

ELPIDA

3Q FY2008 Financial Review & Business Updates

February 6, 2009
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

3Q-FY2008 Results

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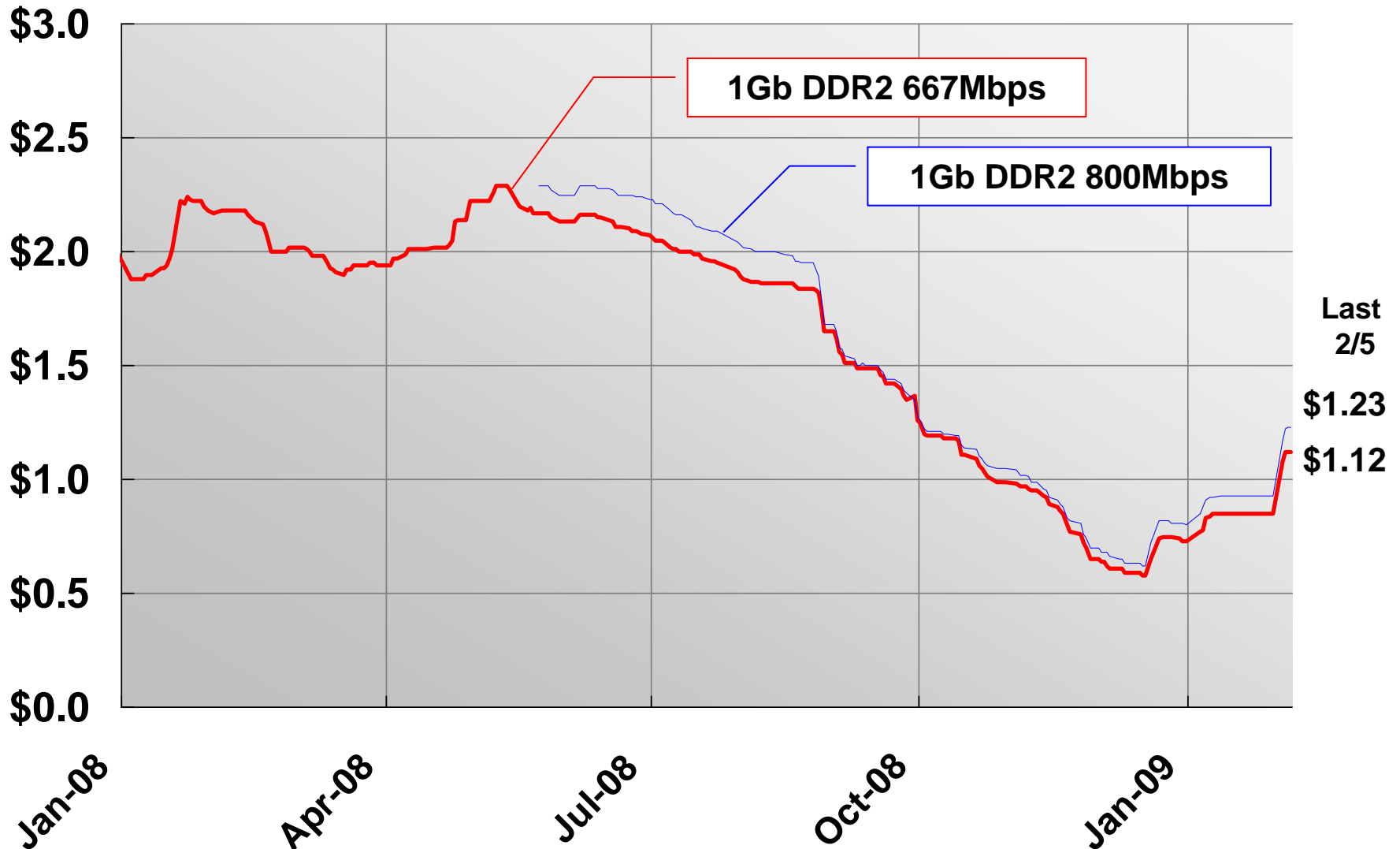
(Billion JPY)	3Q08	%	2Q08	%	Change	%	3Q07	%	Change	%
Net sales	61.8	100.0	113.6	100	(51.8)	-45.6	94.0	100	(32.3)	-34.3
Gross profit (loss)	(42.9)	-69.4	(8.0)	-7.1	(34.8)	-	5.2	5.5	(48.0)	-
Operating loss	(57.9)	-93.7	(24.5)	-21.6	(33.4)	-	(8.9)	-9.5	(49.0)	-
Ordinary loss	(66.1)	-106.9	(30.3)	-26.7	(35.7)	-	(12.8)	-13.6	(53.3)	-
Net loss	(72.3)	-117.1	(31.9)	-28.1	(40.5)	-	(12.1)	-12.9	(60.2)	-

