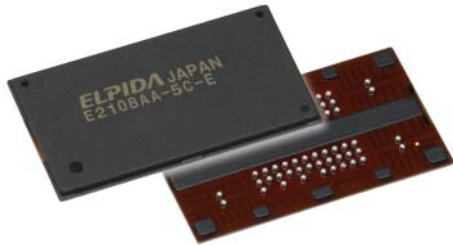


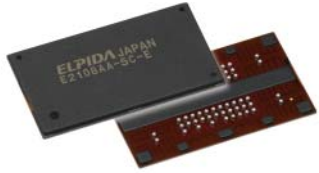
ELPIDA

3Q FY2005 Financial Review

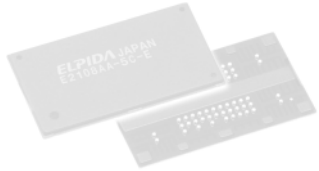


January 24, 2006

Elpida Memory, Inc.



Financial Review



Business Update

3Q05 Results

ELPIDA

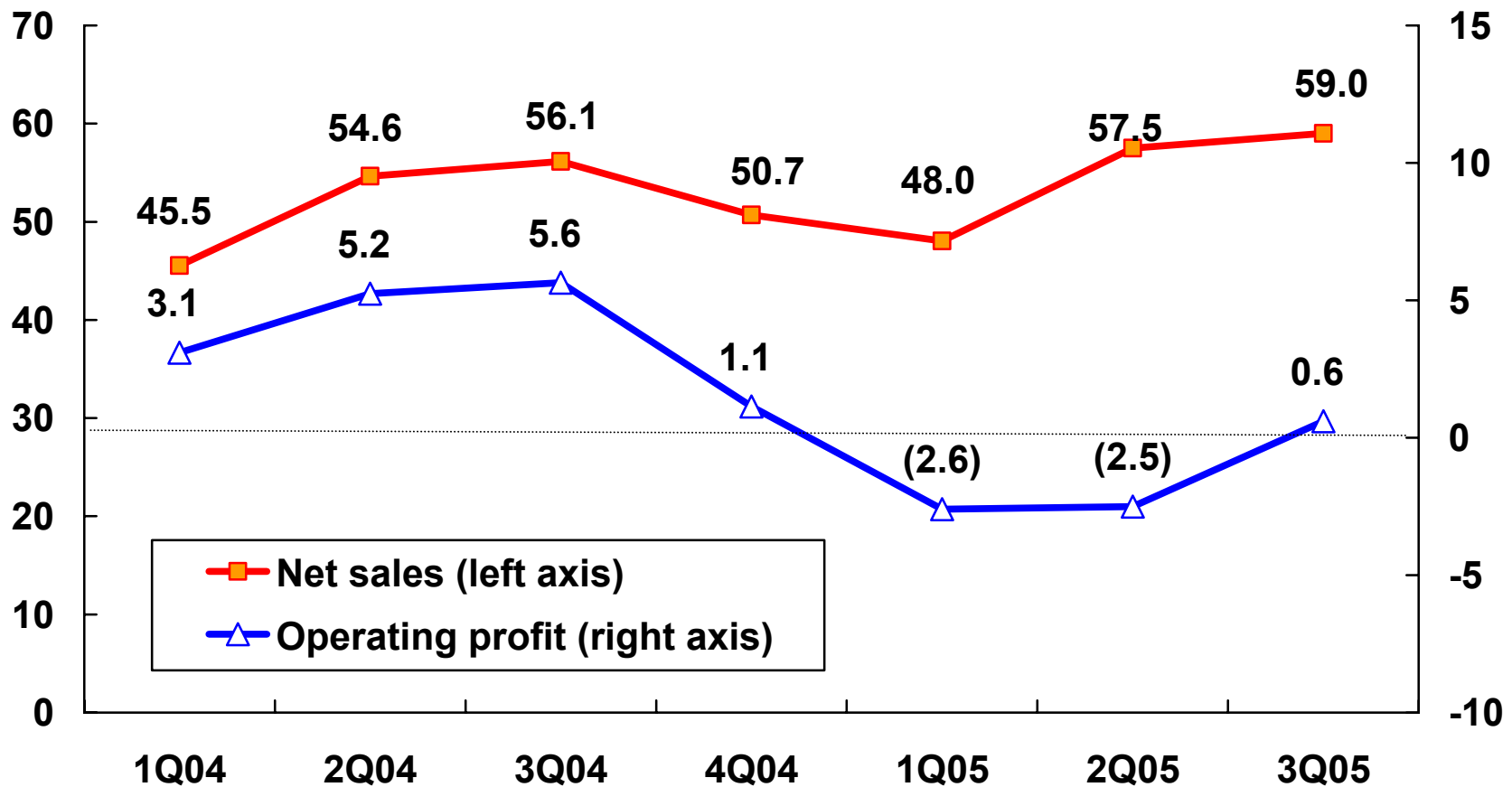
(Billion JPY)	3Q FY05			2Q FY05	
	Forecast	Actual	%	Actual	%
Net sales	58.0 - 63.0	59.0	<i>100</i>	57.5	<i>100</i>
Operating income (loss)	1.5 - 4.5	0.6	<i>1.1</i>	(2.5)	<i>-4.4</i>
Ordinary income (loss)	0.5 - 3.5	(0.7)	<i>-1.2</i>	(3.7)	<i>-6.4</i>
Net income (loss)	1.0 - 4.0	0.2	<i>0.3</i>	(3.0)	<i>-5.3</i>
QoQ ASP change	-5% to 0%	-7%		-6%	
QoQ bit growth rate	10% to 15%	11%		23%	

