

ELPIDA

2Q FY2008 Financial Review & Business Updates

**November 6, 2008
Elpida Memory, Inc.**

The information contained within this presentation includes forward-looking statements that are based on management's view based on information available at the time of the presentation. These forward-looking statements involve risks and uncertainties. Actual results may be materially different from those discussed in the forward-looking statements. The factors that may affect Elpida's actual results include, but are not limited to, changes in the DRAM market and industry environment, changes in technologies and design, problems related to our supply of key material and equipment, loss of or decreased demand from key customers, changes in exchange rates, general economic conditions and natural disasters. We disclaim any obligation to update or, except in the limited circumstances required by the Tokyo Stock Exchange, announce publicly any revision to any of the forward-looking statements.



Financial Review



Business Updates

2Q-FY2008 Results

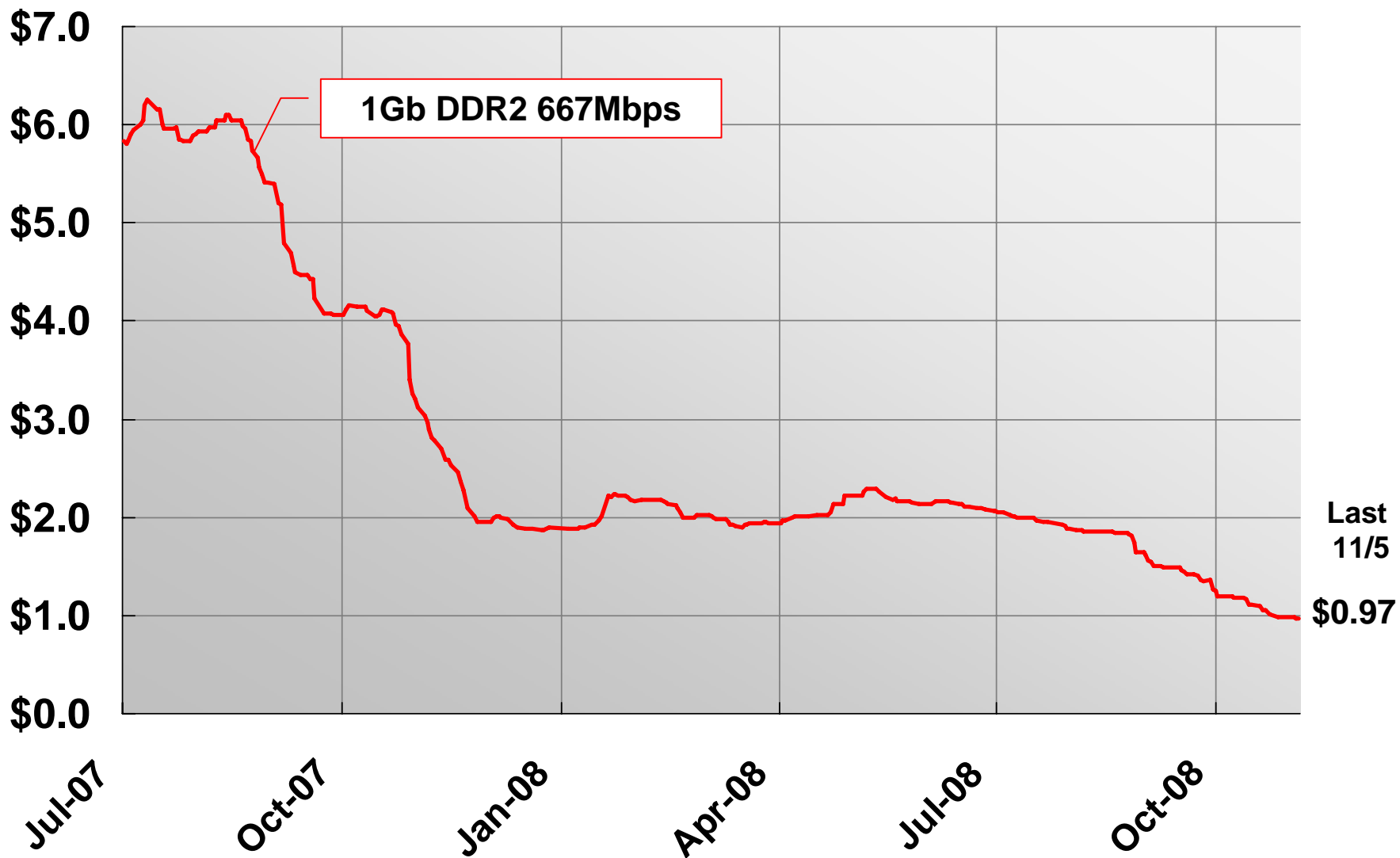
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(Billion JPY)	2Q08	%	1Q08	%	Change	%	2Q07	%	Change	%
Net sales	113.6	100	109.2	100	4.4	4.0	111.6	100	2.0	1.8
Gross profit (loss)	(8.0)	-7.1	(1.0)	-0.9	(7.0)	-	19.8	17.7	(27.8)	-
Operating income (loss)	(24.5)	-21.6	(15.6)	-14.3	(8.9)	-	6.1	5.5	(30.6)	-
Ordinary income (loss)	(30.3)	-26.7	(15.4)	-14.1	(14.9)	-	0.1	0.1	(30.4)	-
Net income (loss)	(31.9)	-28.1	(13.8)	-12.6	(18.1)	-	3.3	2.9	(35.1)	-
Bit growth	/		/		13%		/		118%	
ASP change	/		/		-8%		/		-46%	