▪ Bit growth: +5% QoQ / ASP Change: -44% QoQ

- Sales decreased drastically and gross losses expanded QoQ due to a sharp decline in PC DRAM prices, a significant downturn in demand for Premier DRAM and the strong yen.
- Major non-operating loss: JPY7.4bn loss on revaluation of investment securities
- Extraordinary losses: JPY5.4bn accrual for litigation settlements

DRAM Spot Price

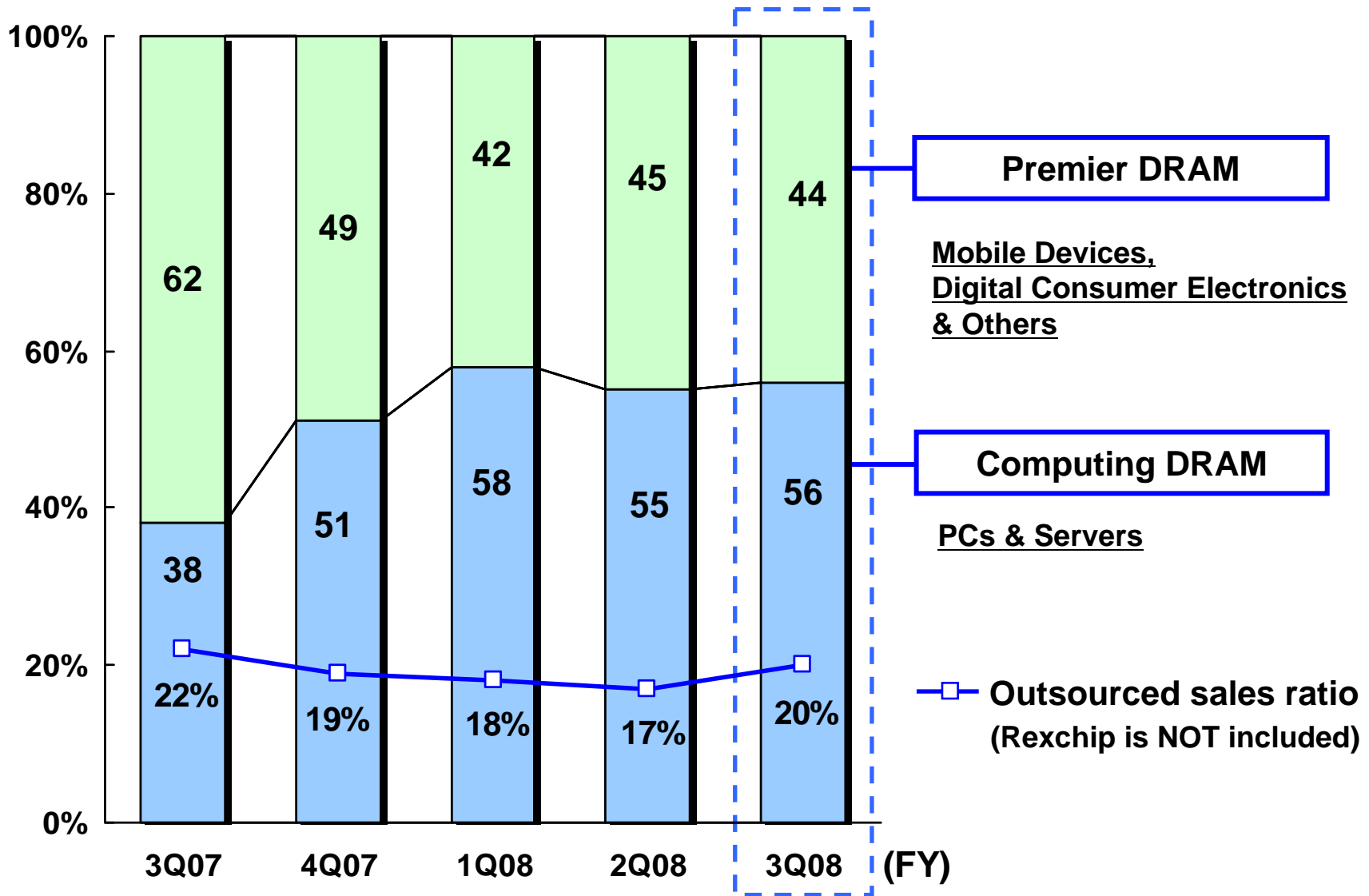
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Source: DRAM eXchange

