

**Quarterly Consolidated Financial Statements  
(Unaudited)**

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

*At June 30, 2009, and  
Three-month periods ended June 30, 2008 and 2009  
with Quarterly Review Report of Independent Accountants*

# Elpida Memory, Inc. and Consolidated Subsidiaries

## Quarterly Consolidated Financial Statements

At June 30, 2009, and  
Three-month periods ended June 30, 2008 and 2009

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Elpida Memory, Inc. and Consolidated Subsidiaries

Quarterly Consolidated Balance Sheet (Unaudited)

	<b>March 31, 2009</b>	<b>June 30, 2009</b>	
	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>	
<b>Assets</b>			
Current assets:			
Cash and time deposits	¥ 113,847	¥ 61,305	\$ 638,527
Notes and accounts receivable, trade	53,894	67,540	703,468
Accounts receivable, other	21,904	6,083	63,358
Allowance for doubtful accounts	(4,541)	(5,309)	(55,296)
Finished goods	35,872	36,895	384,283
Semi-finished goods	5,349	5,643	58,775
Raw materials	2,158	2,297	23,925
Work in process	20,227	17,837	185,783
Supplies	2,406	2,192	22,831
Other current assets	27,176	26,436	275,346
Total current assets	<u>278,292</u>	<u>220,919</u>	<u>2,301,000</u>
Property, plant and equipment:			
Buildings and structures	109,002	117,592	1,224,789
Machinery and equipment	873,158	889,498	9,264,639
Furniture and fixtures	52,910	48,500	505,155
Land	4,362	4,367	45,485
Construction in progress	32,231	22,451	233,841
	<u>1,071,663</u>	<u>1,082,408</u>	<u>11,273,909</u>
Accumulated depreciation	(404,218)	(424,468)	(4,421,081)
Property, plant and equipment, net	<u>667,445</u>	<u>657,940</u>	<u>6,852,828</u>
Investments and other assets:			
Goodwill	1,418	1,350	14,061
Software	6,285	6,157	64,129
Investment securities	2,317	2,184	22,748
Long-term prepaid expenses	7,432	8,258	86,012
Deferred income taxes	562	181	1,885
Other assets	1,538	2,004	20,873
Total investments and other assets	<u>19,552</u>	<u>20,134</u>	<u>209,708</u>
Total assets	<u>¥ 965,289</u>	<u>¥ 898,993</u>	<u>\$ 9,363,536</u>

	<b>March 31, 2009</b>	<b>June 30, 2009</b>	
	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>	
<b>Liabilities and net assets</b>			
Current liabilities:			
Short-term borrowings	¥ 2,880	¥ 2,920	\$ 30,413
Current portion of long-term debt	165,048	165,272	1,721,404
Current portion of obligation under capital leases	21,869	21,430	223,206
Accounts payable, trade	48,301	52,427	546,058
Accounts payable, other	50,551	37,491	390,491
Accrued income taxes	649	1,145	11,926
Provisions	8,633	7,143	74,399
Other current liabilities	12,692	13,940	145,193
Total current liabilities	<u>310,623</u>	<u>301,768</u>	<u>3,143,090</u>
Long-term liabilities:			
Long-term debt	327,008	320,257	3,335,663
Obligation under capital leases	50,629	46,996	489,491
Provisions	5,996	5,856	60,994
Other long-term liabilities	4,564	4,857	50,588
Total long-term liabilities	<u>388,197</u>	<u>377,966</u>	<u>3,936,736</u>
Total liabilities	<u>698,820</u>	<u>679,734</u>	<u>7,079,826</u>
Net assets:			
Shareholders' equity:			
Common stock:			
Issued at March 31 and June 30, 2009			
– 141,601,419 shares	158,665	158,665	1,652,588
Additional paid-in capital	169,707	169,707	1,767,597
Retained earnings	(144,862)	(189,310)	(1,971,774)
Treasury stock			
March 31, 2009 – 1,315 shares	(5)		
June 30, 2009 – 1,365 shares		(5)	(52)
Total shareholders' equity	<u>183,505</u>	<u>139,057</u>	<u>1,448,359</u>
Valuation and translation adjustments:			
Unrealized losses on investment securities	(453)	(427)	(4,447)
Deferred losses on hedges	(300)	(240)	(2,500)
Translation adjustments	(15,457)	(14,640)	(152,484)
Total valuation and translation adjustments	<u>(16,210)</u>	<u>(15,307)</u>	<u>(159,431)</u>
Share subscription rights	242	259	2,698
Minority interests	98,932	95,250	992,084
Total net assets	<u>266,469</u>	<u>219,259</u>	<u>2,283,710</u>
Total liabilities and net assets	<u>¥ 965,289</u>	<u>¥ 898,993</u>	<u>\$ 9,363,536</u>

