

**Quarterly Consolidated Financial Statements**

**Elpida Memory, Inc. and Consolidated Subsidiaries**

*At September 30, 2008 and  
Three-month and six-month periods ended September 30, 2008*

Elpida Memory, Inc. and Consolidated Subsidiaries

Quarterly Consolidated Financial Statements

At September 30, 2008 and  
Three-month and six-month periods ended September 30, 2008

**Contents**

Quarterly Consolidated Balance Sheet .....	2
Quarterly Consolidated Statement of Operations .....	4
Quarterly Consolidated Statement of Cash Flows .....	6
Notes to Quarterly Consolidated Financial Statements .....	7

Elpida Memory, Inc. and Consolidated Subsidiaries

Quarterly Consolidated Balance Sheet

	<b>September 30, 2008</b>	
	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>
<b>Assets</b>		
Current assets:		
Cash and time deposits	¥ 78,183	\$ 754,881
Notes and accounts receivable, trade	87,654	846,326
Allowance for doubtful accounts	(2,446)	(23,617)
Finished goods	44,427	428,956
Semi-finished goods	7,309	70,571
Raw materials	576	5,561
Work in process	19,579	189,041
Supplies	1,577	15,226
Accounts receivable, other	2,866	27,672
Other current assets	27,077	261,438
Total current assets	<u>266,802</u>	<u>2,576,055</u>
Property, plant and equipment:		
Buildings and structures	82,650	798,011
Machinery and equipment	489,004	4,721,483
Furniture and fixtures	47,778	461,311
Land	4,206	40,610
Construction in progress	21,001	202,771
	<u>644,639</u>	<u>6,224,186</u>
Accumulated depreciation	(272,234)	(2,628,502)
Property, plant and equipment, net	<u>372,405</u>	<u>3,595,684</u>
Investments and other assets:		
Goodwill	1,710	16,511
Software	5,418	52,312
Investment in affiliated companies	73,240	707,155
Investment securities	2,639	25,480
Long-term prepaid expenses	8,506	82,128
Deferred income taxes	1,299	12,542
Other assets	1,307	12,620
Total investments and other assets	<u>94,119</u>	<u>908,748</u>
Total assets	<u>¥ 733,326</u>	<u>\$ 7,080,487</u>

	<b>September 30, 2008</b>	
	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>
<b>Liabilities and net assets</b>		
Current liabilities:		
Current portion of long-term debt	¥ 47,000	\$ 453,799
Current portion of obligation under capital leases	10,256	99,025
Accounts payable, trade	62,045	599,063
Accounts payable, other	21,195	204,644
Accrued income taxes	1,120	10,814
Provisions	4,225	40,794
Other current liabilities	30,023	289,882
Total current liabilities	<u>175,864</u>	<u>1,698,021</u>
Long-term liabilities:		
Long-term debt	222,000	2,143,478
Obligation under capital leases	23,689	228,725
Provisions	4,267	41,199
Other long-term liabilities	5,016	48,430
Total long-term liabilities	<u>254,972</u>	<u>2,461,832</u>
Total liabilities	<u>430,836</u>	<u>4,159,853</u>
Net assets:		
Shareholders' equity:		
Common stock:		
Issued – 129,813,600 shares	155,665	1,502,993
Additional paid-in capital	166,707	1,609,607
Retained earnings	(11,129)	(107,453)
Treasury stock – 1,132 shares	(4)	(39)
Total shareholders' equity	<u>311,239</u>	<u>3,005,108</u>
Valuation and translation adjustments:		
Unrealized losses on investment securities	(232)	(2,240)
Deferred losses on hedges	(423)	(4,084)
Translation adjustments	(8,302)	(80,158)
Total valuation and translation adjustments	<u>(8,957)</u>	<u>(86,482)</u>
Share subscription rights	208	2,008
Total net assets	<u>302,490</u>	<u>2,920,634</u>
Total liabilities and net assets	<u>¥733,326</u>	<u>\$7,080,487</u>