Analysis of 3Q performance

- A favorable product-mix change and higher production at E300 lifted operating income into the black.
- However, the profit fell short of our forecast announced in October, as ASP dropped more than expected by 7% QoQ.
 - The 512Mb DDR2 spot price fell more than 25% over the Oct-Dec 05 period.

Achieved Operating Income in Dec
Made possible by increase in production & cost reductions due to E300 fab expansion

(Billion JPY)



Financial Position

ELPIDA

(Billion JPY)	2005 Dec 31	2005 Sep 30	2004 Dec 31
Total assets	580.1	506.0	453.9
Shareholders' equity	189.6	188.8	196.8
Cash & cash equivalents	148.5	121.5	164.7
Tangible fixed assets	307.4	275.8	199.0
Interest-bearing debt	240.4	210.9	165.2
Net D/E ratio (times)	0.48	0.47	0.00
Shareholders' equity ratio	32.7%	37.3%	43.4%
A/R collection period	65 days	66 days	66 days
Inventory holding period	73 days	62 days	64 days

■ Cash & cash equivalents and interest-bearing debt increased due to issuance of JPY 40 billion straight bonds.

■ Work-in-process inventory increased along with the start-up of E300 Area 2.

4Q05 Forecast

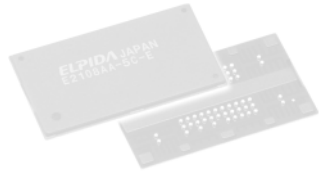
ELPIDA

(Billion JPY)	4Q FY05 Forecast	3Q FY05 Actual	Change	%
Net sales	75.5 - 85.5	59.0	16.5 - 26.5	28-45
Operating income	0.5 - 4.5	0.6	(0.1) - 3.9	-
Ordinary income (loss)	0.2 - 4.2	(0.7)	0.9 - 4.9	-
Net income	0.2 - 4.2	0.2	0.0 - 4.0	-
Depreciation costs	17.0	14.1	2.9	21
QoQ ASP change	-15% to -10%	-7%		
QoQ bit shipment growth	60% to 70%	11%		

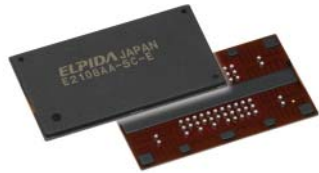
Revised FY05 Financial Forecast *ELPIDA*

(Billion JPY)	FY2005		FY2004 Actual (Reference)
	Revised (1/24)	Previous (10/25)	
Net sales	240.0 - 250.0	240.0 - 250.0	207.0
Operating income (loss)	(4.0) - 0.0	7.0 - 12.0	15.1
Ordinary income (loss)	(7.5) - (3.5)	4.5 - 9.5	10.7
Net income (loss)	(6.0) - (2.0)	5.0 - 10.0	8.2
CAPEX*	190.0	190.0	124.5
Depreciation costs	55.0	61.0	35.9
R&D costs	24.4	24.4	19.7

**Capex is calculated on an acquisition basis and includes operating leases on sales and lease backs.*



Financial Review



Business Update

Development

- 80nm 2Gb DDR2 Sampling Started
- 512Mb DDR3 Sampling Started
- 90nm Process Approved by Major Server Makers; → Shipment to Start in 4Q

Manufacturing

- Volume Production Started at E300 Area 2 in Oct
- Migration to 90nm Process Going Smoothly
- Wafer Input in Volume of 90nm Mobile RAM Started