- High bit growth have resulted in almost the same sales level with a year ago
- Losses increased QoQ due to lower PC DRAM prices
- Major non-operating profit & loss: JPY1.1bn foreign exchange losses
JPY3.0bn equity in losses of affiliated companies

DRAM Spot Price

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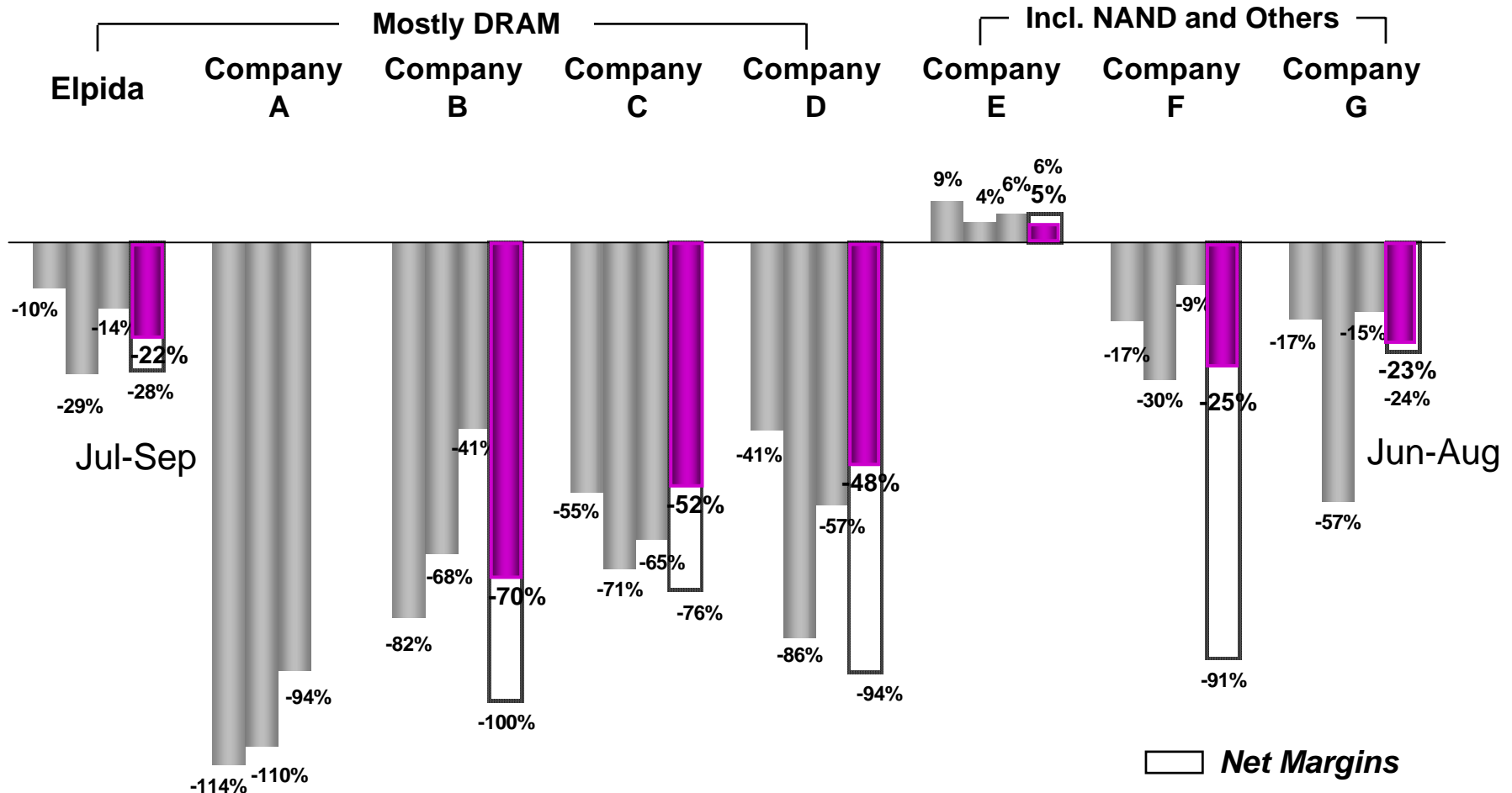


