

ELPIDA

***2Q FY2009 Financial Review
& Business Updates***

***Elpida Memory, Inc.
November 5, 2009***



2Q-FY09 Financial Review

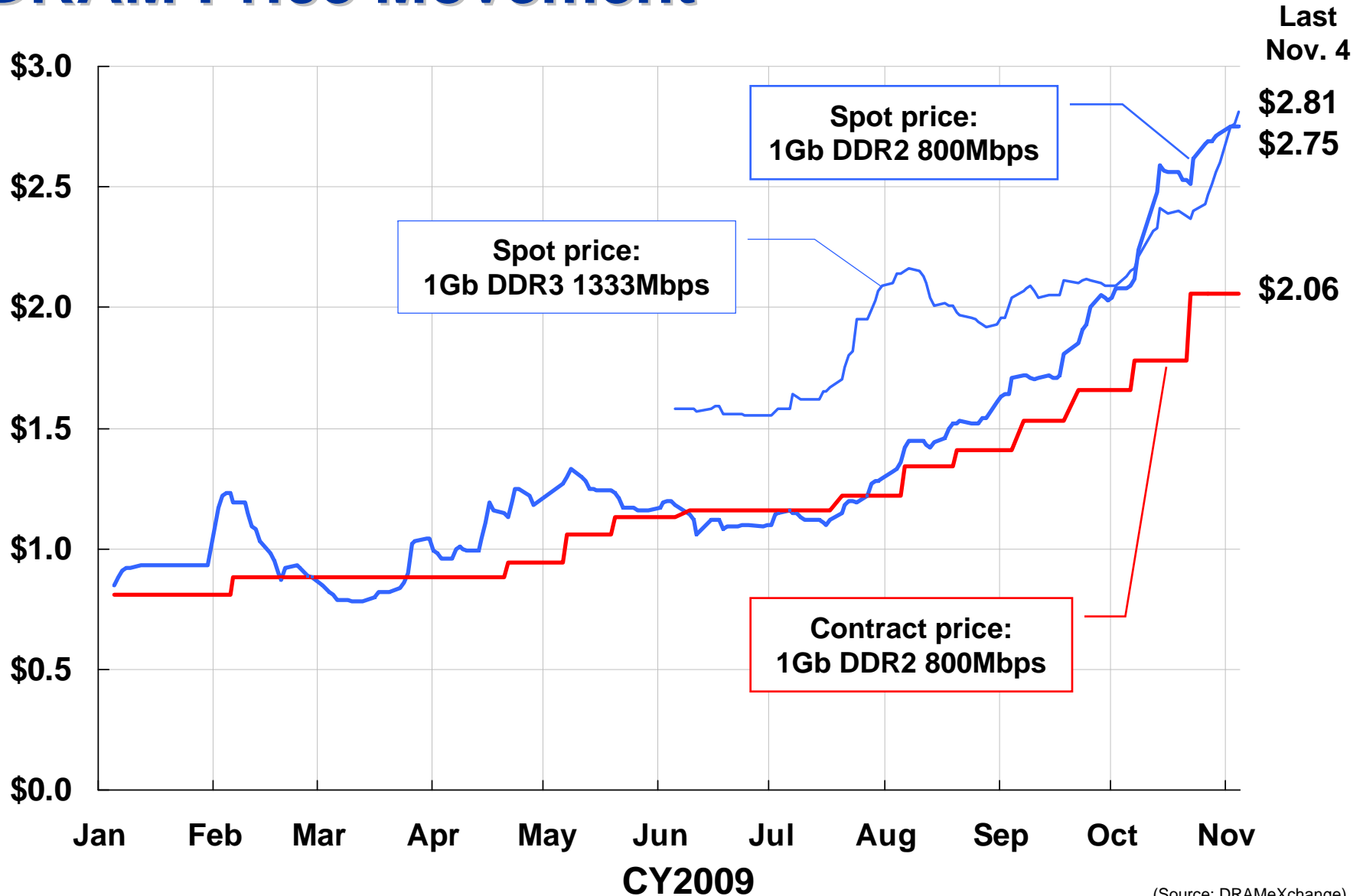


Business Updates



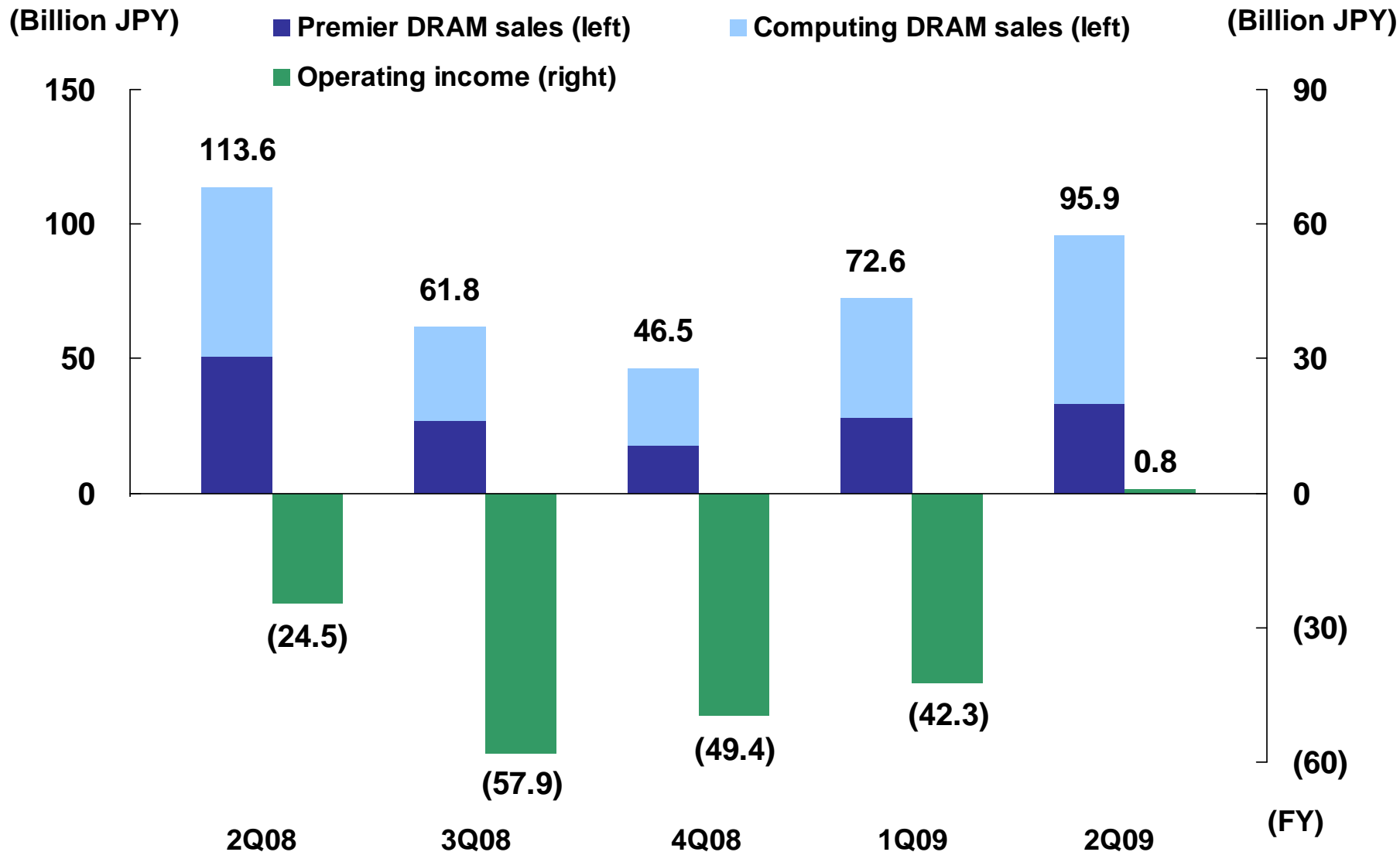
DRAM Market Outlook

DRAM Price Movement



(Source: DRAMeXchange)