*See notes to quarterly consolidated financial statements.*

Elpida Memory, Inc. and Consolidated Subsidiaries

Quarterly Consolidated Statement of Operations

	<b>Six-month period ended September 30, 2008</b>	
	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>
Net sales	<b>¥222,803</b>	<b>\$2,151,231</b>
Cost of sales	<b>231,845</b>	<b>2,238,534</b>
Gross loss	<b>(9,042)</b>	<b>(87,303)</b>
Selling, general and administrative expenses	<b>31,064</b>	<b>299,933</b>
Operating loss	<b>(40,106)</b>	<b>(387,236)</b>
Other income (expense):		
Interest income	<b>309</b>	<b>2,983</b>
Foreign exchange gains	<b>1,282</b>	<b>12,378</b>
Interest expense	<b>(2,815)</b>	<b>(27,180)</b>
Equity in losses of affiliated companies	<b>(2,938)</b>	<b>(28,367)</b>
Maintenance costs for idle assets	<b>(803)</b>	<b>(7,753)</b>
Gain on sales of property, plant and equipment	<b>131</b>	<b>1,265</b>
Loss on impairment of investment security	<b>(1,895)</b>	<b>(18,297)</b>
Loss on sales of property, plant and equipment	<b>(6)</b>	<b>(58)</b>
Loss on disposal of property, plant and equipment	<b>(370)</b>	<b>(3,572)</b>
Accrual for settlements and litigation	<b>(631)</b>	<b>(6,092)</b>
Other expense, net	<b>(648)</b>	<b>(6,257)</b>
	<b>(8,384)</b>	<b>(80,950)</b>
Loss before income taxes	<b>(48,490)</b>	<b>(468,186)</b>
Income taxes:		
Current	<b>927</b>	<b>8,950</b>
Deferred	<b>(3,775)</b>	<b>(36,449)</b>
	<b>(2,848)</b>	<b>(27,498)</b>
Net loss	<b>¥ (45,642)</b>	<b>\$ (440,687)</b>

*See notes to quarterly consolidated financial statements.*

Elpida Memory, Inc. and Consolidated Subsidiaries

Quarterly Consolidated Statement of Operations

	<b>Three-month period ended September 30, 2008</b>	
	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>
Net sales	<b>¥113,582</b>	<b>\$1,096,669</b>
Cost of sales	<b>121,606</b>	<b>1,174,143</b>
Gross loss	<b>(8,024)</b>	<b>(77,474)</b>
Selling, general and administrative expenses	<b>16,460</b>	<b>158,927</b>
Operating loss	<b>(24,484)</b>	<b>(236,401)</b>
Other income (expense):		
Interest income	<b>207</b>	<b>1,999</b>
Interest expense	<b>(1,476)</b>	<b>(14,251)</b>
Equity in losses of affiliated companies	<b>(3,013)</b>	<b>(29,091)</b>
Foreign exchange losses	<b>(1,116)</b>	<b>(10,775)</b>
Maintenance costs for idle assets	<b>(182)</b>	<b>(1,757)</b>
Gain on sales of property, plant and equipment	<b>123</b>	<b>1,188</b>
Loss on impairment of investment security	<b>(544)</b>	<b>(5,252)</b>
Loss on sales of property, plant and equipment	<b>(3)</b>	<b>(29)</b>
Loss on disposal of property, plant and equipment	<b>(339)</b>	<b>(3,273)</b>
Accrual for settlements and litigation	<b>(631)</b>	<b>(6,092)</b>
Other expense, net	<b>(249)</b>	<b>(2,404)</b>
	<b>(7,223)</b>	<b>(69,740)</b>
Loss before income taxes	<b>(31,707)</b>	<b>(306,141)</b>
Income taxes:		
Current	<b>500</b>	<b>4,828</b>
Deferred	<b>(334)</b>	<b>(3,225)</b>
	<b>166</b>	<b>1,603</b>
Net loss	<b>¥ (31,873)</b>	<b>\$ (307,744)</b>

