assets

Loss carryforward	8,374
Provision for bonuses	939
Accrued business taxes	172
Allowance for doubtful accounts	1,329
Provision for loss on inventory valuation	300
Provision for loss on settlements and litigations	443
Accrued expenses	3,396
Others	747
Subtotal deferred tax assets (current)	15,700
Valuation allowances	(13,846)
Total deferred tax assets (current)	1,854

Noncurrent assets

Loss carryforward	74,646
Amount in excess limit of inclusion in expenses of accumulated depreciation	115
Provision for retirement benefits	746
Provision for directors' retirement benefits	51
Loss on retirement of noncurrent assets	119
Impairment loss	274
Others	1,712
Subtotal deferred tax assets (noncurrent)	77,663
Valuation allowances	(77,061)
Total deferred tax assets (noncurrent)	602

Deferred tax liabilities

Noncurrent liabilities

Reserve for special depreciation	(2,456)
Valuation difference on available-for-sale securities	(505)
Total deferred tax liabilities (noncurrent)	(2,961)

Deferred tax assets (liabilities), net	(505)
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Notes on Related-Party Transactions

Subsidiaries and others

(Millions of yen)

Attribution	Name of subsidiary	Holding ratio of voting rights	Relationship	Details of Transactions	Amount of Transaction	Account	Balance at end of year
Subsidiary	Akita Elpida Memory, Inc.	Direct 100.0%	Production of the Company's products (back-end process) Concurrent directorate: Yes	Lending funds (Note 1)	1,400	Long-term loans receivable from subsidiaries and affiliates (including current portions)	7,956
				Guarantee of obligations (Note 2)	744	-	-
Subsidiary	Rexchip Electronics Corporation	Direct 51.7% Indirect 12.3%	Production of the Company's products (front-end process) Concurrent directorate: Yes	Purchase of semi-finished goods (Note 3)	108,089	Accounts payable, trade	12,483
				Guarantee of obligations (Note 4)	80,480	-	-
Subsidiary	Elpida Memory (USA) Inc.	Direct 100.0%	Sales of the Company's products Concurrent directorate: Yes	Sales of the Company's products (Note 5)	77,096	Accounts receivable, trade	9,114
Subsidiary	Elpida Memory (Taiwan) Co., Ltd.	Indirect 100.0%	Sales of the Company's products Concurrent directorate: Yes	Lending funds (Note 1)	-	Short-term loans receivable to subsidiaries and affiliates	15,942
				Sales of the Company's products (Note 5)	118,912	Accounts receivable, trade	22,897
Subsidiary	Elpida Memory (Europe) Sàrl	Indirect 100.0%	Sales of the Company's products Concurrent directorate: No	Sales of the Company's products (Note 5)	21,851	Accounts receivable, trade	8,016
Subsidiary	EBS, Inc.	Direct 100.0%	Financing and fund management Concurrent directorate: Yes	Fund administration (Note 6)	-	Deposits received of subsidiaries and affiliates	15,500

Of the above amounts, consumption taxes are not included in the amounts of transaction, while they are included in the balances at end of year.

Trade terms and decision-making policy thereof

Notes:

- Interest on loans is rationally determined in consideration of the market interest rates. No pledge is provided to the Company.
- The guarantee of obligations is provided for accounts payable to the supplier of Akita Elpida Memory, Inc. The amount of obligations guaranteed as described above is the maximum amount.
- Purchases of semi-finished goods are determined in consideration of the market price in a similar manner as the condition of ordinary transactions.
- The guarantee of obligations is provided for borrowings (62,596 million yen) and lease obligations (17,884 million yen) of Rexchip Electronics Corporation. The guarantee of obligations provided for a portion of the borrowings (20,697 million yen) and the lease obligations are joint and several suretyship and the amount borne by the Company is 19,290 million yen.
- Product sales are determined in consideration of the market price in a similar manner as ordinary transactions.
- In order to make effective use of funds of the Group, the relevant funds have been transferred to the Company from EBS, Inc. The deposit interest rate has been reasonably decided by taking the market interest rate into consideration.