Sales & Marketing

- Start of Shipments for Major Handset Makers
- To Strengthen Relations & Assure Supply, MOU Signed w/ 10 Partners
- 4GB / 8GB DIMM Volume Shipment Started

Achievements

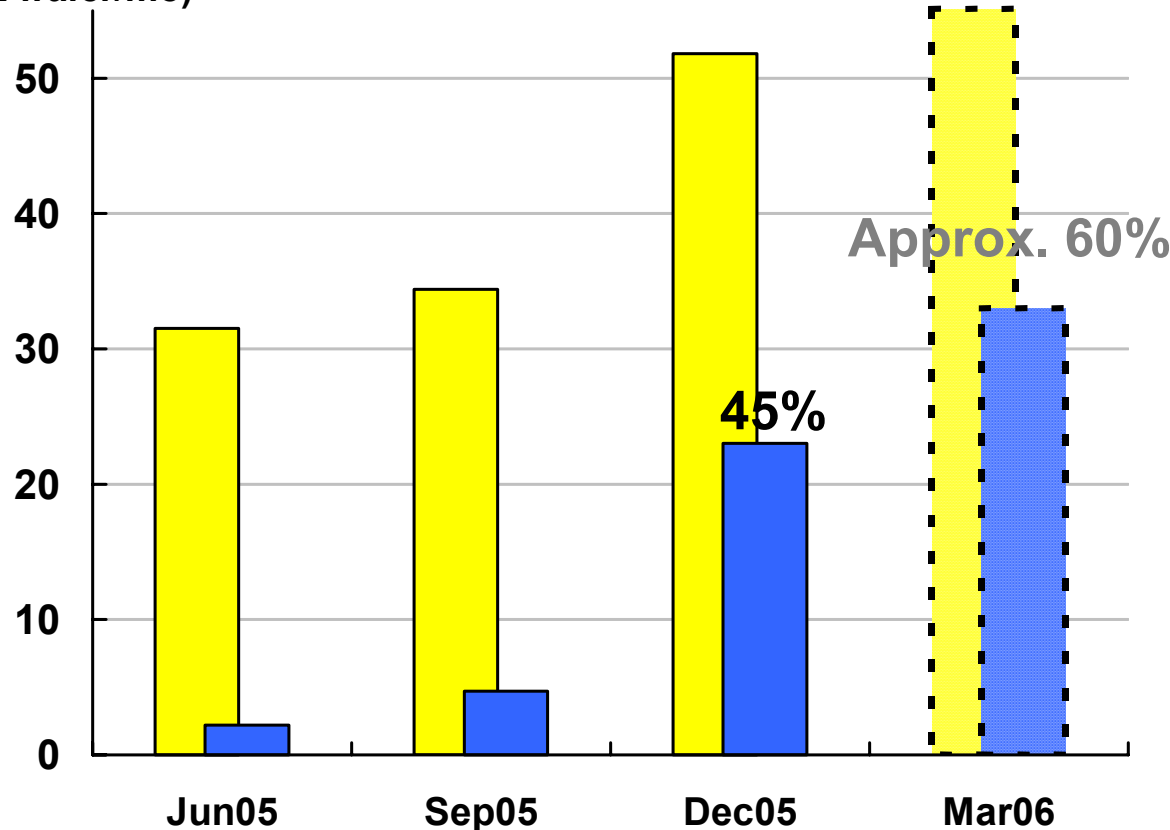
- Returned to Profitability at OP Level
- Issued JPY 40 Billion in Bonds
→ Payment of Borrowings and Operating Lease in FY06

Production Increase at E300

ELPIDA

■ E300 total wafer input ■ 90nm wafer input in E300

Wafer input
(K wafer/mo)



- Operation started at E300 Area 2
- Wafer input smoothly increases at E300

Reference: Status of 80nm

- Sampling started in Dec
→ Development of 80nm for volume production is advancing favorably