Source: DRAM eXchange

Operating Margins Comparison

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Operating Margins (Latest 4 quarters)



Source: Company data

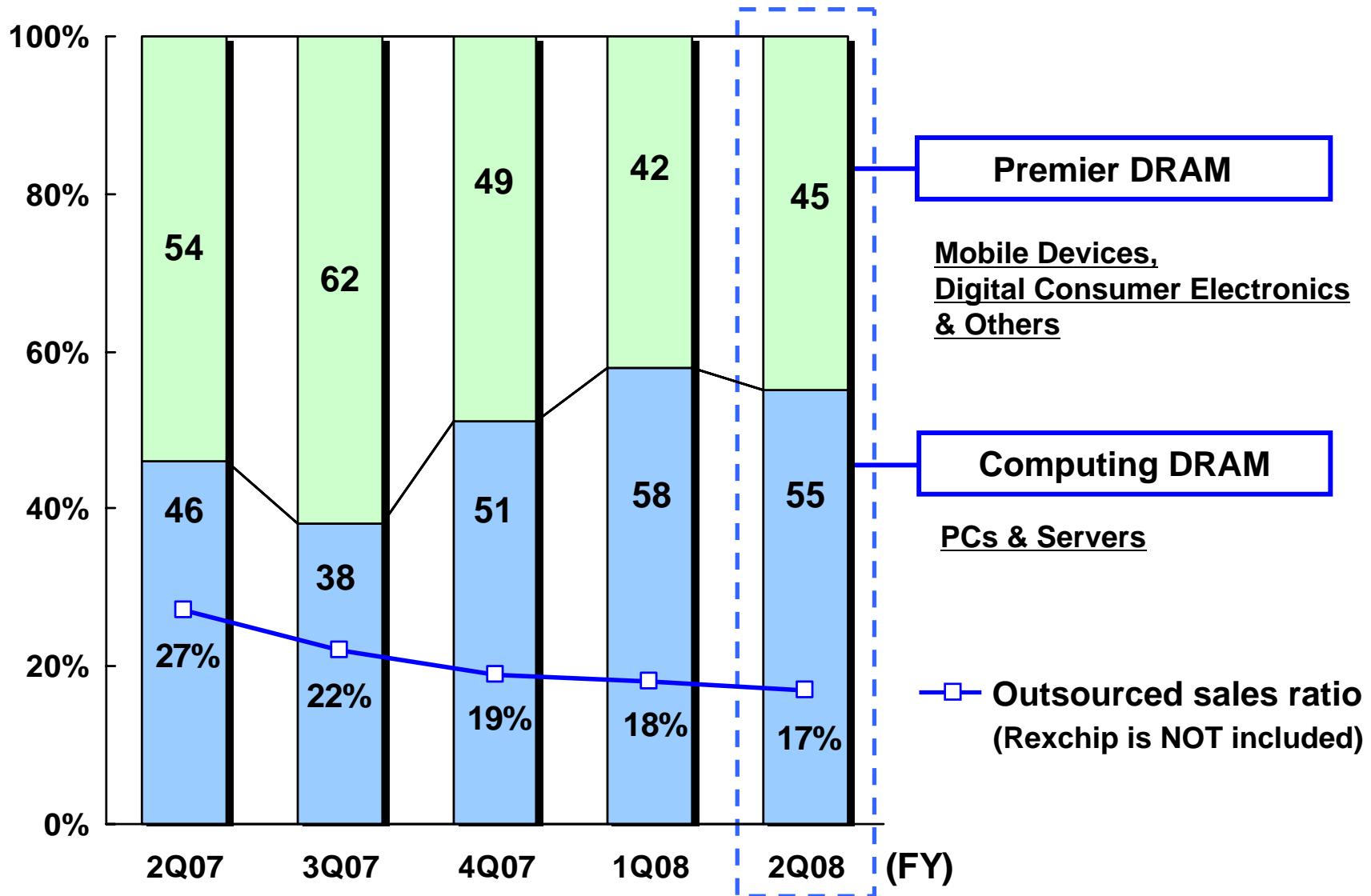
Notes: Company E figures represent Semiconductor Division