Sales Breakdown by Category

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Financial Position

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(Billion JPY)	Dec 31 2008	Sep 30 2008	Dec 31 2007
Total assets	812.5	733.3	772.9
Net assets	220.6	302.5	383.3
Cash & deposits	207.5*	78.2	97.5
Tangible fixed assets	373.9	372.4	393.2
Interest-bearing debt	456.1*	302.9	224.1
Net D/E ratio (times)	1.13	0.74	0.33
Shareholders' equity ratio	27.1%	41.2%	49.6%
A/R collection period	74 days	69 days	69 days
Inventory holding period	62 days	54 days	78 days
Operating cash flow (3 mo.)	(6.9)	26.5	13.2
Free cash flow (3 mo.)	(21.1)	(2.9)	(17.8)

*Raised a JPY 110 billion using a long-term credit facility in Oct. 2008

*Issued JPY 50 billion Convertible Bond Type Bonds with Stock Acquisition Rights in Nov. 2008

→Completed a JPY 44 billion early redemption of Convertible Bonds on Jan. 9, 2009

Review cost structure to improve earnings

- Expand 65nm shrink version to further lower chip costs
- Efforts to reduce costs
 - Narrow down product development to bring down R&D costs
 - Further cuts in director compensation & manager monthly salary

	(a) President & CEO	(b) Directors (8)	(c) Corporate officers (excluding a & b)	(d) Other manager categories
Amount of reduction	50%	20%	15%	5-10%

(from Feb to Dec 2009 or until a return to a monthly operating profit)

- Review general costs & implement more extensive cuts

Main policies for boosting capital base

- Conversion of CB (6bn yen in January 09)
- Plan to make Rexchip a consolidated subsidiary of Elpida in March 2009
- Seek capital from business partners (to boost the capital of group companies, etc.)

Other: All possible measures under consideration

For the quarter (Billion JPY)	3Q-FY08		4Q-FY08
	'08 11/6 Guidance	Actual	'09 2/6 Guidance
QoQ bit growth	5-10%	5%	Single-digit negative
Depreciation expenses	28	27	26
SG&A expenses	15	15	15

For the year (Billion JPY)	FY2008		
	'08 11/6 Guidance	'09 2/6 Guidance	Note
YoY annual bit growth	80-90%	80-90%	—
Depreciation expenses	107	105	—
SG&A expenses	60	61	—
Elpida CAPEX	90-95	95	Accelerate conversion to 65nm at E300
Investment in Rexchip	Minimize	0 for CAPEX	Approx. 3bn yen for acquiring Rexchip shares*

*Note: In March 2009, Elpida plans to acquire a partial shareholding in the Rexchip manufacturing joint venture from its strategic partner, PSC (Powerchip Semiconductor Corporation), in order to make Rexchip a consolidated subsidiary of Elpida.



Financial Review



Business Updates

Industrial Revitalization Law

- In the interest of a stronger business position we are considering all angles but the possibility of such a scheme would be desirable
- Whether we would apply for it has not yet been decided. For it to become an option we need to decide after studying the plan's design in detail.

Taiwan

- Currently, it remains to be seen whether a 3+1 company capital tie-up will take place but Elpida would welcome some kind of 4-company collaboration. We believe Taiwan's govt. will issue some kind of guidelines by mid-February. No discussions will happen until then.