Per-Share Information

1) Net assets per share

1,248.18 yen

2) Net loss per share

62.02 yen

Important Subsequent Events

Important Subsequent Events

The Issuance of the shares and the U.S. dollar denominated convertible bond-type bonds with subscription rights to shares (*tenkan shasaigata shinkabu yoyakuken-tsuki shasai*) by way of third party allotment

The Company resolved at its board of directors meeting held on April 2, 2010 that the Company would issue to Kingston Technology Corporation (“KTC”) new shares (total amount to be paid is 11,679 million yen; the “Shares”) and U.S. dollar denominated convertible bond-type bonds with subscription rights to shares (*tenkan shasaigata shinkabu yoyakuken-tsuki shasai*) (total amount of bonds is 75 million U.S. dollars; the “Bonds”) by way of third party allotment (collectively “Third Party Allotment”). Payment for the Third Party Allotment was completed on April 20, 2010.

KTC Group is the largest customer of the Company, which has many customers in the PC manufacturing business, and is also a subcontractor of our module products.

The Company plans to apply the funds raised through the Third Party Allotment to the procurement of manufacturing equipment for the purpose of converting the existing 65 nm semiconductor manufacturing process into the Company’s cutting-edge manufacturing process (40 nm manufacturing process), thus increasing profit and further improving costs.

The Company resolved at the board of directors meeting as that at which the Third Party Allotment was resolved, that the Company would obtain with funds on hand, by exercising the Company’s right to purchase, from a subsidiary belonging to KTC Group (the “KTC Group Subsidiary”) all 30,000 shares of Series A preferred share of our subsidiary EBS, Inc.

(equivalent to 15 billion yen) that were allocated by EBS, Inc. to the KTC Group Subsidiary with the due date being March 27, 2009, and obtained them as of April 9, 2010.

1. Outline of the issuance of the Shares

(1) Type of Offered Shares

The common shares of Elpida Memory, Inc.

(2) Number of Offered shares

6,470,200 shares

(3) Payment Amount of Offered shares

1,805 yen per share

(4) Total amount of Payment

11,678,711,000 yen

(5) Increase in the Amount of Capital stock

5,839,355,500 yen (902.5 yen per share)

(6) Increase in the Amount of Legal capital surplus

5,839,355,500 yen (902.5 yen per share)

(7) Payment date

April 20, 2010

(8) Method of Issuance

All shares shall be allotted to KTC by way of a third party allotment.

2. Outline of the issuance of the Bonds with Subscription Rights to shares

(1) Name of bonds

The U.S. Dollar Denominated Convertible Bonds due 2013 (bonds with subscription rights to shares, *tenkan shasaigata shinkabu yoyakuken-tsuki shasai*) of Elpida

Memory, Inc. (the “Company”) (hereinafter referred to as the “Bonds with Share Subscription Rights,” of which the bonds, excluding share subscription rights, and share subscription rights are to be hereinafter referred to as the “Bonds,” and the “Share Subscription Rights” respectively.)

- (2) Aggregate amount of bonds
75,000,000 U.S. dollars
- (3) Amount of each bond
5,000,000 U.S. dollars
- (4) Denomination of the bonds with share subscription rights
The Bonds with Share Subscription Rights shall not have bond certificates issued therefore.
- (5) Transfer of share subscription rights or bonds
Pursuant to the provisions of the main clause of Article 254, paragraphs 2 and 3 of the Companies Act, neither the Share Subscription Rights nor the Bonds may be transferred individually out of the Bonds with Share Subscription Rights.
- (6) Interest rate of the bonds
The Bonds shall not accrue interest.
- (7) Payment amount for the bonds
100 U.S. dollars for the amount of 100 US dollars in each Bond
- (8) Redemption amount of the bonds
100 U.S. dollars for the amount of 100 US dollars in each Bond
- (9) Payment date of the bonds
April 20, 2010
- (10) Allotment date for share subscription rights
April 20, 2010
However, the allotment shall be subject to the payment of the payment amount for each of the Bonds to the Company on the payment date set forth in (9).
- (11) Method of subscription
All amounts shall be allotted to KTC by way of a third party allotment.
- (12) Existence of security or guarantee
There are no securities or guarantees on the Bonds with Share Subscription Rights and there are no assets especially withheld for the Bonds with Share Subscription Rights.
- (13) Bond managers
The Bonds with Share Subscription Rights satisfy the requirements of the proviso clause of Article 702 of the Companies Act. Thus, the bond managers shall not be established.
- (14) Manner and the Period of the Redemption of Bonds
The aggregate amount of the Bonds shall be redeemed on April 19, 2013. However, the advanced redemption and the purchase and cancellation may be made as set forth in the terms and conditions of the issuance of the Bonds.
- (15) Matters Regarding the Share Subscription Rights
 - 1) The number of Share Subscription Rights attached to the Bonds
The number of Share Subscription Rights attached to each of the Bonds shall be 1, and a total of 15 Share Subscription Rights shall be issued.
 - 2) Payment amount for each share subscription rights
The person to subscribe for the Share Subscription Rights shall not be required to make a payment of monies in exchange for the Share Subscription Rights.
 - 3) The type of shares subject to the Share Subscription Rights and the method of