Figures are consolidated base except for Company B, Company C, Company D and Company E

There exist GAAP differences amongst companies

Sales Breakdown by Category

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Financial Position

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(Billion JPY)	Sep 30 2008	Mar 31 2008	Sep 30 2007
Total assets	733.3	765.0	774.4
Net assets	302.5	341.1	395.3
Cash & time deposits	78.2	96.9	97.0
Tangible fixed assets	372.4	380.6	381.2
Interest-bearing debt	302.9	317.3	206.5
Net D/E ratio (times)	0.74	0.65	0.28
Shareholders' equity ratio	41.2%	44.6%	51.0%
A/R collection period	69 days	76 days	61 days
Inventory holding period	54 days	59 days	62 days
Operating cash flow (3 mo.)	26.5	(16.0)	31.9
Free cash flow (3 mo.)	(2.9)	(29.9)	(41.1)

For the quarter (Billion JPY)	2Q-FY08		3Q-FY08
	'08 8/7 Guidance	Actual	'08 11/6 Guidance
QoQ bit growth	10%	13%	5-10%
Depreciation expenses	26	26.2	28
SG&A expenses	15	16.5	15

For the year (Billion JPY)	FY2008		
	'08 8/7 Guidance	'08 11/6 Guidance	Main reasons for changes
YoY annual bit growth	80-90%	80-90%	—
Depreciation expenses	107	107	—
SG&A expenses	60	60	—
Elpida CAPEX	100	90-95	Cutting low-priority future spending
Investment in Rexchip	20	Minimize	Based on a determination of the minimum necessary amount

Capital Procurement Announced Oct. 14 *ELPIDA*

An investment & financing strategy to combat the slump

- Cost-cutting-based capex given the tough environment
- A stable financial base to support continued capex

A financial base in support of our strategy

	(Billion JPY)
Cash and deposits	78.2
Long term commitment facility (for FY08 CAPEX)	110.0
Convertible bonds (for FY09 CAPEX)	50.0
<hr/>	
Liquidity on hand	240.0

Terms and Conditions of Issued CBs *ELPIDA*

Name of Bonds issued	1st series unsecured convertible bond type bonds with stock acquisition rights (with conversion price amendment clause)
Offering Method	Total amount to be allocated to the purchaser by way of third-party allocation
Total amount of Bonds	50 billion yen
Initial Conversion Price	1,017 yen
Maximum / Minimum Conversion Price	2,034 yen / 509 yen
Revision of Conversion Price	On and after the trading day following the 2nd Friday in each month the conversion price shall be revised to 93% of the average daily closing price for the previous 5 consecutive trading days
Due Date and Redemption Method	1) November 4, 2009 (redeemed at 100 yen per face value of 100 yen) 2) Elpida holds call option for early redemption of the bonds at 101 yen per face value of 100 yen; or 3) If the closing price of Elpida's stock fall below the Minimum Conversion Price for <u>any 20 consecutive trading days</u> , the outstanding Bonds will be redeemed at 100 yen per face value of 100 yen
Provision of Acquisition of Shares	Elpida may acquire all the outstanding CBs as of November 2, 2009 from and deliver shares to the holder of the CBs under certain conditions
■ Other conditions	
Mandatory Conversion	The purchaser will exercise at least 5 billion yen in each (one month) conversion period under certain conditions
Restrictions on Transfer of CBs	The purchaser shall not transfer the CBs to a third party without consent of Elpida
Restrictions on Stock Loans	The purchaser shall not borrow shares to carry out short selling for the purpose of lowering the share price.

The securities offered have not been and will not be registered under the United States Securities Act of 1933 and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements.