*See notes to quarterly consolidated financial statements.*

Elpida Memory, Inc. and Consolidated Subsidiaries

Quarterly Consolidated Statement of Cash Flows

	<b>Six-month period ended</b>	
	<b>September 30, 2008</b>	
	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>
<b>Operating activities</b>		
Loss before income taxes	¥(48,490)	\$(468,186)
Depreciation and amortization	51,730	499,469
Increase in allowances	2,307	22,275
Interest income	(309)	(2,983)
Interest expense	2,815	27,180
Foreign exchange losses	1,848	17,843
Equity in losses of affiliated companies	2,938	28,367
Gain on sales of property, plant and equipment	(125)	(1,207)
Loss on disposal of property, plant and equipment	370	3,572
Loss on impairment of investment security	1,895	18,297
Increase in receivables, trade	(18,471)	(178,343)
Decrease in inventories	876	8,458
Decrease in accounts receivable, other	2,648	25,567
Increase in payables, trade	5,924	57,198
Decrease in accounts payable, other	(2,660)	(25,683)
Other	10,012	96,669
Subtotal	13,308	128,493
Interest received	535	5,165
Interest paid	(2,863)	(27,643)
Local government subsidy received	328	3,167
Income taxes paid	(838)	(8,091)
Net cash provided by operating activities	10,470	101,091
<b>Investing activities</b>		
Disbursements for time deposits	(578)	(5,581)
Withdrawal of time deposits	639	6,170
Purchases of property, plant and equipment	(41,595)	(401,612)
Proceeds from sales of property, plant and equipment	16,769	161,910
Purchases of intangible assets	(1,127)	(10,882)
Increase in long-term prepaid expenses	(1,486)	(14,348)
Payment of loan receivables	(15,942)	(153,925)
Other	(3)	(29)
Net cash used in investing activities	(43,323)	(418,297)
<b>Financing activities</b>		
Repayment of long-term loans	(11,200)	(108,139)
Proceeds from issuance of stock	108	1,043
Proceeds from sale and lease-back transactions	32,831	316,993
Repayments of obligation under capital leases	(7,771)	(75,031)
Purchases of treasury stock	(1)	(10)
Net cash provided by financing activities	13,967	134,856
<b>Effect of exchange rate changes on cash and cash equivalents</b>		
	(456)	(4,403)
<b>Net decrease in cash and cash equivalents</b>	<b>(19,342)</b>	<b>(186,753)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>96,955</b>	<b>936,130</b>
<b>Cash and cash equivalents at end of the period</b>	<b>¥ 77,613</b>	<b>\$ 749,377</b>

See notes to quarterly consolidated financial statements.

# Elpida Memory, Inc. and Consolidated Subsidiaries

## Notes to Quarterly Consolidated Financial Statements

September 30, 2008

### **1. Basis of Presentation**

The accompanying quarterly consolidated financial statements of Elpida Memory, Inc. (the “Company”) are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and are complied from the quarterly consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan.

Amounts in U.S. dollars with respect to the quarterly consolidated financial statements for the three-month period ended September 30, 2008 are included solely for the convenience of the readers. The rate of ¥103.57 = US\$1.00, the approximate rate of exchange in effect on September 30, 2008, has been used. The inclusion of such amounts is not intended to imply that yen amounts have been or could be readily converted, realized or settled in U.S. dollars at that or any other rate.

### **2. Change in Significant Accounting Policies**

Significant accounting policies are consistent with those applied in the consolidated financial statements for the year ended March 31, 2008, except for:

#### **(1) Evaluation of Inventories**

On July 5, 2006, the Accounting Standards Board of Japan (“ASBJ”) issued an Accounting Standard ASBJ Statement No. 9, “Accounting Standard for Measurement of Inventories,” which is effective for the fiscal year beginning on or after April 1, 2008. This standard requires that inventories held for sale in ordinary course of business be stated at the lower of cost or net selling value, which is defined as the selling price less additional estimated manufacturing costs and direct selling expenses. Effective April 1, 2008, the Company and its domestic consolidated subsidiary has adopted this standard. There is no effect of this adoption on operating result.

#### **(2) Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements**

Effective for the fiscal year beginning on or after April 1, 2008, the Company has adopted the Practical Issues Task Force No.18, “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements,” issued by the ASBJ on May 17, 2006. The effect of this adoption on operating result is inconsequential.

## Elpida Memory, Inc. and Consolidated Subsidiaries

### Notes to Quarterly Consolidated Financial Statements (continued)

#### 3. Business Combination

Effective April 1, 2008, Hiroshima Elpida Memory, Inc., a 100% owned subsidiary of the Company, has merged into the Company.

##### (1) Purpose of Merger

The Company aimed to build a centralized management of technological development, manufacturing and sales activities to use business resources efficiently by fully merging its operations with its DRAM manufacturing subsidiary, Hiroshima Elpida Memory, Inc.

There is no issuance of new shares or increase in capital stock associated with this merger since the Company directly owned 100% of its shares.

Assets of ¥478,995 million (\$4,500,987 thousand) and liabilities of ¥476,963 million (\$4,481,893 thousand) of Hiroshima Elpida Memory, Inc. have been carried to the Company.