calculation of the number thereof

The type of shares subject to the Share Subscription Rights shall be common shares of the Company, and the number of common shares of the Company to be delivered by the Company due to the exercise request shall be the amount obtained by division of the total of the amount of the Bonds attached with the Share Subscription Rights regarding the exercise request converted from US dollars into yen at the fixed foreign exchange rate of 93.43 yen per U.S. dollar (i.e., the amount obtained by multiplication of the number of Share Subscription Rights regarding the exercise request by 467,150,000 yen) by the Conversion Price (defined in (15) 5), (ii) applicable to the date of the exercise request. Any fractions falling short of one (1) share in such event shall be rounded down and no adjustment in cash shall be made.

4) Period in which the Share Subscription Rights may be exercised

The share subscription rights holders of the Bonds with Share Subscription Rights (the “Share Subscription Rights Holders”) may, at any time during the period from April 1, 2012 up to March 31, 2013, exercise the Share Subscription Rights and request the Company to deliver the Company’s common shares set forth in (15) 3). However, for the certain periods set forth in the terms and condition of the issuance of the Bonds, exercise requests may not be conducted.

5) Description of the property to be contributed upon the exercise of the Share Subscription Rights and the amount thereof

- i. Upon the exercise of each of the Share Subscription Rights, the Bonds attached with each of the Share Subscription Rights shall be contributed and the price for the Bonds shall be the same amount as the payment amount of the Bonds.
- ii. The price to be used in the calculation of the number of the Company’s common shares to be delivered by the exercise of each of the Share Subscription Rights (the “Conversion Price”) shall initially be 2,052 yen. However, the Conversion Price may be adjusted pursuant to the provisions of (15) 5) iii.
- iii. After the issuance of the Bonds with Share Subscription Rights, if there is a change in the number of common shares or the possibility thereof due to certain events set forth in the terms and condition of the issuance of the Bonds, the Company shall adjust the Conversion Price using the calculation formula set forth below (the “Conversion Price Adjustment Formula”):

Conversion Price after adjustment =

$$\text{Conversion Price before adjustment} \times \frac{\text{Number of common shares outstanding} + \frac{\text{Number of common shares to be delivered} \times \text{Payment amount per share}}{\text{Current market price per share}}}{\text{Number of common shares outstanding} + \text{Number of common shares to be delivered}}$$

6) Capital stock and Legal capital surplus to be increased in the event of the issuance of shares by the exercise of the Share Subscription Rights

The amount of the capital stock to be increased in the event of the issuance of shares by the exercise of the Share Subscription Rights shall be an amount obtained by multiplying the maximum amount of increases of the capital stock, etc., calculated pursuant to the provisions of Article 17 of the Companies Accounting Regulations by 0.5. Any fractions falling short of one (1) yen as a result of such calculation shall be rounded up. The amount of legal capital surplus to be increased shall be the amount obtained by deducting the amount of the capital stock to be increased from the maximum amount of increases of the capital stock, etc.

7) Restrictions on transfer

Any acquisition of the Share Subscription Rights by way of transfer shall need an approval of the Company's board of directors.

8) Succession of the Bonds with Share Subscription Rights by Succeeding Company, etc., in case the Company conducts Organizational Restructuring Acts

There are certain provisions in the terms and conditions of the issuance of the Bonds.

(16) The reason for not requiring payment of monies in exchange for the Share Subscription Rights

The Share Subscription Rights are affixed to convertible bonds with share subscription rights, and in consideration of the fact that the separate transfer from the Bonds can not be made and that upon the exercise of the Share Subscription Rights, the Bonds attached with the Share Subscription Rights are contributed, the Bonds and the Share Subscription Rights are mutually and closely related, and in consideration of the Share Subscription Rights' value and the economic interests to be obtained by the Company with the Bonds' interest rates and other terms of issuance such as the payment amount, it was decided that the payment of monies will not be required in exchange for the Share Subscription Rights.