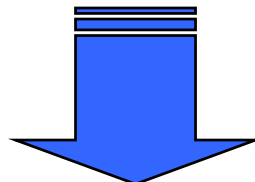


Financial Review



Business Updates

Continuous capex	To have minimum necessary capex capabilities to remain competitive during the slump
A financial base that supports investment	A financial base that can withstand a long-term DRAM slump & financial turmoil

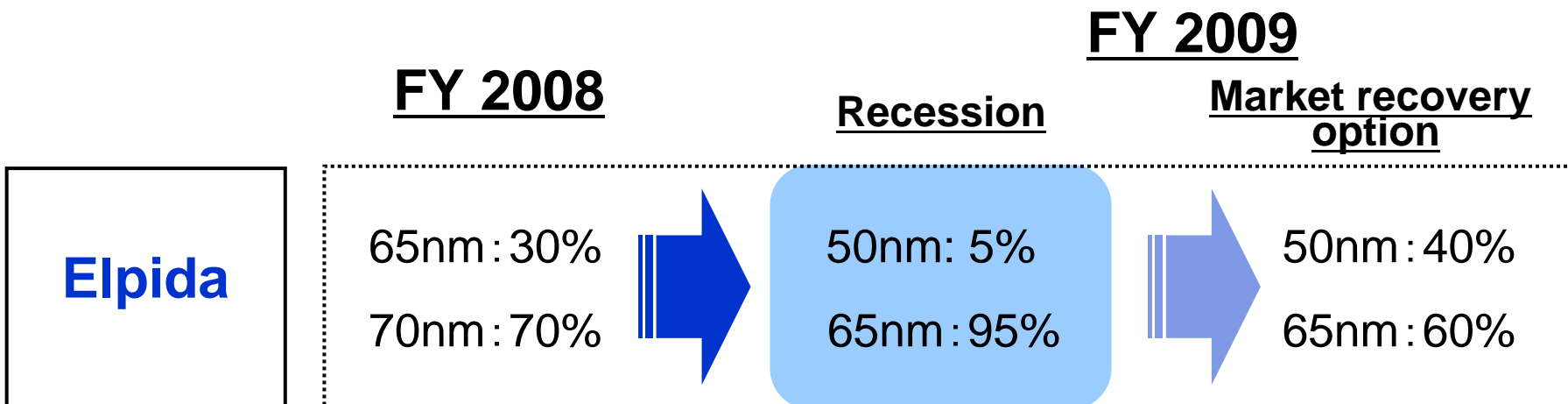


**A stronger business that can race forward
once DRAM prices recover**

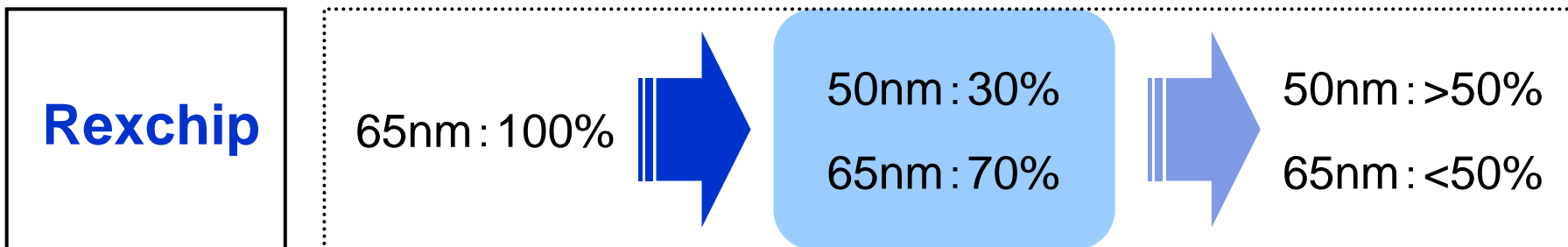
- DRAM/NAND capacity calculated separately, total memory capacity needs not well recognized. Thus, NAND prices down sharply & shift to DRAMs is causing problems similar to those in 1Q07.
 - Problem makers:
 - A is making a big shift from NAND to DRAM capacity, causing overcapacity.
 - B is rolling out large-volume products for the spot market.
- Two companies' shared problems seem to be no cash & speeding up DRAM sales to generate cash.

Idea

- Spot market data already has no effective impact (within 15-20%); one idea is to stop making it available to the public



➤ Total conversion to 65nm process, rollout 65nm shrink version, further chip cost cuts.