##### (2) Method of Merger

In accordance with Paragraph 3 of Article 796 and Paragraph 1 of Article 784 in the Corporation Law in Japan, Hiroshima Elpida Memory, Inc. has merged into the Company and dissolved.

##### (3) Method of Accounting

The merger is accounted for as a transaction under common control according to “Accounting Standard for Business Combinations” (issued by the Business Accounting Council of Japan on October 31, 2003) and ASBJ Guidance No. 10, “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (revised by ASBJ on November 15, 2007).

#### 4. Cash and Cash Equivalents

A reconciliation of cash and cash equivalents as of September 30, 2008 to cash and time deposits in the accompanying quarterly consolidated balance sheet is as follows:

	<b>September 30, 2008</b>	
	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>
Cash and time deposits	<b>¥78,183</b>	<b>\$754,881</b>
Less:		
Time deposits with maturity in excess of three months	<b>(570)</b>	<b>(5,504)</b>
Cash and cash equivalents	<b>¥77,613</b>	<b>\$749,377</b>

Elpida Memory, Inc. and Consolidated Subsidiaries

Notes to Quarterly Consolidated Financial Statements (continued)

**5. Investment Securities**

The Company recognized an impairment loss of ¥1,895 million (\$18,297 thousand) for certain marketable security at September 30, 2008, due to the significant change of the fair value of investment security from the previous fiscal year. The loss is recorded as a loss on impairment of investment security in the accompanying quarterly consolidated statement of operations. Information regarding marketable securities classified as other securities at September 30, 2008 is summarized as follows:

Description	September 30, 2008					
	Acquisition cost	Carrying value	Unrealized losses	Acquisition cost	Carrying value	Unrealized losses
	<i>(Millions of yen)</i>			<i>(Thousands of U.S. dollars)</i>		
Equity securities	¥545	¥545	¥ -	\$5,262	\$5,262	\$ -

Note: The acquisition cost above represents the cost after the impairment recognized.

**6. Selling, General and Administrative Expenses**

Major components of selling, general and administrative expenses for the six-month period and three-month period ended September 30, 2008 are as follows:

	Six-month period ended September 30, 2008		Six-month period ended September 30, 2008	
	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>
Payroll and bonuses	¥ 4,045	\$ 39,056	¥ 2,042	\$ 19,716
Provision for accrued bonuses	1,099	10,611	552	5,330
Retirement benefit expenses	402	3,881	219	2,115
Depreciation and amortization	2,531	24,438	1,249	12,059
Subcontractor fees	6,126	59,148	3,541	34,189
Prototype	5,323	51,395	2,632	25,413
Others	11,538	111,403	6,225	60,104
	<b>¥31,064</b>	<b>\$299,932</b>	<b>¥16,460</b>	<b>\$158,926</b>

## Elpida Memory, Inc. and Consolidated Subsidiaries

### Notes to Quarterly Consolidated Financial Statements (continued)

#### 7. Contingencies

- (1) A number of purported class actions and individual lawsuits were filed against the Company and other DRAM suppliers in the U.S. federal and state courts and in the provincial courts in Canada on behalf of direct and indirect purchasers of our DRAM products. An investigation by the European Commission is also ongoing. The Company has provided an allowance of ¥3,019 million (\$29,149 thousand) as of September 30, 2008 for future outcome on these litigations, currently assessed as probable and estimable.
- (2) The Company guarantees the lease obligation of ¥29,801 million (\$287,738 thousand) and bank loans of ¥87,619 million (\$845,988 thousand) of Rexchip Electronics Corporation (“Rexchip”), an affiliated company. With respect to the guarantees of the lease obligation and a part of bank loans (¥34,489 million (\$333,002 thousand)) the Company is only liable for up to ¥32,145 million (\$310,370 thousand) due to the joint guarantee as of September 30, 2008. These guarantees for Rexchip’s lease obligation and a part of bank loans requires the Company to maintain certain level of net assets as a debt covenant.

#### 8. Stock-Based Compensation Plans

	<u>2008 plan</u>
Date of approval by shareholders	June 24, 2008
Grantee categories and numbers of grantees	1 director of the Company, 478 employees of the Company and 34 employees of the domestic subsidiary
Number of shares granted	100,000
Date of grant	September 24, 2008
Vesting conditions	Continuously working for the Company or its subsidiaries from September 24, 2008 through September 30, 2010
Service period	From September 24, 2008 through September 30, 2010
Exercisable period	From October 1, 2010 through September 30, 2013

# Elpida Memory, Inc. and Consolidated Subsidiaries

## Notes to Quarterly Consolidated Financial Statements (continued)

### 9. Segment Information

The Company is primarily engaged in a single business segment of development, design, manufacture and sale of DRAM products. Therefore, the disclosure related to business segment is omitted.