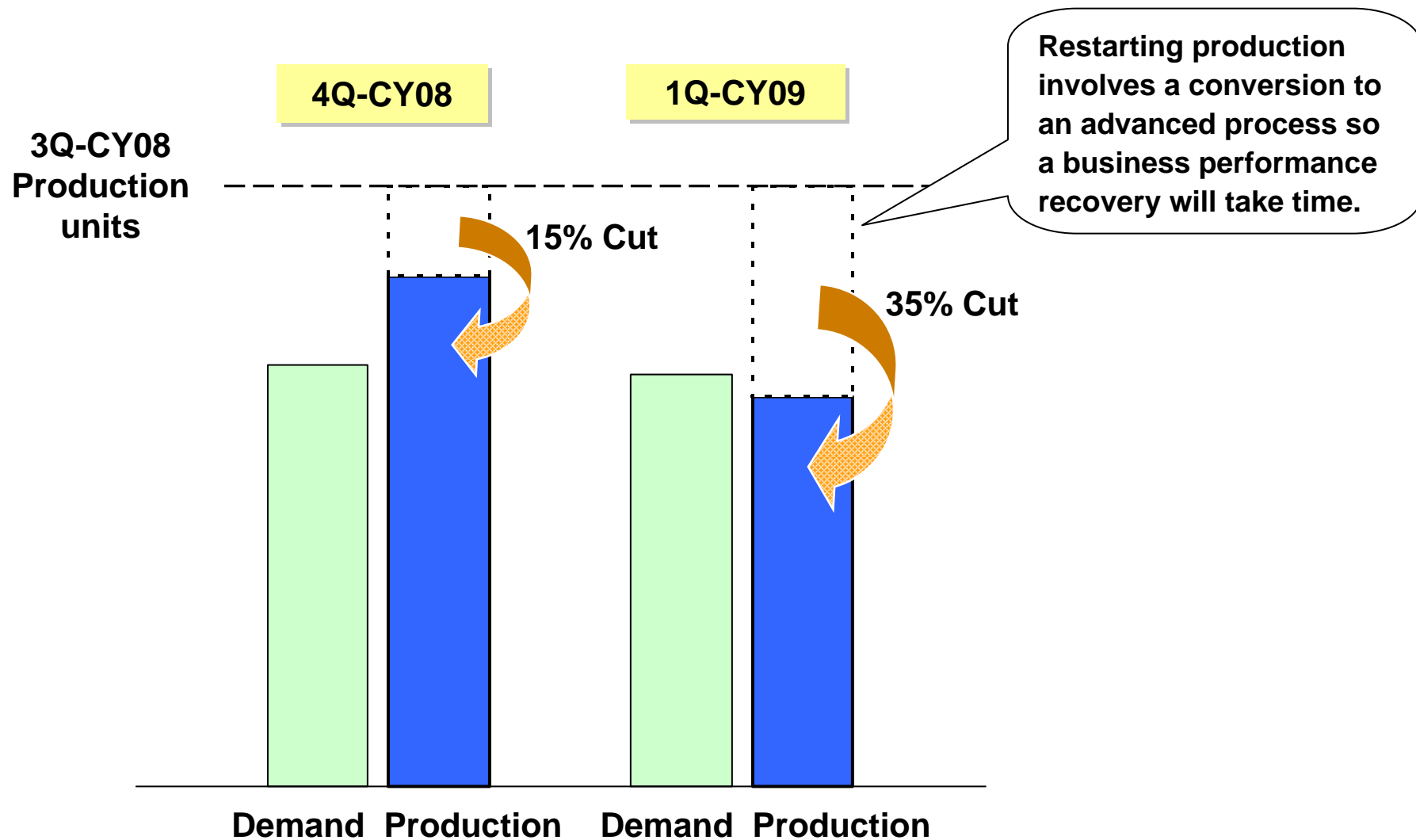
Debt covenants

- We believe Elpida will comply with the covenants.

The present situation

- We do not view the situation as a crisis once every 100 years but as an opportunity once every 100 years.