➤ Convert a part of mfg. capacity to 50nm. Quickly move to mass production after development, achieve rapid yield upgrades and dramatically cut costs.

UMC

- Big payoff on Cu interconnects
- Starting to discuss outsourcing Cu process to UMC.
- Start logic foundry after start-up of Flash/DRAM-like process foundry business

Qimonda

- Joint process development on hold but both companies have seen important benefits; only remaining focus is execution of development.
- Cross licensing signed June 08.

Numonyx

- Concluded 10K/mo.-scale foundry contract in Oct. 08.

NECEL

- LCD JV contract discussions slightly delayed but continuing.

Suzhou JV

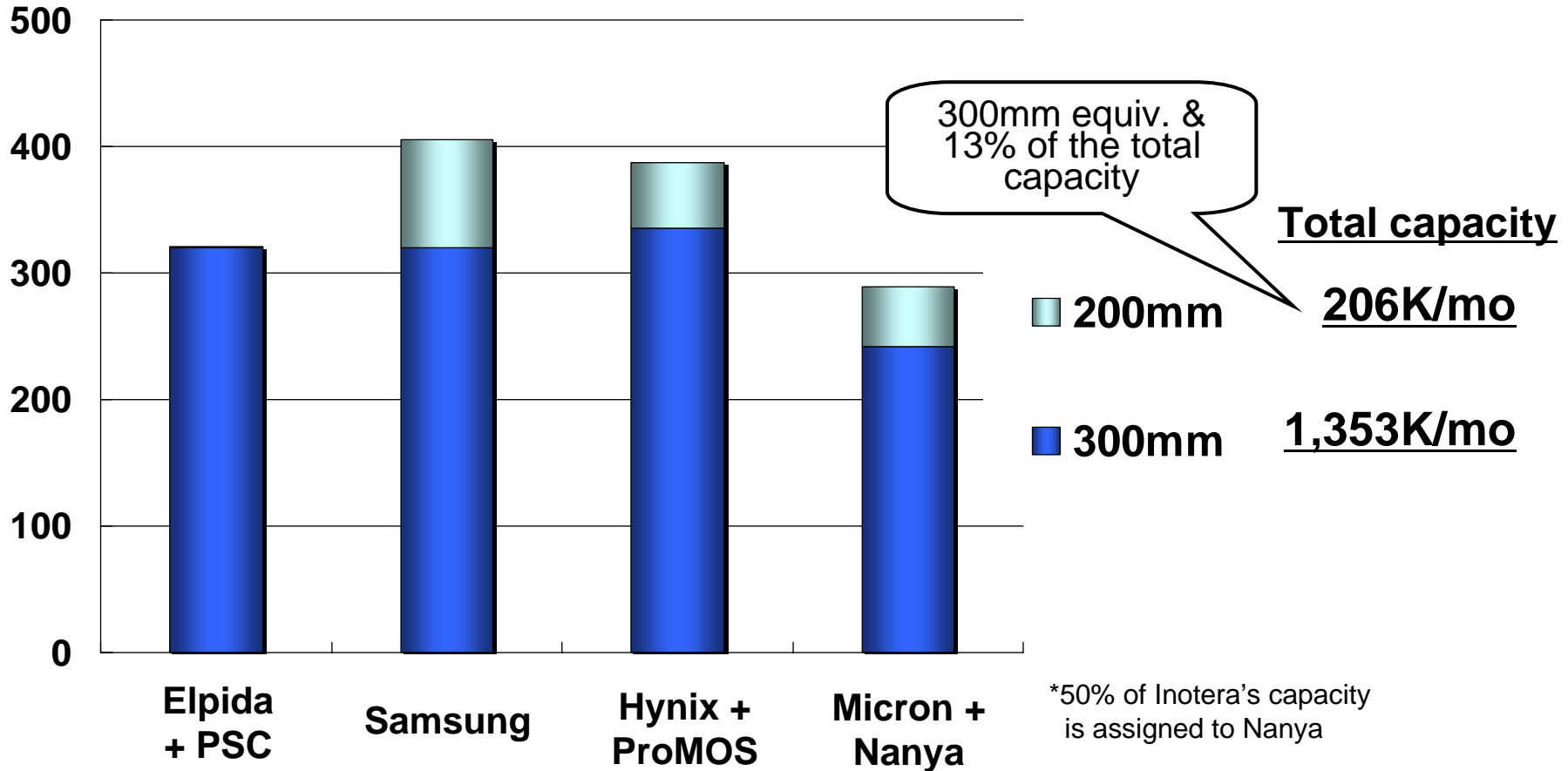
- Delayed about 1 year or until a market recovery is forecast. For the future China-based production is important.