Net Sales, Operating Income



2Q-FY09 Results

(Billion JPY)	2Q09		1Q09		Change		2Q08		Change	
		%		%		%		%		%
Net sales	95.9	100.0	72.6	100.0	+23.3	+32.1	113.6	100.0	-17.7	-15.6
Gross profit (loss)	14.1	14.7	(26.6)	-36.6	+40.7	-	(8.0)	-7.1	+22.1	-
Operating income (loss)	0.8	0.9	(42.3)	-58.3	+43.1	-	(24.5)	-21.6	+25.3	-
Ordinary loss	(5.5)	-5.7	(46.6)	-64.2	+41.1	-	(30.3)	-26.7	+24.8	-
Net loss	(7.2)	-7.5	(44.4)	-61.2	+37.3	-	(31.9)	-28.1	+24.7	-

- ▶ Bit shipment growth: QoQ +13% / YoY +37%
- ▶ ASP change: QoQ +19% / YoY -32%

Major reasons behind the improved QoQ performance

- PC DRAM prices recovered thanks to an improved demand & supply balance.
- Premier DRAM and DDR3 product shipments increased.
- Manufacturing costs were reduced due to migration to 65nm-S process & better yields.
- R&D costs reduced due to more tightly focused product development & other factors.

Financial Position

(Billion JPY)	Sep 30, 2009	Jun 30, 2009	Sep 30, 2008
Total assets	967.4	899.0	733.3
Cash & time deposits	123.4	61.3	78.2
Tangible fixed assets	630.8	657.9	372.4
Interest-bearing debt	556.6	556.9	302.9
Net assets	288.3	219.3	302.5
Net D/E ratio (times)	2.12	4.00	-
" (previous consolidation basis)*	1.15	1.99	0.74
Net assets ratio	29.8%	24.4%	-
" (previous consolidation basis)*	35.7%	30.2%	41.2%
A/R collection period	79 days	84 days	69 days
Inventory holding period	85 days	59 days	54 days
Operating cash flow (3 mo.)	(8.5)	(8.6)	26.5
Free cash flow (3 mo.)	(34.7)	(41.7)	(2.9)

- Increased capital via a private placement with the Development Bank of Japan (DBJ) and a public offering.
- Drew 44bn yen from a 110bn yen loan facility established in Sep 2009 and consisting of a syndicated loan from Japanese financial institutions arranged by Elpida's core bank lenders and a loan from DBJ.

*Previous consolidation basis: excludes Rexchip, Tera Probe and TeraPower.

3Q-FY09 & FY 2009 Guidance

Quarterly (Billion JPY)	2Q-FY09		3Q-FY09
	Aug. 4, 2009 Guidance	Actual	Nov. 5, 2009 Guidance
QoQ bit shipment growth	Approx. 10%	13%	10-15%
Depreciation expenses	31	30.1	31
SG&A expenses	17	13.2	15

Full year (Billion JPY)	FY 2009	
	Aug. 4, 2009 Guidance	Nov. 5, 2009 Guidance
YoY bit shipment growth	20%+	40%+
Depreciation expenses	120	124
SG&A expenses	67	59
CAPEX	40	60

Increase mainly due to 40nm capacity expansion.



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Business Updates



DRAM Market Outlook

Financial Actions

- i. **Capital injection thru private share placement with the Development Bank of Japan (DBJ)**
 - Issuance of 3mn preferred shares (capital raised: 30.0bn yen)
 - ii. **Public share offering**
 - Offering of 55mn common shares (capital raised: 60.4bn yen)
 - iii. **Conclusion of a contract to establish a 110.0bn yen loan facility with Japanese financial institutions arranged by Elpida's core bank lenders & DBJ**
 - 44.0bn yen drawn from the loan facility
- Total cash secured: 200.4bn yen (134.4bn yen acquired in Jul-Sep)**

Use of proceeds

- ✓ R&D related to high value-added Premier DRAMs
- ✓ Conversion to advanced mfg. equipment for 50nm & 40nm processes
- ✓ Repayment of interest-bearing debt

Alliance with TIMC

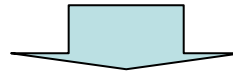
Discussion about an alliance under way with TIMC