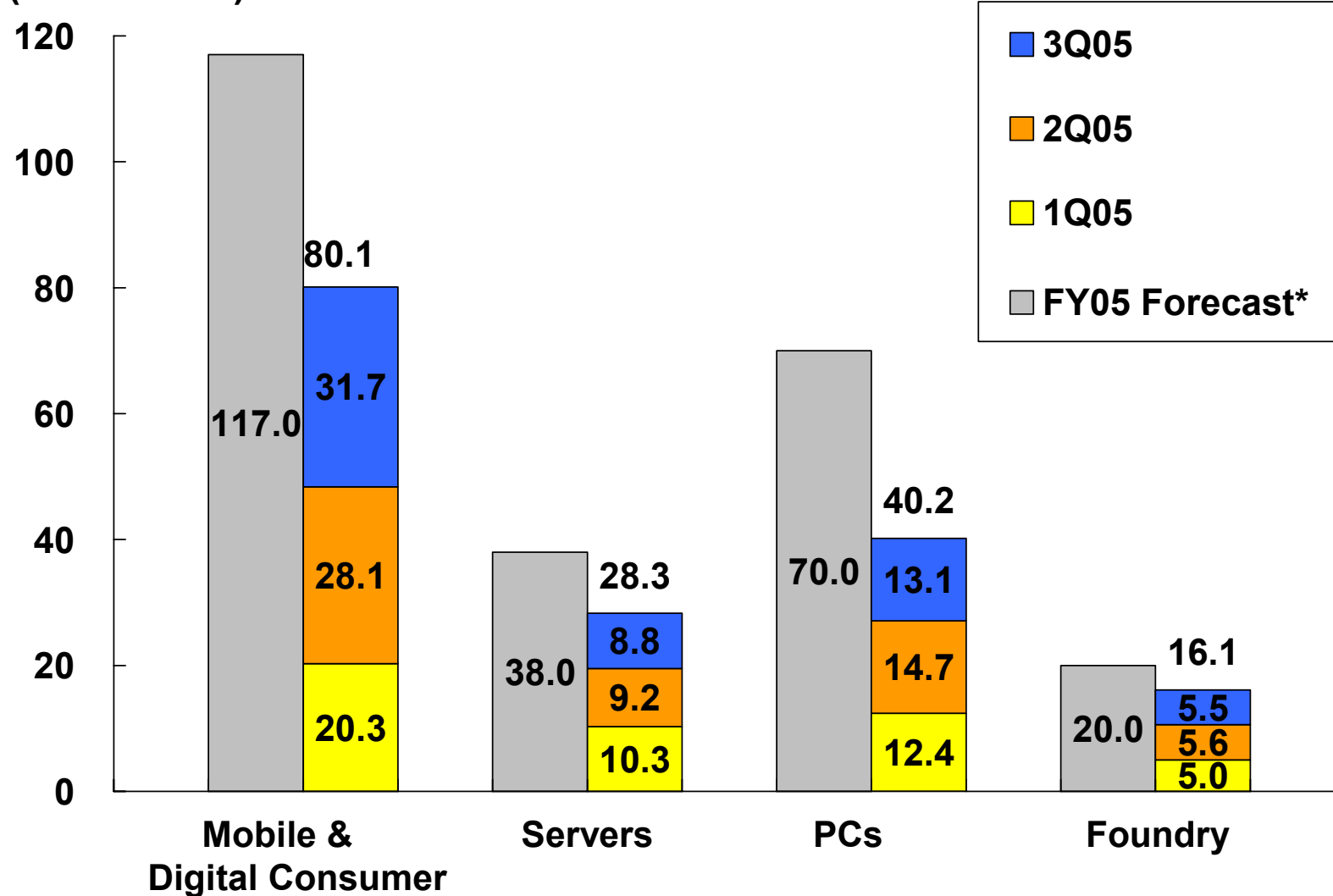


(80nm 2Gb DDR2, announced on Dec 19, 2005)