Report of Independent Auditors

May 10, 2010

The Board of Directors
Elpida Memory, Inc.

Ernst & Young ShinNihon LLC
Kazuya Oki [Seal]

Certified Public Accountant
Designated and Engagement Partner

Koki Ito [Seal]

Certified Public Accountant
Designated and Engagement Partner

Junko Teraguchi [Seal]

Certified Public Accountant
Designated and Engagement Partner

Pursuant to Article 444, Section 4 of the Corporation Law, we have audited the consolidated balance sheet, the consolidated statement of operation, the consolidated statement of changes in net assets and the notes to the consolidated financial statements of Elpida Memory, Inc. (the "Company") applicable to the fiscal year from April 1, 2009 through March 31, 2010. 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 auditing standards generally accepted in Japan. 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. 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 financial position and results of operations of the Elpida Memory Group, which consisted of the Company and consolidated subsidiaries, applicable to the fiscal year ended March 31, 2010 in conformity with accounting principles generally accepted in Japan.

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

Report of Independent Auditors

May 10, 2010

The Board of Directors
Elpida Memory, Inc.

Ernst & Young ShinNihon LLC
Kazuya Oki [Seal]
Certified Public Accountant
Designated and Engagement Partner

Koki Ito [Seal]
Certified Public Accountant
Designated and Engagement Partner

Junko Teraguchi [Seal]
Certified Public Accountant
Designated and Engagement Partner

Pursuant to Article 436, Section 2, Paragraph 1 of the Corporation Law, we have audited the balance sheet, the statement of operation, the statement of changes in net assets, the notes to the financial statements and the related supplementary schedules of Elpida Memory, Inc. (the “Company”) applicable to the 11th fiscal year from April 1, 2009 through March 31, 2010. These financial statements and the related supplementary schedules are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements and the related supplementary schedules based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the related supplementary schedules are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and the related supplementary schedules. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and the related supplementary schedules. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements and the related supplementary schedules referred to above present fairly, in all material respects, the financial position and results of operations of Elpida Memory, Inc. applicable to the 11th fiscal year ended March 31, 2010 in conformity with accounting principles generally accepted in Japan.

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

Audit Report

The Board of Corporate Auditors, following a review and deliberation based on the reports prepared by each Corporate Auditor concerning the performance of duties by Directors for the 11th business year of Elpida Memory, Inc. (the "Company") from April 1, 2009 to March 31, 2010, prepared this Audit Report as a common opinion of all the Corporate Auditors and hereby submits it as follows:

1. Method and Description of Audit performed by Corporate Auditors and the Board of Corporate Auditors

The Board of Corporate Auditors established an audit policy, audit plan and other necessary matters for the fiscal term under review and received reports from each Corporate Auditor regarding the progress and result of audits. The Board of Corporate Auditors also received reports from Directors and others and the Independent Auditor regarding the status of performance of their duties and requested explanations as necessary.

Each Corporate Auditor made efforts to collect information and enhance the auditing environment by communicating with Directors, Executive Officers, Audit Office (internal audit division) and other employees, in accordance with the audit policy and audit plan for the fiscal term under review and in compliance with the audit protocol stipulated by the Board of Corporate Auditors. We also attended the Board of Directors' meetings and other important meetings, received reports from Directors, Executive Officers, employees and others on the status of performance of their duties, requested explanations as necessary, examined important decision-rendering documents and other documents, and investigated the state of activities and assets at the headquarter and other principal offices.

We also monitored and verified the details of resolutions by the Board of Directors with respect to enhancement of the system for ensuring that the performance of duties by Directors is in compliance with the laws and regulations of Japan and the Articles of Incorporation of the Company as well as the other systems set forth in Article 100, paragraph (1), item (iii) of the Ordinance for Enforcement of the Companies Act as a necessary matter to ensure that corporate activities are performed in an appropriate manner, and the status of said systems (internal control system) is enhanced based on the said resolution. With respect to internal control over financial reporting, we received reports from Directors and others as well as Ernst & Young ShinNihon LLC concerning the evaluation of said internal control and the audit status, and requested explanations as necessary. We strived to communicate and exchange information with our subsidiaries' Directors, Executive Officers, Corporate Auditors and others, and received reports on their respective business from the subsidiaries and investigated the relevant matters by visiting major subsidiaries, as necessary. Based on the above method, we have reviewed the business report and supplementary schedules for the fiscal year under review.