See notes to quarterly consolidated financial statements.

Elpida Memory, Inc. and Consolidated Subsidiaries

Quarterly Consolidated Statements of Operations (Unaudited)

	<b>Three-month period ended</b>		
	<b>June 30, 2008</b>	<b>June 30, 2009</b>	
	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>	
Net sales	¥109,221	<b>¥ 72,570</b>	<b>\$ 755,859</b>
Cost of sales	110,239	<b>99,157</b>	<b>1,032,778</b>
Gross loss	(1,018)	<b>(26,587)</b>	<b>(276,919)</b>
Selling, general and administrative expenses	14,604	<b>15,724</b>	<b>163,775</b>
Operating loss	(15,622)	<b>(42,311)</b>	<b>(440,694)</b>
Other income (expense):			
Interest income	102	<b>139</b>	<b>1,448</b>
Foreign exchange gains (losses)	2,398	<b>(335)</b>	<b>(3,489)</b>
Interest expense	(1,339)	<b>(2,633)</b>	<b>(27,424)</b>
Gain on sales of fixed assets	8	<b>18</b>	<b>187</b>
Loss on sales of fixed assets	(3)	<b>(25)</b>	<b>(260)</b>
Loss on disposal of fixed assets	(31)	<b>(276)</b>	<b>(2,875)</b>
Impairment loss on investment security	(1,351)	<b>(160)</b>	<b>(1,666)</b>
Impairment loss on fixed assets	–	<b>(1,013)</b>	<b>(10,551)</b>
Other expense, net	(945)	<b>(1,421)</b>	<b>(14,801)</b>
	<u>(1,161)</u>	<u><b>(5,706)</b></u>	<u><b>(59,431)</b></u>
Loss before income taxes and minority interests	(16,783)	<b>(48,017)</b>	<b>(500,125)</b>
Income taxes:			
Current	427	<b>65</b>	<b>677</b>
Deferred	(3,441)	<b>253</b>	<b>2,635</b>
	<u>(3,014)</u>	<u><b>318</b></u>	<u><b>3,312</b></u>
Loss before minority interests	(13,769)	<b>(48,335)</b>	<b>(503,437)</b>
Minority interests in net loss of consolidated subsidiaries	–	<b>(3,887)</b>	<b>(40,485)</b>
Net loss	<u>¥ (13,769)</u>	<u><b>¥(44,448)</b></u>	<u><b>\$ (462,952)</b></u>

*See notes to quarterly consolidated financial statements.*

Elpida Memory, Inc. and Consolidated Subsidiaries

Quarterly Consolidated Statements of Cash Flows (Unaudited)