#### *Geographical Segment Information*

Three-month period ended September 30, 2008						
Japan	Asia	Europe	North America	Total	Eliminations	Consolidated
<i>(Millions of yen)</i>						
Sales and operating income:						
1. Sales to third parties	¥ 51,472	¥33,495	¥7,669	¥20,946	¥ 113,582	¥113,582
2. Inter-segment sales and transfers	58,514	11	4	63	(58,592)	–
Total sales	¥109,986	¥33,506	¥7,673	¥21,009	¥(58,592)	¥113,582
Operating income (loss)	¥ (25,956)	¥ 1,023	¥ (65)	¥ 516	¥ (2)	¥ (24,484)

Three-month period ended September 30, 2008						
Japan	Asia	Europe	North America	Total	Eliminations	Consolidated
<i>(Thousands of U.S. dollars)</i>						
Sales and operating income:						
1. Sales to third parties	\$496,978	\$323,404	\$74,047	\$202,240	\$ 1,096,669	\$1,096,669
2. Inter-segment sales and transfers	564,970	107	39	608	(565,724)	–
Total sales	\$1,061,948	\$323,511	\$74,085	\$202,848	\$(565,724)	\$1,096,669
Operating income (loss)	\$(250,613)	\$ 9,877	\$ (628)	\$ 4,983	\$ (20)	\$ (236,401)

Six-month period ended September 30, 2008						
Japan	Asia	Europe	North America	Total	Eliminations	Consolidated
<i>(Millions of yen)</i>						
Sales and operating income:						
1. Sales to third parties	¥ 103,496	¥67,827	¥14,739	¥36,741	¥ 222,803	¥222,803
2. Inter-segment sales and transfers	110,203	22	15	69	(110,309)	–
Total sales	¥213,699	¥67,849	¥14,754	¥36,810	¥(110,309)	¥222,803
Operating income (loss)	¥ (42,656)	¥ 2,019	¥ (148)	¥ 682	¥ (3)	¥ (40,106)

Six-month period ended September 30, 2008						
Japan	Asia	Europe	North America	Total	Eliminations	Consolidated
<i>(Thousands of U.S. dollars)</i>						
Sales and operating income:						
1. Sales to third parties	\$ 999,286	\$654,890	\$142,310	\$354,746	\$ 2,151,231	\$2,151,231
2. Inter-segment sales and transfers	1,064,043	213	144	666	(1,065,067)	–
Total sales	\$2,063,329	\$655,103	\$142,454	\$355,478	\$(1,065,067)	\$2,151,231
Operating income (loss)	\$(411,857)	\$ 19,494	\$ (1,429)	\$ 6,585	\$ (29)	\$ (387,236)

Elpida Memory, Inc. and Consolidated Subsidiaries

Notes to Quarterly Consolidated Financial Statements (continued)

**9. Segment Information (continued)**

- Notes: 1. Geographical distances are considered in segmentation of country or area.
2. Major countries or areas included in each segment other than Japan are as follows:
- (1) Asia: Hong Kong, Singapore, Taiwan
  - (2) Europe: Germany, Switzerland
  - (3) North America: The United States of America