In addition, the Board of Corporate Auditors also monitored and verified whether the Independent Auditor was maintaining its independence and conducting its audits in an appropriate manner, received reports from the Independent Auditor during the performance of its duties and requested explanations as necessary.

We also received notification from the Independent Auditor that it was maintaining the "System for Ensuring the Proper Performance of Its Duties" (as stipulated in items of Article 131 of the Ordinance for Corporate Accounting) in compliance with the "Quality Control Standards Relating to Auditing" (adopted by the Business Accounting Council on October 28,

2005) etc., and requested explanations as necessary. Based on the foregoing method, we examined the financial statements (balance sheets, statement of operations, statements of changes in net assets and notes to financial statements), supplementary schedules and consolidated financial statements (consolidated balance sheets, consolidated statement of operations, consolidated statements of changes in net assets and notes to consolidated financial statements) related to the fiscal year under review.

2. Results of Audit

(1) Audit Results of Business Report, etc.

- (i) We acknowledge that the business report and its supplementary schedules fairly present the status of the Company in conformity with applicable laws and regulations and the Articles of Incorporation of the Company.
- (ii) We acknowledge that no misconduct or material fact constituting a violation of any law and regulation or the Articles of Incorporation of the Company was found with respect to the Directors' performance of their duties.
- (iii) We did not find any matter to be pointed out with respect to the Directors' performance of their duties concerning the internal control system, including internal control over financial reporting.

(2) Results of the audit of financial statements and supplementary schedules

We acknowledge that the methods and results of audit performed by the Independent Auditor, Ernst & Young ShinNihon LLC, are appropriate.

(3) Results of the audit of consolidated financial statements

We acknowledge that the methods and results of audit performed by the Independent Auditor, Ernst & Young ShinNihon LLC, are appropriate.

May 13, 2010

Board of Corporate Auditors, Elpida Memory, Inc.

Full-time Corporate Auditor Toshimasa Ota [Seal]

Full-time Corporate Auditor Masaji Kubo [Seal]

Outside Corporate Auditor (part-time) Katsumi Sakurai [Seal]

Outside Corporate Auditor (part-time) Masamitsu Nakayama [Seal]

Reference Documents for the General Meeting of Shareholders

Proposal 1: Election of seven (7) Directors

Upon the close of this Ordinary General Meeting of Shareholders, the term of office of all Directors (eight (8) Directors) will expire. Accordingly, we hereby propose that seven (7) Directors be elected.

The candidates for the Directors are as follows:

No.	Name (Date of birth)	Career summary, and position and responsibility in the Company, and significant concurrent positions in other entities	Number of the Company's shares held
1	Yukio Sakamoto (September 3, 1947)	<p>April 1970 Joined Texas Instruments Japan, Ltd.</p> <p>April 1993 Vice President, Texas Instruments Japan, Ltd.</p> <p>January 1998 General Manager, Semiconductor Department, Electronics & Information Division, Kobe Steel, Ltd.</p> <p>March 2000 President and Representative Director, Nippon Foundry, Inc. (Current UMC JAPAN)</p> <p>November 2002 President, Representative Director and Chief Executive Officer, Elpida Memory, Inc. (Present position)</p> <p>July 2006 Director, Akita Elpida Memory, Inc. (Present position)</p> <p>January 2007 President, Representative Director, Hiroshima Elpida Memory, Inc.</p> <p>May 2007 Director, Rexchip Electronics Corporation (Present position)</p> <p>March 2009 President, Representative Director, EBS, Inc. (Present position) President, Representative Director, ECM, Inc. (Present position)</p>	Common share 2,400 shares
2	Shuichi Otsuka (September 3, 1951)	<p>November 1980 Joined Texas Instruments Japan, Ltd.</p> <p>May 1995 Hiji Plant Manager, Texas Instruments Japan, Ltd.</p> <p>April 2001 System Device Company President, Sony Corp.</p> <p>November 2002 Executive Officer, Elpida Memory, Inc. (Present position)</p> <p>March 2004 Director, Elpida Memory, Inc. (Present position)</p> <p>November 2004 President, Representative Director, Hiroshima Elpida Memory, Inc.</p> <p>May 2007 Director, Rexchip Electronics Corporation</p> <p>November 2009 President, Representative Director, Akita Elpida Memory, Inc. (Present position)</p>	Common share 1,400 shares