Quarterly Sales Breakdown

ELPIDA

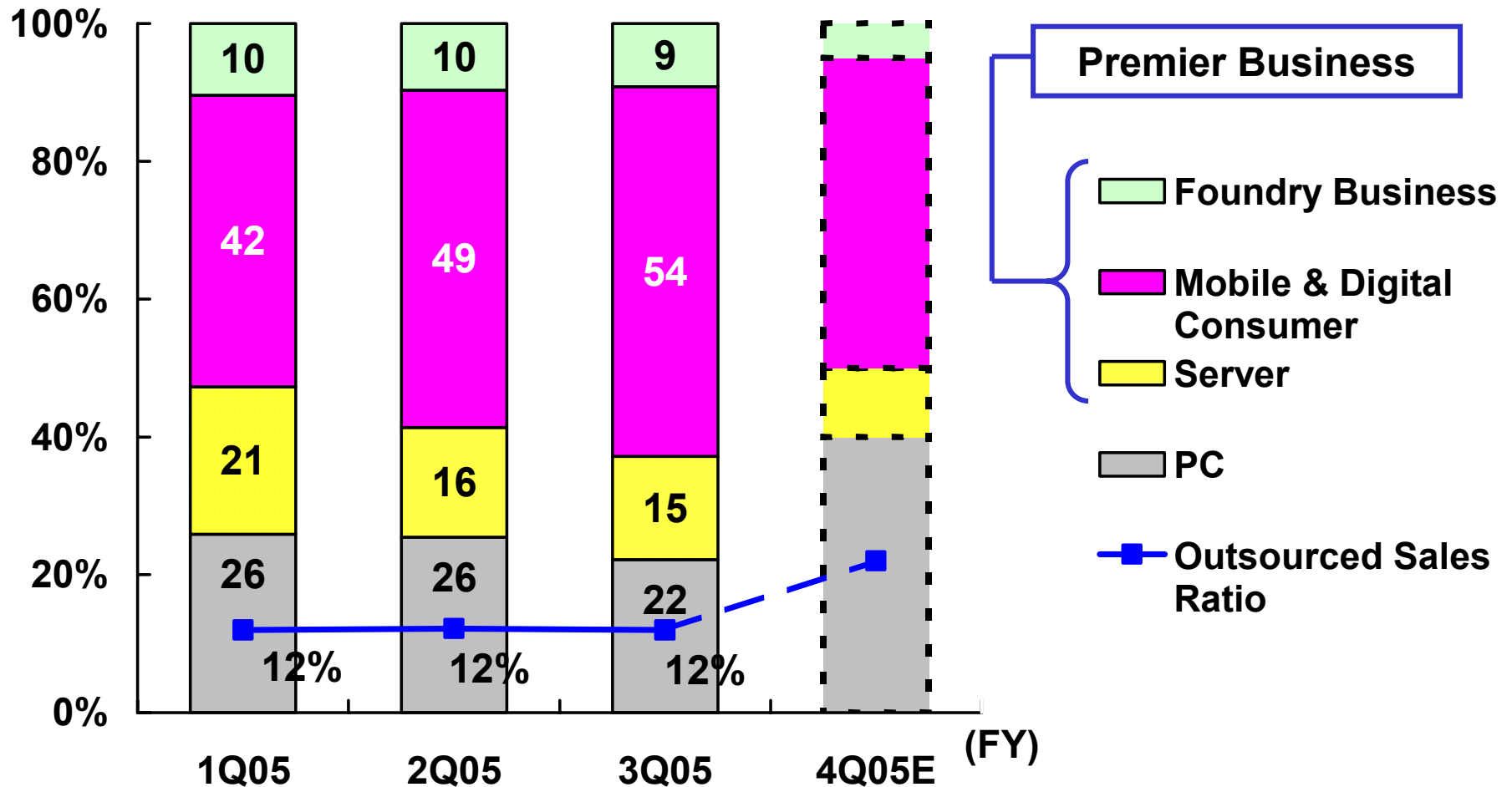
(Billion JPY)



*FY05 sales forecasts are based on the median net sales forecast announced on Oct 25