**Overseas Sales**

	<b>Three-month period ended September 30, 2008</b>			
	<b>North America</b>	<b>Asia</b>	<b>Europe</b>	<b>Total</b>
	<i>(Millions of yen)</i>			
I. Overseas sales	<b>¥31,243</b>	<b>¥22,052</b>	<b>¥24,418</b>	<b>¥ 77,713</b>
II. Consolidated sales				<b>113,582</b>
III. Percentage of overseas sales over consolidated sales (%)	<b>27.5%</b>	<b>19.4%</b>	<b>21.5%</b>	<b>68.4%</b>
	<i>(Thousands of U.S. dollars)</i>			
I. Overseas sales	<b>\$301,661</b>	<b>\$212,919</b>	<b>\$235,763</b>	<b>\$ 750,343</b>
II. Consolidated sales				<b>1,096,669</b>
III. Percentage of overseas sales over consolidated sales (%)	<b>27.5%</b>	<b>19.4%</b>	<b>21.5%</b>	<b>68.4%</b>
	<b>Six-month period ended September 30, 2008</b>			
	<b>North America</b>	<b>Asia</b>	<b>Europe</b>	<b>Total</b>
	<i>(Millions of yen)</i>			
I. Overseas sales	<b>¥47,168</b>	<b>¥75,842</b>	<b>¥31,613</b>	<b>¥ 154,623</b>
II. Consolidated sales				<b>222,803</b>
III. Percentage of overseas sales over consolidated sales (%)	<b>21.2%</b>	<b>34.0%</b>	<b>14.2%</b>	<b>69.4%</b>
	<i>(Thousands of U.S. dollars)</i>			
I. Overseas sales	<b>\$455,421</b>	<b>\$732,278</b>	<b>\$305,233</b>	<b>\$ 1,492,932</b>
II. Consolidated sales				<b>2,151,231</b>
III. Percentage of overseas sales over consolidated sales (%)	<b>21.2%</b>	<b>34.0%</b>	<b>14.2%</b>	<b>69.4%</b>

Notes: 1. Geographical distances are considered in classification of country or area.

Elpida Memory, Inc. and Consolidated Subsidiaries

Notes to Quarterly Consolidated Financial Statements (continued)

**9. Segment Information (continued)**

Note: 2. Major countries or areas included in each segment except for Japan are as follows:

- (1) North America: The United States of America
- (2) Asia: Taiwan, Hong Kong, Singapore
- (3) Europe: whole Europe

3. Overseas sales represent sales of the Company and consolidated subsidiaries to countries and areas outside of Japan.

**10. Amount Per Share**

Amount per share

	<b>Six-month period ended September 30, 2008</b>		<b>Three-month period ended September 30, 2008</b>	
	<i>(Yen)</i>	<i>(U.S. dollars)</i>	<i>(Yen)</i>	<i>(U.S. dollars)</i>
Net loss:				
Basic	<b>¥(351.63)</b>	<b>\$(3.40)</b>	<b>¥(245.53)</b>	<b>\$(2.37)</b>
Diluted	—	—	—	—
	<b>September 30, 2008</b>		<b>March 31, 2008</b>	
	<i>(Yen)</i>	<i>(U.S. dollars)</i>	<i>(Yen)</i>	<i>(U.S. dollars)</i>
Net assets	<b>¥2,328.61</b>	<b>\$22.48</b>	<b>¥2,679.57</b>	<b>\$25.87</b>

For the six-month period and three-month period ended September 30, 2008, diluted net income per share is not shown since the Company is in loss operation.

Basis for calculation of net loss per share is as follows:

	<b>Six-month period ended September 30, 2008</b>		<b>Three-month period ended September 30, 2008</b>	
	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>
Net loss	<b>¥(45,642)</b>	<b>\$(440,687)</b>	<b>¥(31,873)</b>	<b>\$(307,744)</b>
Amount not attributable to common stock	—	—	—	—
Net loss attributable to common stock	<b>¥(45,642)</b>	<b>\$(440,687)</b>	<b>¥(31,873)</b>	<b>\$(307,744)</b>

Elpida Memory, Inc. and Consolidated Subsidiaries

Notes to Quarterly Consolidated Financial Statements (continued)

**10. Amount Per Share (continued)**

	<b>Six-month period ended September 30, 2008</b>	<b>Three- month period ended September 30, 2008</b>
	<i>(Thousand of shares)</i>	<i>(Thousand of shares)</i>
Weighted-average number of shares outstanding for the period	<u><u>129,802</u></u>	<u><u>129,812</u></u>

**11. Subsequent events**

**(1) Issuance of convertible bond**

The Company issued 1<sup>st</sup> series unsecured convertible bond type bonds with stock acquisition rights to be offered by third-party allocation based on a resolution of the board meeting held on October 14, 2008.

Actual use of proceeds	Capital expenditures in manufacturing process of semiconductors at Hiroshima Plant and investment in Rexchip Electronics Corporation
Total amount of bonds	50 billion yen
Face amount of each bond	One denomination of 1 billion yen
Interest rate	The bonds shall not bear any interest
Issue price of each bond	100 yen per face value of 100 yen
Payment date of the bonds and allotment date of the stock acquisition rights	November 4, 2008
Number of the stock acquisition rights attached to the bonds	Total of 50 stock acquisition rights shall be issued
Subscription period	November 4, 2008
Exercise period of the stock acquisition rights	At any time from November 5, 2008 to November 2, 2009
Redemption due date	November 4, 2009
Redemption method	
1. Amount of redemption	All the bonds shall be redeemed at 100 yen per face value of 100 yen.