Discussion points

- ✓ Business collaboration involving such possibilities as technology transfers and co-development
- ✓ TIMC's capital investment in Elpida
(Up to 10% of Elpida's common shares outstanding)
- ✓ Aim to complete TIMC's investment in Elpida by March 2010

DDR3 Production

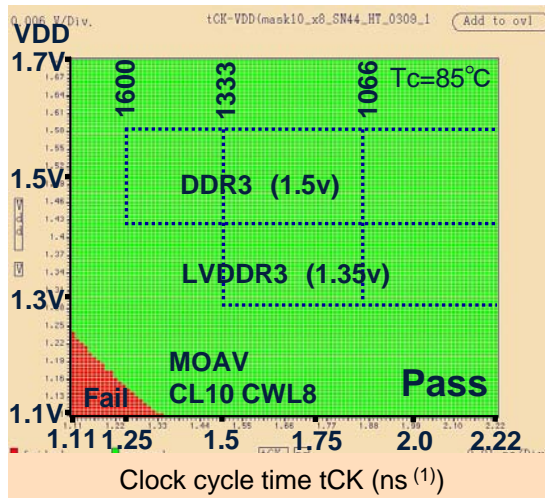
- DDR3 will account for more than 50% of PC DRAM shipments in 3Q.
- Mass production of 40nm 2Gb DDR3 to start in December.



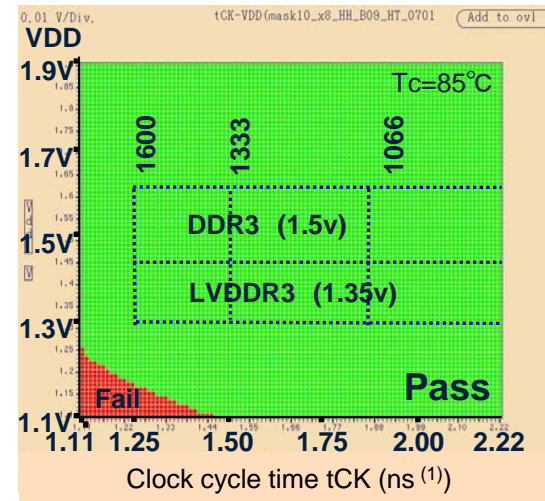
Response to growing DDR3 demand

High functionality & high quality of current process products certified !

1Gb DDR3 65nm-S



2Gb DDR3 50nm



Shift to 40nm Production

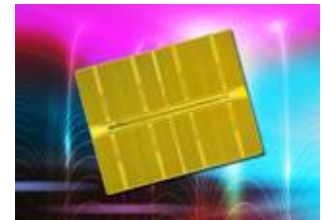
FY09: Plan to install an additional ArF immersion scanner in 4Q

FY10: Depending on market conditions may acquire more immersion scanners

→ May shift 50% of mfg. capacity to 40nm

40nm 2Gb DDR3 features

- ❑ Per wafer chip output: Up 44% compared with 50nm
- ❑ Power consumption: Up to 45% less versus 50nm
- ❑ Speed: Faster than the current fastest DDR3 speed standard of 1.6Gbps





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DRAM Market Outlook

2010 DRAM Market Outlook

Elpida forecasts a continued tight DRAM demand & supply balance in 2010.

- YoY demand bit growth: Approx. 50%
- YoY supply bit growth: Approx. 40%

Factors affecting Elpida's forecasts	
Market conditions minus factors	Market conditions plus factors
(Demand side) ✓ Average MB/PC rate of increase slows	(Demand side) ✓ Further smartphone market growth stimulated by PC makers' entry
(Supply side) ✓ Capex increase ✓ Higher fab utilization among Taiwan makers ✓ Lower NAND flash prices causing production shift from NAND to DRAM ✓ Fabs in China expand capacity	(Supply side) ✓ Late to convert to advanced processes caused by stagnant yields ✓ Late mfg. shift to 2Gb products

Elpida Memory, Inc.

URL: <http://www.elpida.com>

そのDRAMは、夢と情熱で創られる。



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