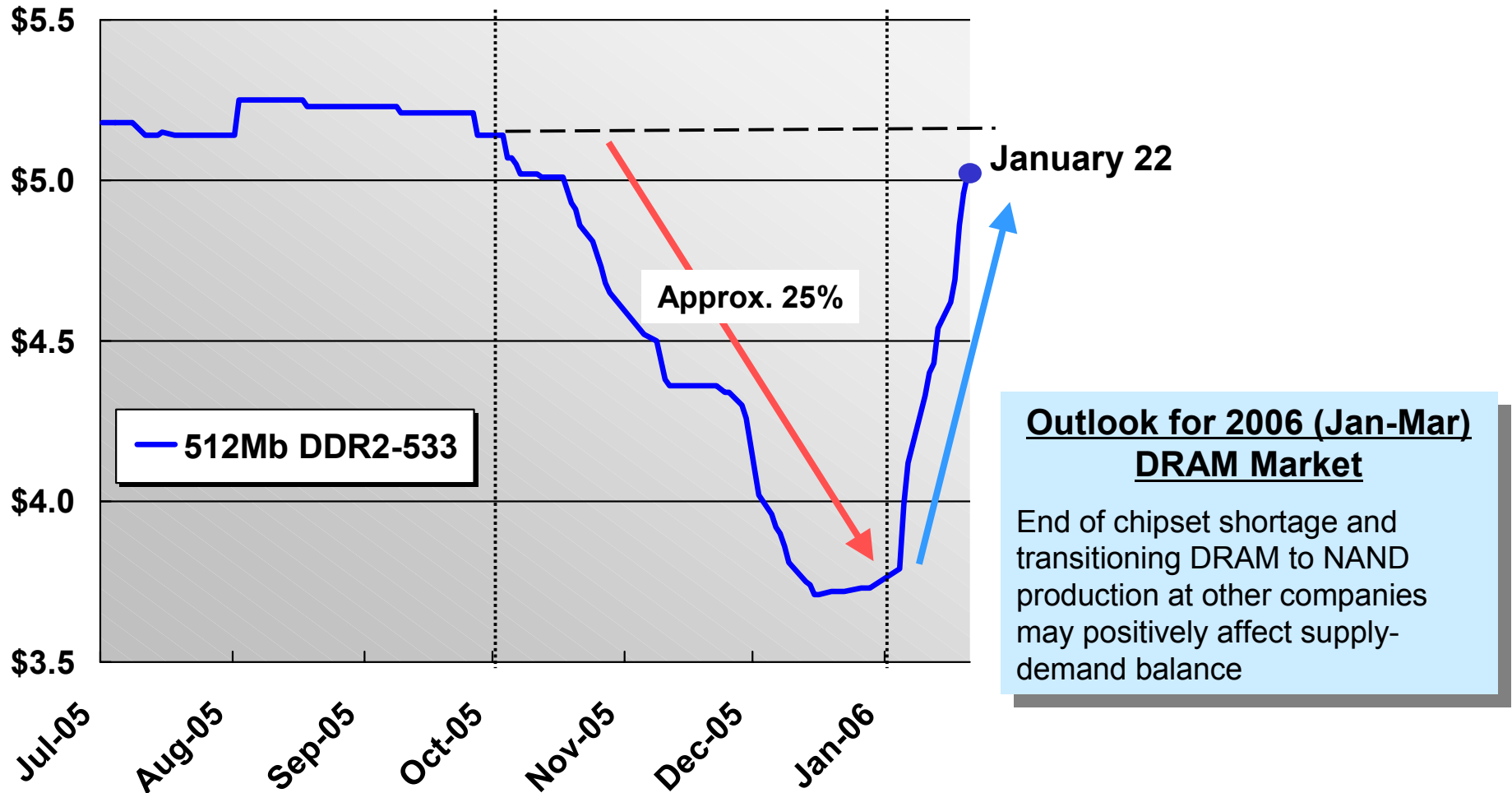
Product Sales Breakdown

ELPIDA

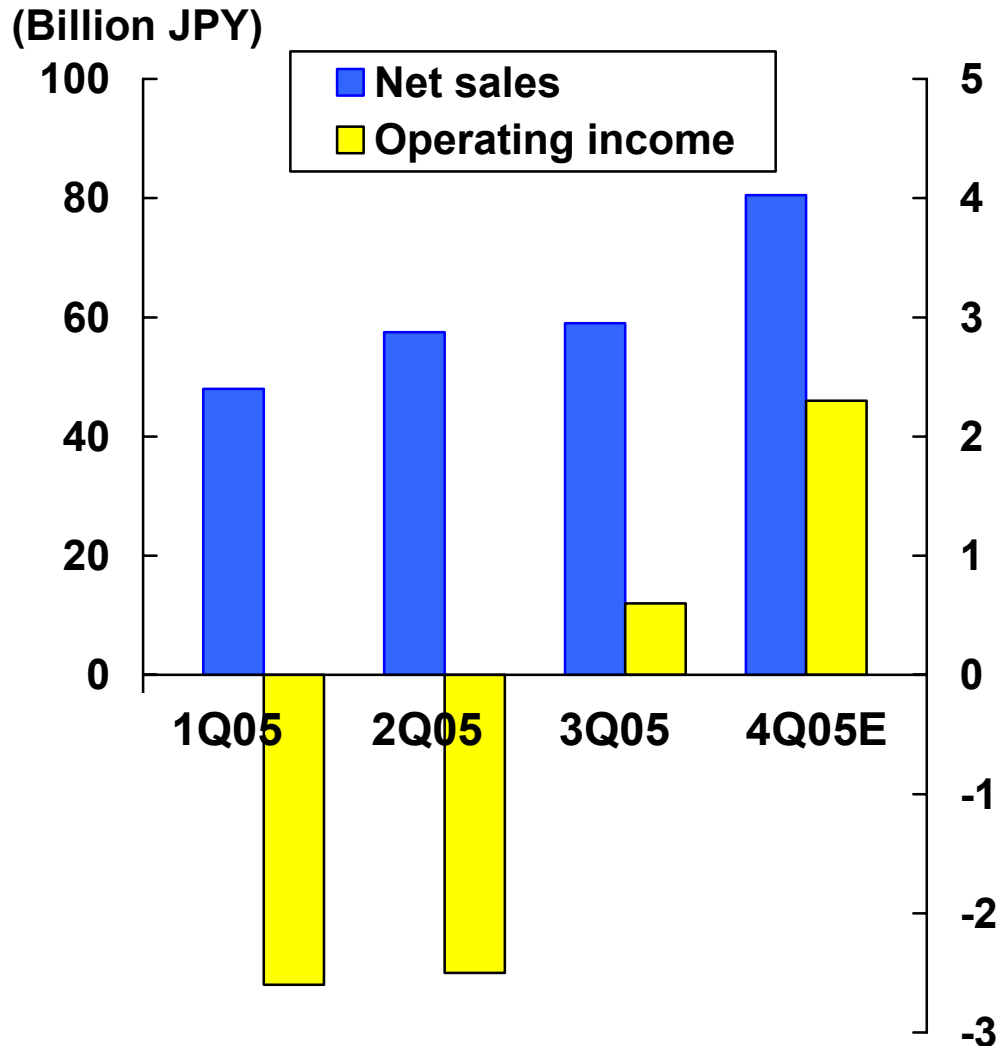


DRAM Spot Price Trend

ELPIDA



Source: DRAM eXchange



2006 Jan-Mar Business Outlook

- Expansion of E300 production capability (to 54K/mo) in Jan. & more process migration to 90nm
- Business for digital TV and STB to continue to grow steadily
- Shipments of 90nm products to increase in volume
- Outsourced sales to be more than doubled

*4Q05E represents the median figures of the revised forecast.
 (Net sales: JPY 80.5 billion, Operating Income: JPY 2.5 billion)

- **DRAM bit growth:** **Approx. 50%**
- **Total DRAM market growth (value):** **Approx. 5%**
- **DRAM market growth by application (value):**
 - ◆ **Mobile phone & digital consumer products:** **Approx. 40%**
 - ◆ **PCs:** **Flat**
- **Supply and demand:**
 - 1H forecast (Jan-Jun):** **Balanced by end of chipset shortage and transitioning from DRAM to NAND production**
 - 2H forecast (Jul-Dec):** **Balanced (or an oversupply based on investments by competitors in capacity expansion)**

CY2005 Worldwide Semiconductor Revenue Ranking (Preliminary Estimates) by Gartner:

[Elpida's position]

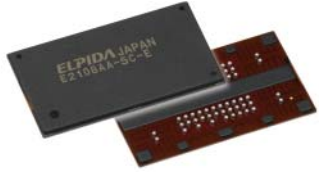
- Remarkable advance: From 33rd Place in 2004 to 25th in 2005
- 15.7% revenue growth over 2004
(WW Semiconductor market YoY growth: 6.9%)

Reference

- CY2005 Elpida's DRAM revenue growth: Approx. 18%*
CY2005 WW DRAM revenue YoY growth:
Down by approx. 5%*

Source: Gartner Dataquest "Worldwide Semiconductor Revenue Ranking" (December 2005 Preliminary) GJ06016
*Elpida estimate

- **Although 3Q profits fell short of our forecast, operating income turned black for the first time since the 4Q of FY04.**
- **The start-up of E300 Area 2 went according to plan. The transition to 90nm proceeded favorably though slightly below target.**
- **The business model continues to be refined to become profitable and additional efforts are underway to make large gains in FY2006.**