Elpida Memory, Inc. and Consolidated Subsidiaries

Notes to Quarterly Consolidated Financial Statements (continued)

<p>2. Method of redemption</p>	<p>(1) After the issuance of the Bonds with Stock Acquisition Rights, the Company may, at its discretion, accelerate the redemption of all (but not some only) of the outstanding bonds by giving prior notice to the bondholders of the Bonds with Stock Acquisition Rights on or before the third Friday in every month (if the third Friday falls on a banking holiday, the immediately preceding banking day) at 101 yen per face value of 100 yen on the first Friday in the following month.</p> <p>(2) (i) If the closing prices of normal trading of shares of the Company's common stock (the "Shares") on the Tokyo Stock Exchange, Inc. for any consecutive 20 trading days (excluding the days when the closing price (including the indicative price; hereinafter the same) is not available) after the issuance of the Bonds with Stock Acquisition Rights including and until October 2, 2009 fall below the minimum conversion price specified in Clause 15 (6) of Terms and Condition (the "Conditions"), the Company shall accelerate the redemption of all (but not some only) of the outstanding bonds at 100 yen per face value of 100 yen on the 30th day from the trading day immediately following the last day of the relevant consecutive 20 trading days (the "Early Redemption Date") by giving prior notice to the bondholders of the Bonds with Stock Acquisition Rights on or before the third trading day from the trading day immediately following the last day of the relevant consecutive 20 trading days (the "Notice Date").</p> <p>(ii) Notwithstanding (i) above, if the Company notifies the bondholders of the Bonds with Stock Acquisition Rights that it does not wish to accelerate the redemption on or before the Notice Date and obtains written approval from all the bondholders on or before the day two weeks prior to the Early Redemption Date, it shall not be required to conduct the early redemption.</p>
<p>Security or Guarantee</p>	<p>The Bonds with Stock Acquisition Rights are not secured or guaranteed. There are no assets specifically reserved for the Bonds with Stock Acquisition Rights.</p>
<p>Purchaser</p>	<p>Nomura Asia Limited</p>
<p>Conversion Price</p>	<p>1,017 yen ("Initial Conversion Price")</p>

Elpida Memory, Inc. and Consolidated Subsidiaries

Notes to Quarterly Consolidated Financial Statements (continued)

<p>Revision of Conversion Price</p>	<p>After the issuance of the Bonds with Stock Acquisition Rights, on and after the trading day following the second Friday in each month (the “<b>Determination Date</b>”), the conversion price shall be revised to the amount equal to 93% of the average daily closing price of normal trading of the Shares on the Tokyo Stock Exchange, Inc. for five consecutive trading days including and until the Determination Date (excluding any day on which the closing price is not available and if the Determination Date is not a trading day, five consecutive trading days up to the trading day immediately preceding the Determination Date; the “<b>Market Value Calculation Period</b>”) (the amount shall be calculated to the first decimal place and rounded up to the nearest yen; the “<b>Determination Price</b>”). If the Determination Price is adjusted as provided for in Clause 15 (8) or (10) of the Conditions during the Market Value Calculation Period, the revised conversion price shall be adjusted to such price as the Company deems as appropriate pursuant to the terms and conditions of the Bonds with Stock Acquisition Rights.</p> <p>Notwithstanding the foregoing, if the Determination Price falls below the amount equal to 509 yen (subject to adjustment under Clauses 15 (7) through (10) of the Conditions; the “<b>Minimum Conversion Price</b>”) as a result of such calculation, the revised conversion price shall be the Minimum Conversion Price, and if the Determination Price exceeds the amount equal to 2,034 yen (subject to adjustment under Clauses 15 (7) through (10) of the Conditions; the “<b>Maximum Conversion Price</b>”) as a result of such calculation, the revised conversion price shall be the Maximum Conversion Price.</p>
<p>Acquisition event of the Bonds with Stock Acquisition Rights</p>	<p>On November 2, 2009 (the “<b>Acquisition Date</b>”), the Company shall acquire all the outstanding Bonds with Stock Acquisition Rights with respect to the Stock Acquisition Rights as of the Acquisition Date and deliver such number of Shares to the bondholders of the Bonds with Stock Acquisition Rights in exchange for the acquisition of the Bonds with Stock Acquisition Rights on the assumption that some conditions are satisfied.</p>