No.	Name (Date of birth)	Career summary, and position and responsibility in the Company, and significant concurrent positions in other entities	Number of the Company's shares held
3	Takao Adachi (December 10, 1955)	<p>April 1982 Joined NEC Corporation</p> <p>April 2000 Project Manager, Technical Marketing & Development Department, 1st LSI Memory Division, LSI Memory Operations Unit, NEC Corporation</p> <p>October 2000 Project Manager, 3rd SDRAM Project, 1st Design Division, Elpida Memory, Inc.</p> <p>April 2005 Executive Officer, Elpida Memory, Inc. (Present position)</p> <p>June 2006 Director, Elpida Memory, Inc. (Present position)</p> <p>May 2007 Director, Rexchip Electronics Corporation</p>	Common share 1,800 shares
4	Hideki Gomi (May 22, 1959)	<p>April 1985 Joined NEC Corporation</p> <p>December 1990 Engineering Manager, Thin Film Process Development Laboratory, ULSI Device Development Laboratories NEC Corporation</p> <p>April 2000 Project Manager, Process Development Department, Development Division, Elpida Memory, Inc.</p> <p>October 2003 Executive Manager, Advanced Process Development Group, Technology & Development Office, Elpida Memory, Inc.</p> <p>August 2006 Executive Officer, Elpida Memory, Inc. (Present position)</p> <p>January 2008 Director, Plant Manager, Hiroshima Elpida Memory, Inc.</p> <p>June 2008 Director, Elpida Memory, Inc. (Present position)</p> <p>March 2010 Director, Rexchip Electronics Corporation (Present position)</p>	Common share 1,000 shares
5	Yasuo Shirai (February 6, 1954) (new appointee candidate)	<p>April 1977 Joined Texas Instruments Japan, Ltd.</p> <p>February 1988 Controller, ASP division & Hatogaya Plant, Texas Instruments Japan, Ltd.</p> <p>April 1995 Senior Finance Analyst, Texas Instruments, Inc.</p> <p>October 1998 Director of Financial Department, Texas Instruments Japan, Ltd.</p> <p>August 2009 Executive Officer, Elpida Memory, Inc. (Present position)</p> <p>October 2009 Director, Rexchip Electronics, Corporation (Present position)</p>	0 share

No.	Name (Date of birth)	Career summary, and position and responsibility in the Company, and significant concurrent positions in other entities	Number of the Company's shares held
6	Shieh Tsay-Jiu (September 20, 1953) (new appointee candidate)	<p>October 1985 Assistant Professor, University of Texas at Arlington</p> <p>September 1989 Consultant, Texas Instruments Incorporated</p> <p>September 1990 Associate Professor, University of Texas at Arlington</p> <p>August 1994 Director, NSF Industry/ University Cooperative Research Center at University of Texas at Arlington</p> <p>March 1996 Department Manager, Powerchip Semiconductor Corporation</p> <p>July 2002 Executive Vice President, Powerchip Semiconductor Corp.</p> <p>January 2003 President, Powerchip Semiconductor Corporation</p> <p>January 2010 Chairman, Rexchip Electronics Corporation(Present position)</p>	0 share
7	Nobuyuki Wataki (October 23, 1948) (new appointee candidate)	<p>April 1972 Joined Nomura Securities Co., Ltd.</p> <p>June 1989 Executive Vice President, Nomura Securities International, Inc.</p> <p>January 1992 General Manager, Products Development Group, NOMURA BABCOCK & BROWN CO., LTD.</p> <p>June 1996 Director, NOMURA BABCOCK & BROWN CO., LTD.</p> <p>June 2003 Senior Managing Director, NOMURA BABCOCK & BROWN CO., LTD.</p> <p>March 2006 Management Executive, NOMURA BABCOCK & BROWN CO., LTD.</p>	0 share

Notes:

1. Mr. Shuichi Otsuka, Mr. Takao Adachi, Mr. Hideki Gomi, Mr. Yasuo Shirai and Mr. Nobuyuki Wataki, candidates for Director, do not have any special interest in the Company.
2. Mr. Yukio Sakamoto, a candidate for Director, also serves as Representative Director of ECM, Inc., a subsidiary of the Company and the Company accepts consignment from ECM, Inc.
3. Mr. Shieh Tsay-Jiu, a candidate for Director, also serves as Chairman of Rexchip Electronics Corporation, a subsidiary of the Company. The Company purchases products from Rexchip.
4. Matters regarding the candidates for Outside Directors are shown below:
 - (1) Mr. Nobuyuki Wataki, a candidate for Director, is a candidate for an outside director stipulated in Article 2, paragraph (3), item (vii) of the Ordinance of Enforcement of the Companies Act.
 - (2) The reason for Mr. Nobuyuki Wataki's nomination as a candidate for Outside Director is that the Company believes that he will give helpful advice from the standpoint of outside securities and financial expert regarding its business plan, including a financial plan.
 - (3) Pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company intends to enter into a contract with Mr. Nobuyuki Wataki to limit his liabilities under Article 423, paragraph (1) of the same Act if this proposal is approved and adopted. In summary, the contract places a ceiling of liabilities for damages of the Outside Director at either 10 million yen or the total of the amounts stipulated in Article 425, paragraph (1), item (i) and item (ii) of the Companies Act, whichever is higher.

Proposal 2: Election of one (1) Corporate Auditor

Upon the close of this Ordinary General Meeting of Shareholders, Corporate Auditor Mr. Masaji Kubo will retire. Accordingly, we hereby propose that one (1) Corporate Auditor be elected.

The Company proposes that the candidate be elected as a substitute for Mr. Masaji Kubo. Mr. Nohara will serve during the remaining period of Mr. Kubo's term pursuant to the provisions of Article 28 of the current Articles of Incorporation of the Company.

The Board of Corporate Auditors has already given its prior consent to this proposal. The candidate for the Corporate Auditor is as follows:

Name (Date of birth)	Career summary and significant concurrent positions in other entities		Number of the Company's shares held
Toshio Nohara (new appointee candidate) (October 23, 1946)	April 1971	Joined Hitachi, Ltd.	Common share 1,300 shares
	April 2003	General Manager, Semiconductor Business Division, Hitachi, Ltd.	
	April 2003	Director, Elpida Memory, Inc. (Present position)	
	April 2006	Corporate Auditor, Renesas Technology Corp.	

Notes: Mr. Toshio Nohara, a candidate for Director does not have any special interest in the Company. Upon the close of this Ordinary General Meeting of Shareholders, the term of office of Mr. Toshio Nohara as a Director, will expire. Although he assumed the position as a Corporate Auditor of Renesas Technology Corp., he retired the said position on March 31, 2010.

Proposal 3: Election of one (1) Substitute Corporate Auditor

In order to fill the possible vacancy for an Outside Corporate Auditor stipulated in laws and regulations, the Company proposes that one substitute Corporate Auditor be elected in accordance with the provisions of Article 329, paragraph (2) of the Companies Act.

The Board of Corporate Auditors has already given its prior consent to this proposal.

The candidate for the substitute Corporate Auditor is as follows:

Name (Date of birth)	Career summary and significant concurrent positions in other entities	Number of the Company's shares held
Yoriko Noma (May 27, 1959)	April 1986 Registered as an attorney at law Hayakawa Sogo Law Offices (Presently TOKYO-HIRAKAWA Patent / Law Office and Cosmos Law Offices)	0 share
	November 1992 Sakura Kyodo Law Offices	
	January 1995 Ohshima and Partners	
	February 1999 Partner, MIYAKEZAKA SOGO LAW OFFICES (Present positions)	
	June 2001 Corporate Auditor, NIPPON COMPUTER SYSTEM CO., LTD.	
	August 2002 Corporate Auditor, Oracle Corporation Japan	
	November 2004 Visiting Professor, Tokyo Medical and Dental University (Present position)	

Notes:

1. Ms. Yoriko Noma, the candidate for the substitute Corporate Auditor does not have any special interest in the Company.
2. The candidate for the substitute Corporate Auditor is a candidate for an outside corporate auditor stipulated in Article 2, paragraph (3), item (viii) of the Ordinance of Enforcement of the Companies Act.
3. The candidate for the substitute Corporate Auditor is thoroughly experienced in legal affairs and financial & accounting businesses of corporations as an attorney at law and the Company expects her to execute her expertise and experience to strengthen the audit system of the Company. She has no experience of being directly engaged in business management, but as mentioned above, she has sufficient insights regarding corporate governance. Thus, the Company believes that she will execute her duties as an Outside Corporate Auditor appropriately.
4. Pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company has entered into a contract with each Outside Corporate Auditor to limit his/her liabilities for damages under Article 423, paragraph (1) of the same Act. In summary, the contract places a ceiling of liabilities for those damages of the Outside Corporate Auditor at either 10 million yen or the total of the amounts stipulated in Article 425, paragraph (1), item (i) and item (ii) of the Companies Act, whichever is higher. Accordingly, provided that this proposal is approved and adopted and Ms. Yoriko Noma assumes the office of an Outside Corporate Auditor, the Company intends to conclude such a contract with Ms. Yoriko Noma.

Proposal 4: Reduction in Legal Capital Surplus and Appropriation of Surplus

In June 2009, the Company submitted a business restructuring plan (the “Plan”) based on “Act on Special Measures for Industrial Revitalization and Innovation of Industrial Activities” to Japan’s Ministry of Economy, Trade and Industry (METI). METI approved the Plan in the same month.

The Plan included a third party allotment of preferred shares to the Development Bank of Japan, Inc. (hereinafter, the DBJ). Upon approval of the Plan by METI, the Company concluded an investment agreement regarding the said third party allotment (hereinafter, the Agreement) with the DBJ on August 7, 2009, and thereafter implemented the third party allotment by issuing preferred shares of Type 1 and Type2 to the DBJ under the Agreement.

As the Company announced at the time the Agreement was concluded, it shall assume the following obligation with respect to the DBJ:

“At the General Shareholders Meeting for the 11th term (scheduled to be held in June 2010), we will seek approval for a reduction in legal capital surplus to reduce the capital by the lesser amount of (i) the sum of the amount of our legal capital surplus as of March 31, 2009 and 15 billion yen (the amount equivalent to the amount to be allocated to legal capital surplus in connection with the investment from the Development Bank of Japan) and (ii) the amount of deficit as defined in Article 449, Clause 1, 2 of the Companies Act. “

In accordance with the Agreement, we hereby propose that the amount of legal capital surplus be reduced and fully transferred to other capital surplus pursuant to the provisions of Article 448, paragraph (1) of the Companies Act as mentioned in 1. below.

And at the same time, in order to improve the Company’s financial position by eliminating accumulated losses brought forward, we also propose that the deficit disposition of retained earnings brought forward as mentioned below in 2 by other capital surplus after the enforcement of the reduction in legal capital surplus as mentioned below in 1, pursuant to the provisions of Article 452 of the Companies Act.

1. Matters related to reduction in legal capital surplus

(1) Reduction amount of legal capital surplus

143,516,484,899 yen* of 214,902,269,366 yen of legal capital surplus

(2) Effective date of reduction in legal capital surplus June 25, 2010

*The amount of the deficit is calculated in compliance with laws and regulations and is stipulated in Article 449, paragraph (1), item (ii) of the Companies Act.

2. Matters related to appropriation of retained earnings

(1) Item of decreasing surplus and its amount

Other capital surplus 143,511,798,326 yen

(2) Item of increasing surplus and its amount

Retained earnings brought forward 143,511,798,326 yen

Proposal 5: Granting of Retirement Benefits to Retiring Corporate Auditor

It is proposed that retirement benefits be awarded to Corporate Auditor, Mr. Masaji Kubo, who will retire at the conclusion of this Ordinary General Meeting of Shareholders, in order to compensate him for his services during his term of office. The amount of the payment will be within a reasonable range to be determined in accordance with the prescribed standards of the Company.

It is further proposed that the amount, the payment date, the method and other items be determined by Corporate Auditors.

The careers of the retiring Corporate Auditor are summarized as follows:

Name	Career summary	
Masaji Kubo	July 2002	General Manager, Corporate Planning Headquarters, Elpida Memory, Inc.
	December 2002	Executive Officer, Elpida Memory, Inc.
	September 2003	Director, Hiroshima Elpida Memory, Inc.
	June 2005	Corporate Auditor, Elpida Memory, Inc. (Present position)

- END -