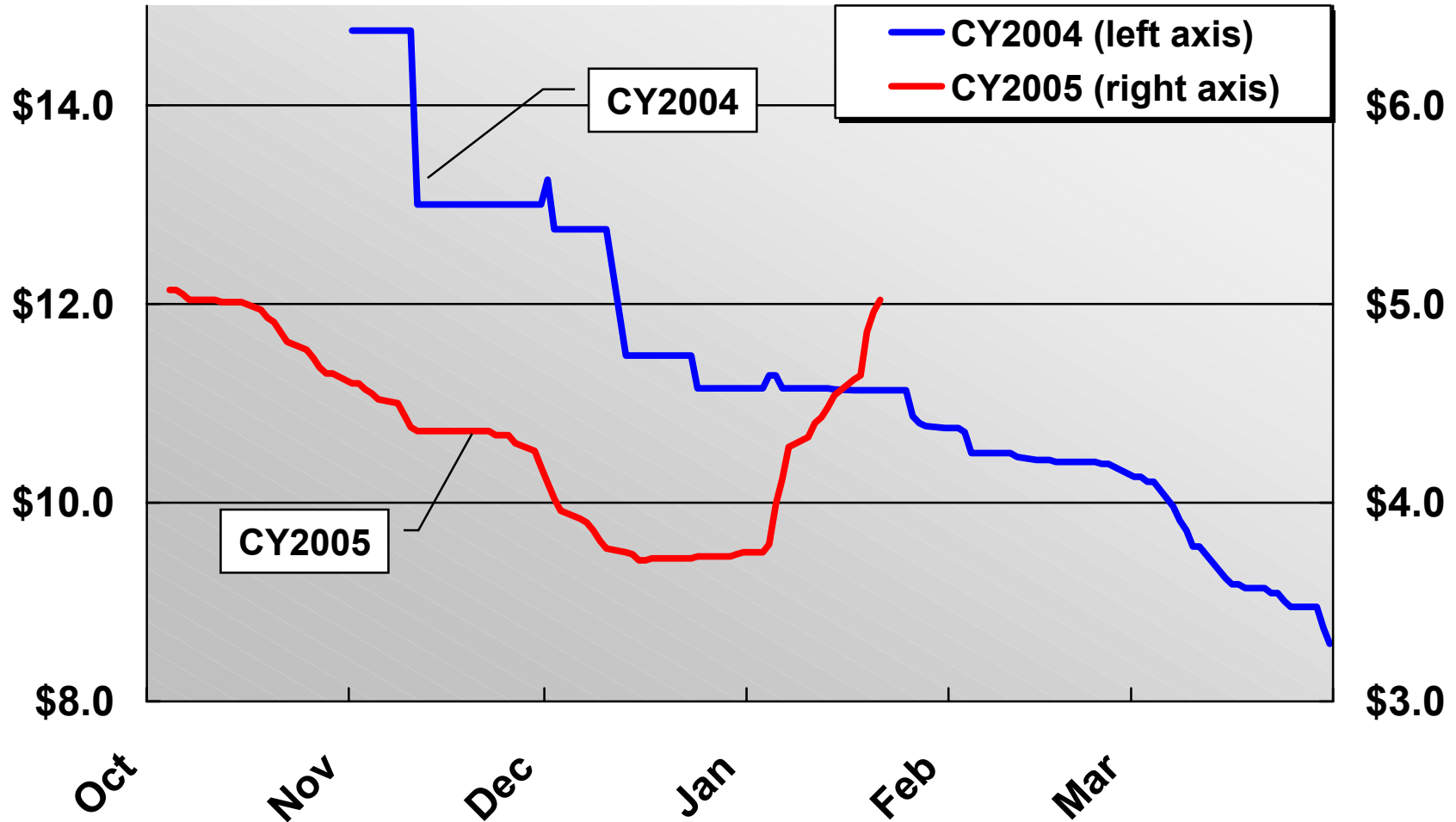
Appendix

- **Average Selling Price:** Down 7% (QoQ)
High-\$6 (512Mb equiv.)
- **Bit shipment growth:** Up 11% (QoQ)
- **DDR2 / Total DRAM sales:** Approx. 20%
- **DDR2 / PC+Server sales:** Approx. 50%
- **>=512Mb / PC+Server sales:** Approx. 70%
- **Outsourced DRAM sales ratio:** 12%
- **Capex:** JPY 73.3 billion
- **Depreciation costs:** JPY 14.1 billion

Comparative Income Statement *ELPIDA*

(Billion JPY)	3Q05(A)	2Q05(B)	(A) - (B)	3Q04(C)	(A) - (C)
	<i>% to sales</i>	<i>% to sales</i>	<i>chg%</i>	<i>% to sales</i>	<i>chg%</i>
Net sales	59.0 100	57.5 100	1.5 +3	56.1 100	2.9 +5
COGS	48.4 82	48.0 84	0.4 +1	41.4 74	7.0 +17
Gross profit	10.6 18	9.4 16	1.2 +13	14.7 26	(4.1) -
SG&A	9.9 17	12.0 21	(2.1) -	9.1 16	0.8 +9
Operating income (loss)	0.6 1	(2.5) -4	3.1 -	5.6 10	(5.0) -
Ordinary income (loss)	(0.7) -1	(3.7) -6	3.0 -	3.8 7	(4.5) -
Net income (loss)	0.2 0	(3.0) -5	3.2 -	3.4 6	(3.2) -

512Mb DDR2 Spot Price Trend *ELPIDA*



Source: DRAM eXchange

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その先の夢をかなえる技術