Global DRAM Mfg. Capacity

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(k wafers/mo)

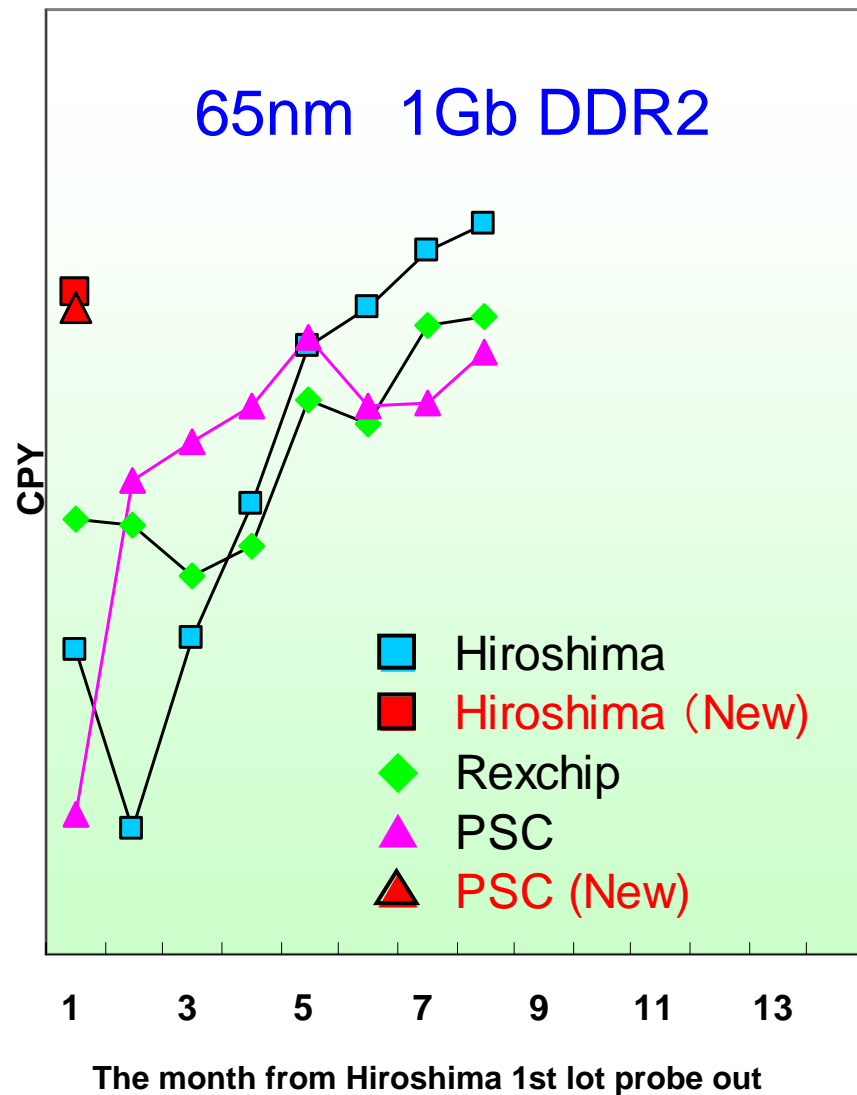
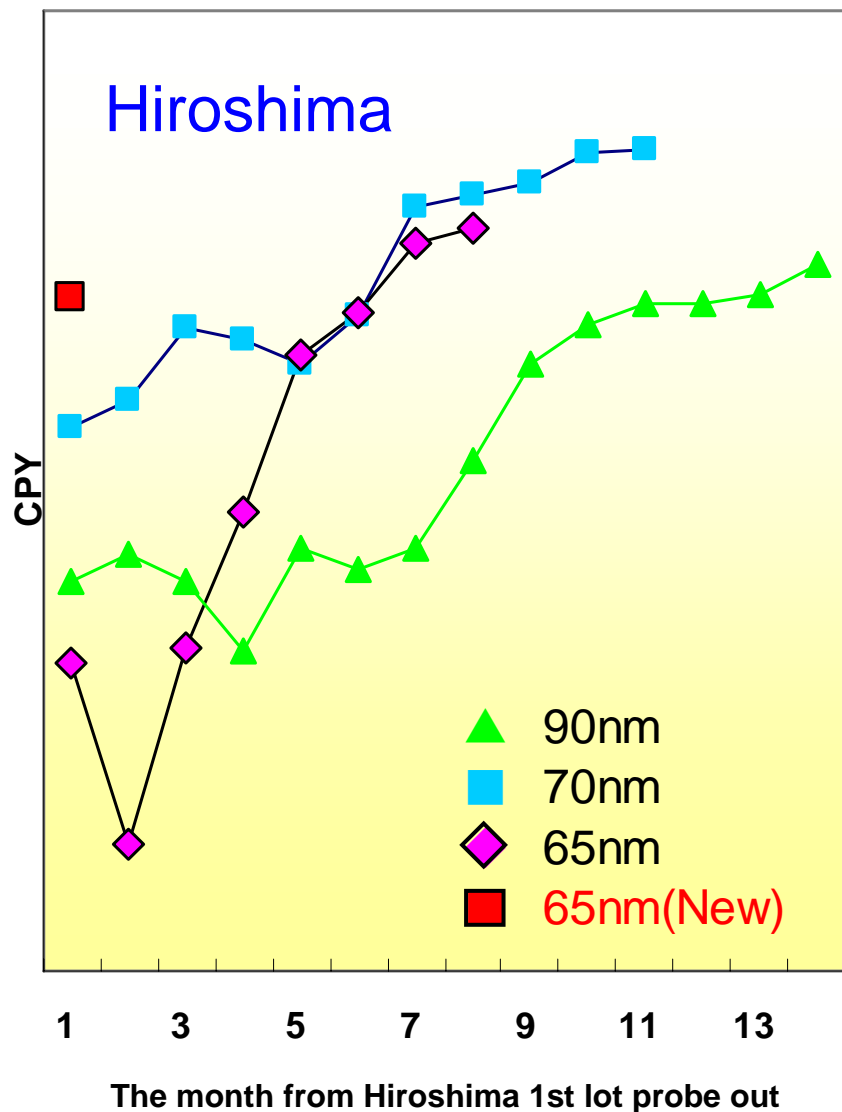
4Q CY08