Global Computing DRAM Production *ELPIDA*

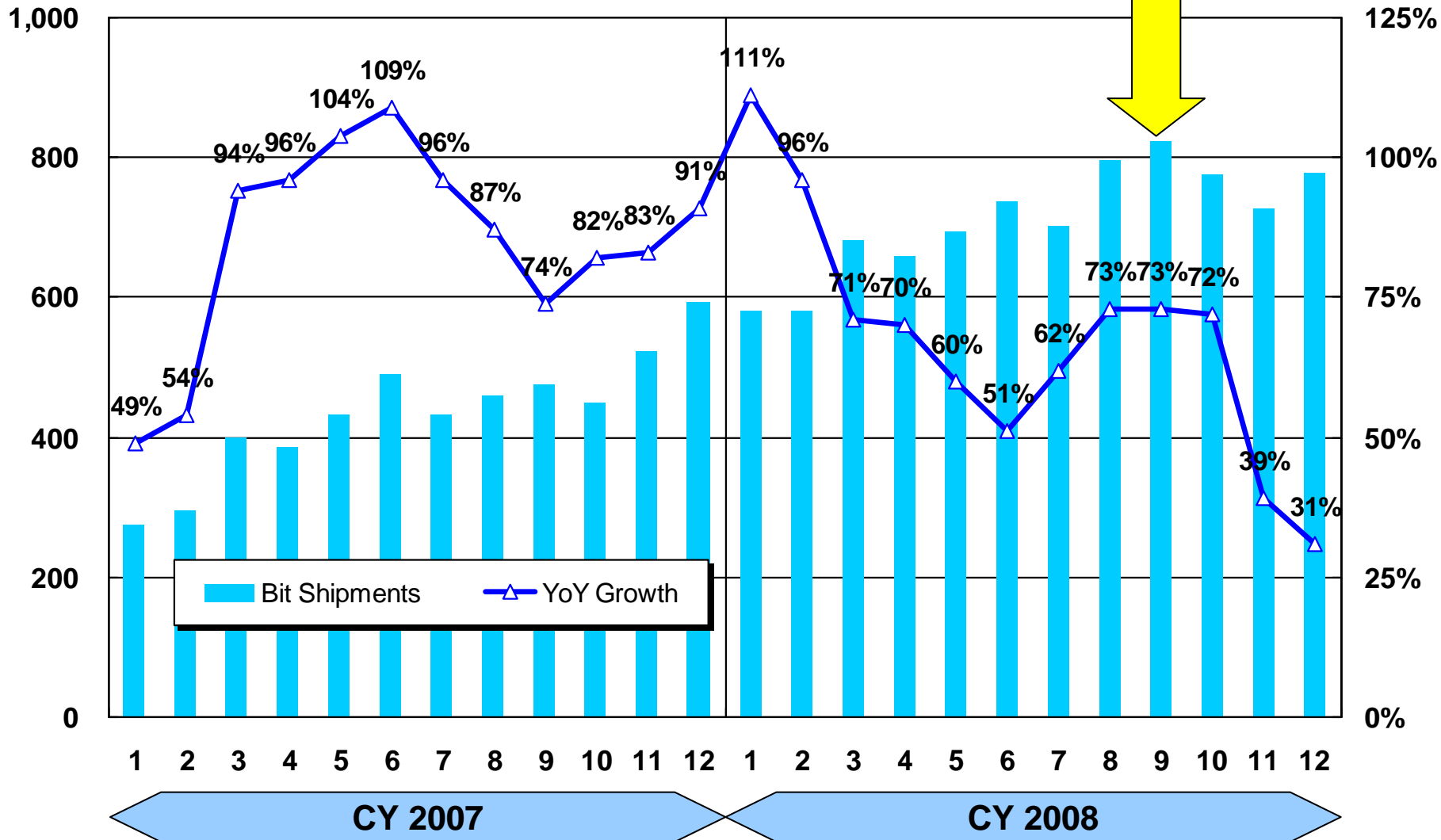


Source: Elpida estimate

DRAM Bit Growth

(1Gb equiv. million units)

Production Cut Start



Source: WSTS

Capacity Comparison (4Q-CY09)