Elpida Memory, Inc. and Consolidated Subsidiaries

Notes to Quarterly Consolidated Financial Statements (continued)

<p>Obligation of Purchaser to exercise the stock acquisition rights</p>	<p>The Company agreed with the Purchaser on the following matters;</p> <p>The Purchaser shall exercise at least five stock acquisition rights (or, if the number of the outstanding stock acquisition rights as of the first date of the Agreed Exercise Period defined below is less than five, the outstanding number thereof) attached to the Bonds with Stock Acquisition Rights, for each period (the “<b>Agreed Exercise Period</b>”) starting from the fourth trading day after the Determination Date specified in Clause 15 (6) of the Conditions (the “<b>Determination Date</b>”) (inclusive) and ending on the third trading day (inclusive; the “<b>Exercise Date</b>”) after the following</p> <p>Determination Date (the “<b>Exercise Base Date</b>”), to the extent it does not breach the restrictions related to the Excessive Exercise. However, if all or a part of the Bonds with Stock Acquisition Rights are transferred, the Stock Acquisition Rights exercised by the transferee shall be deemed as having been exercised by the Purchaser, in relation to its obligation under Clause 7. (5) of the Conditions. The Purchaser may decide at its discretion how many Stock Acquisition Rights it exercises on which date, as long as it exercises the number of Stock Acquisition Rights as provided above during each Agreed Exercise Period.</p> <p>However, in any of the following cases, the Purchaser is not obliged to exercise the above number of Stock Acquisition Rights, for the relevant Agreed Exercise Periods for the Exercise Date or the Exercise Dates after the relevant date, as the case may be:</p> <p>(i) if the amount equal to 93% of the average daily closing price of normal trading of the shares of the Company’s common stock on the Tokyo Stock Exchange, Inc. of any consecutive five trading days to the Exercise Base Date for the relevant Exercise Date (inclusive) (excluding the days when the closing price (including the indicative price) is not available, and if the Exercise Base Date is not a trading day, consecutive five trading days to the trading day immediately before the Exercise Base Date) (the amount shall be calculated to the first decimal place and rounded up to the nearest yen) falls below the Minimum Conversion Price (the “<b>Minimum Conversion Price</b>”) specified in Clause 15 (6) of the</p>
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Elpida Memory, Inc. and Consolidated Subsidiaries

Notes to Quarterly Consolidated Financial Statements (continued)

Obligation of Purchaser to exercise the stock acquisition rights (continued)	<p>Conditions, the Agreed Exercise Period for the relevant Exercise Date;</p> <p>(ii) if the issuer adopts a resolution at its general meeting of shareholders to approve the Organizational Restructuring specified in Clause 13 (2) of the Conditions, the Agreed Exercise Periods for the Exercise Dates on or after the date when the above resolution is adopted; or</p> <p>(iii) if the daily closing prices of normal trading of the shares of the issuer's common stock fall below the Minimum Conversion Price as specified in Clause 13 (5) (i) of the Conditions, the Agreed Exercise Periods for the Exercise Dates on or after the date when the above event occurs.</p>
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**(2) Long-term debt**

The Company withdrew a total of ¥110 billion in October 2008 using a syndicated credit facility of ¥110 billion consisting of terms loans with a commitment period.

Purpose of funds	Capital expenditures in manufacturing process of semiconductors at Hiroshima Plant and investment in Rexchip Electronics Corporation
Arrangers	Bank of Tokyo-Mitsubishi UFJ Mizuho Corporate Bank Sumitomo Mitsui Banking Corporation The Sumitomo Trust & Banking
Total amount	¥110,000 million
Timing to be withdraw	October 14, 2008 ¥100,000 million October 28, 2008 ¥ 10,000 million
Interest rate	6 month TIBOR + additional rate stipulated in the contract
Conditions for repayment	First repayment is made at the end of September, 2009, thereafter equal repayment is made semiannually in six installments
Maturity date for repayment	End of March, 2012
Security or Guarantee	There are no assets specifically reserved for this loans.
Restrictive debt covenants	<p>Maintenance covenants for net assets</p> <p>The covenants requires the Company to maintain the amount of net assets on the consolidated balance sheets at the level of (i) more than 75 % compared to the previous year and (ii) more than 137.8 billion.</p>