If 200mm lines shutdown demand-supply likely to sufficiently tighten

(Source: Elpida estimates & reference research companies data)

Yield Trend on 1Gb DDR2



Comparative Status

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(JPY basis)

	Elpida 3Q-CY08	Company A* ¹ 3Q-CY08	Company B 3Q-CY08	Company C* ² Jun-Aug 08	Company D 2Q-CY08
Cash + AR (\ B)	166	994	216	251	103
Interest bearing debt (\ B)	303	10	706	286	95
Has 200mm line	No	Yes	Yes	Yes	Yes
Inventory holding period* ³	54	26	64	77	54
-Quarterly sales / employee (\ M)	32.3	20.1	9.0	8.3	4.3
-OH costs* ⁴ / sales	14.5%	17.0%	18.7%	18.9%	40.4%
Quarterly net profit (loss) (\ B)	(32)	110	(150)	(36)	(60)

*1: Unconsolidated (parent only)

*2: June-August quarter

*3: Inventory holding period = Inventory / Quarterly COGS x 90 days

*4: OH costs = SG&A and R&D expenses

(Exchange rate)

US\$1 = 105 yen

1 Euro = 150 yen

100 KRW = 9 yen

- Start considering making Rexchip an Elpida consolidated subsidiary.
- Start of Suzhou, China JV Project delayed
→1 year or until DRAM market recovers.
- Changes in Investment Plans
 - Rexchip/R2 fab cleanroom construction on hold
 - Construction of new floor cleanroom at Akita Elpida delayed.
 - Others
- *Conversion to 65nm process to reduce chip costs at Hiroshima Plant is on schedule
- Will explore a wider set of options for strengthening the tie-up with PSC, incl. a capital tie-up.



Appendix

- QoQ bit shipment growth: Up 13%
- QoQ Average Selling Price: high 2 dollars (1Gb equiv.)
Down 8%
- DDR2/Total DRAM sales: Approx. 55%
- DDR2/PC+Server sales: Approx. 90%
- ≥ 1 Gb/PC+Server sales: Approx. 80%
- Outsourced DRAM sales ratio: 17%
- CAPEX: JPY 19.0 billion
- Depreciation costs: JPY 26.2 billion

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そのDRAMは、夢と情熱で創られる。