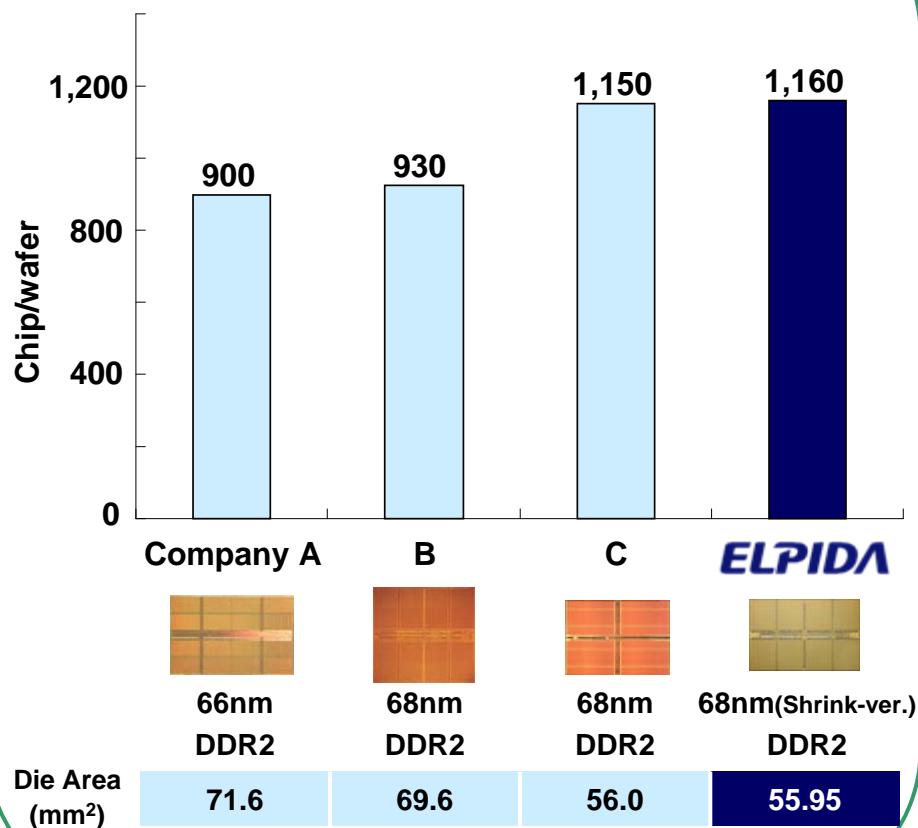
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	Elpida		Company A	Company B
	Case 1	Case 2		
300mm Capacity	410K	410K	360K?	290K?
Process Node				
-50nm	0%	30%	?	?
-65nm	100%	70%		
Chips per wafer(1Gb DDR2)				
- 50nm	0	1,740	1,470?	1,410?
- 65nm	1,160	1,160	930?	900?
CAPEX	0+ α	\$ 1.2B	?	?
Yield	93%	93%	?	?
Chip out (1Gb equiv.)	442M	508M	?	?

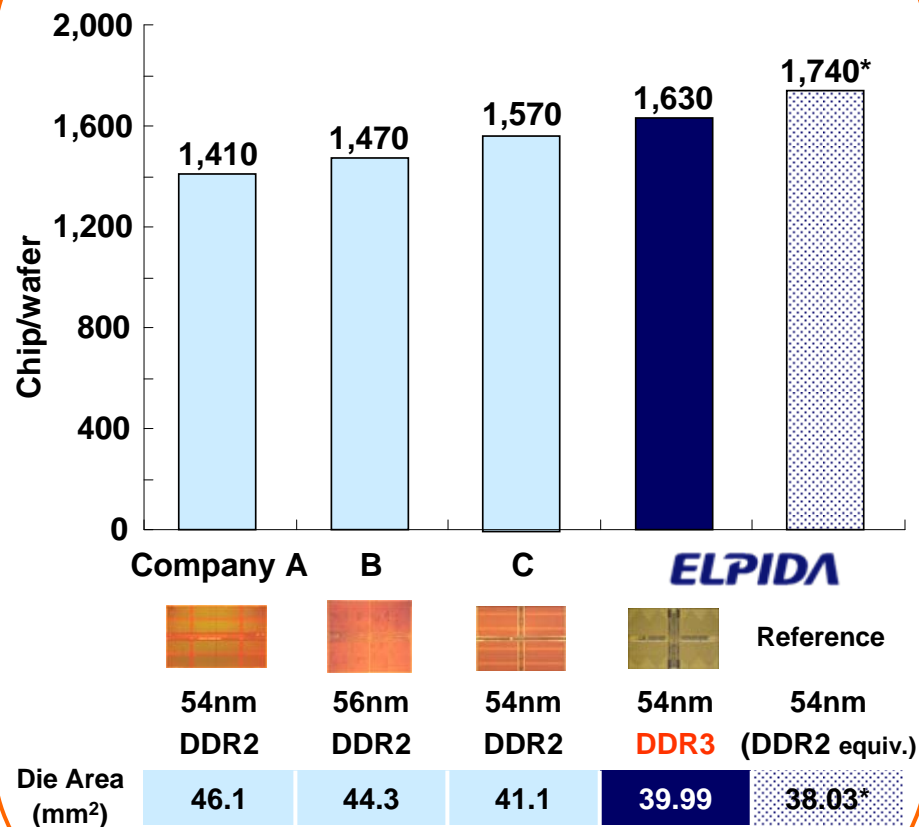
Source: Elpida estimate

Gross Die per Wafer & Die Size

60nm generation 1Gbit



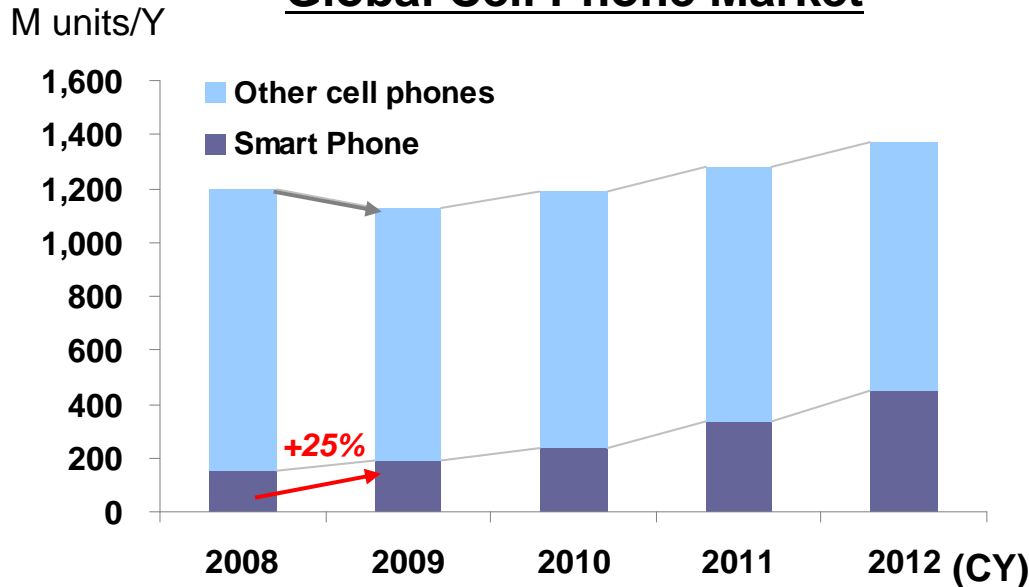
50nm generation 1Gbit



*Estimated figures

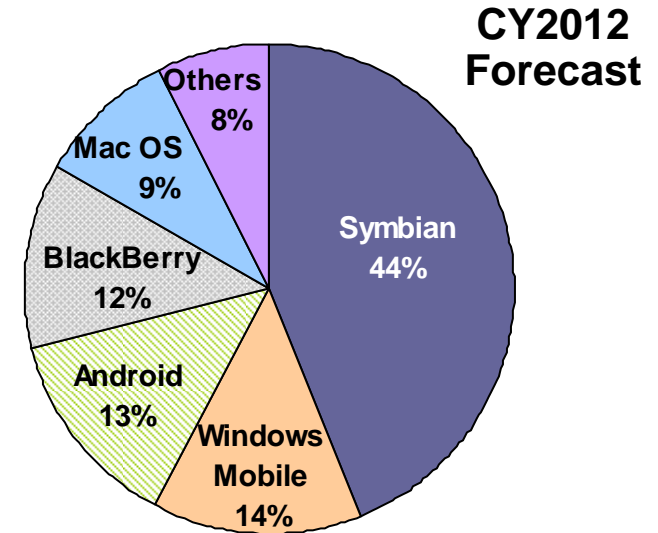
Source: Elpida estimate

Global Cell Phone Market



Source: Elpida estimate

Smart Phone by OS



Source: Elpida estimate

- Total cell phones are expected to be down 6% but smart phone growth is 25%. Later, annual growth reaches more than 20%.
- With the market penetration of Windows Mobile®, Mac OS®, Android™ & BlackBerry® continuing, PC-style web browsing is now even more popular.
- Web video and other kinds of replay & network games will be widespread.

The need for large density (>2Gb) , high-speed memory such as Mobile LPDDR2 will increase; the future looks good for Elpida

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