	<b>Three-month period ended</b>		
	<b>June 30, 2008</b>	<b>June 30, 2009</b>	
	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>	
<b>Operating activities</b>			
Loss before income taxes and minority interests	¥(16,783)	¥(48,017)	\$ (500,125)
Depreciation and amortization	25,491	30,997	322,852
Impairment loss on fixed assets	–	1,013	10,551
Decrease in provisions	(1,357)	(819)	(8,530)
Interest income	(102)	(139)	(1,448)
Interest expense	1,339	2,633	27,424
Foreign exchange (gains) losses	(2,379)	182	1,896
Loss on disposal of fixed assets	31	276	2,875
Impairment loss on investment security	1,351	160	1,666
Increase in notes and accounts receivable, trade	(20,607)	(13,662)	(142,298)
Decrease in inventories	1,992	1,234	12,853
(Increase) decrease in accounts receivable, other	(1,004)	14,397	149,953
Increase in accounts payable, trade	1,653	4,144	43,162
Decrease in accounts payable, other	(2,488)	(374)	(3,895)
Other	(2,449)	115	1,198
Subtotal	(15,312)	(7,860)	(81,866)
Interest received	377	39	406
Interest paid	(702)	(1,472)	(15,332)
Local government subsidy received	–	76	792
Settlement received	–	621	6,468
Compensation received on damage	–	579	6,031
Settlement paid	–	(538)	(5,604)
Income taxes paid	(387)	(27)	(281)
Net cash used in operating activities	(16,024)	(8,582)	(89,386)
<b>Investing activities</b>			
Disbursements for time deposits	(564)	(293)	(3,052)
Withdrawals of time deposits	623	–	–
Purchases of property, plant and equipment	(23,419)	(30,994)	(322,821)
Proceeds from sales of property, plant and equipment	10,919	286	2,979
Purchases of intangible assets	(293)	(571)	(5,947)
Increase in long-term prepaid expenses	(1,166)	(1,521)	(15,842)
Other	(6)	3	31
Net cash used in investing activities	(13,906)	(33,090)	(344,652)

Elpida Memory, Inc. and Consolidated Subsidiaries

Quarterly Consolidated Statements of Cash Flows (Unaudited) (Continued)

	<b>Three-month period ended</b>		
	<b>June 30, 2008</b>	<b>June 30, 2009</b>	
	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>	
<b>Financing activities</b>			
Repayments for long-term debt	–	<b>(7,566)</b>	<b>(78,804)</b>
Proceeds from issuance of stock	89	–	–
Proceeds from sale and lease-back transactions	32,831	–	–
Repayments of obligation under capital leases	(4,586)	<b>(3,797)</b>	<b>(39,548)</b>
Net cash provided by (used in) financing activities	28,334	<b>(11,363)</b>	<b>(118,352)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	978	<b>209</b>	<b>2,177</b>
<b>Net decrease in cash and cash equivalents</b>	(618)	<b>(52,826)</b>	<b>(550,213)</b>
<b>Cash and cash equivalents at beginning of period</b>	96,955	<b>113,699</b>	<b>1,184,241</b>
<b>Cash and cash equivalents at end of period</b>	<b>¥ 96,337</b>	<b>¥ 60,873</b>	<b>\$ 634,028</b>

*See notes to quarterly consolidated financial statements.*

Elpida Memory, Inc. and Consolidated Subsidiaries  
Notes to Quarterly Consolidated Financial Statements

June 30, 2009

**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 compiled from the quarterly consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan.

The condensed consolidated balance sheet as of March 31, 2009, presented herein, is derived from the audited consolidated balance sheet. Certain amounts in the prior period’s financial statements have been reclassified to conform with the current period presentation. Certain information and note disclosures normally included in annual consolidated financial statements have been omitted pursuant to accounting principles for quarterly consolidated financial statements generally accepted in Japan. Therefore, quarterly consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes for the year ended March 31, 2009.

Amounts in U.S. dollars with respect to the quarterly consolidated financial statements for the three-month period ended June 30, 2009 are included solely for the convenience of the readers. The rate of ¥96.01 = US\$1.00, the approximate rate of exchange in effect on June 30, 2009, 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 for the three-month period ended June 30, 2008 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 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 have adopted this standard. There was no effect of this adoption on operating result.

## Elpida Memory, Inc. and Consolidated Subsidiaries

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

#### **2. Change in Significant Accounting Policies (continued)**

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

Effective for the 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 was inconsequential.

Significant accounting policies for the three-month period ended June 30, 2009 are consistent with those applied in the consolidated financial statements for the year ended March 31, 2009.

#### **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 common stock associated with this merger since the Company directly owned 100% of its shares.

Assets of ¥478,995 million and liabilities of ¥476,963 million 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).

Elpida Memory, Inc. and Consolidated Subsidiaries

Notes to Quarterly Consolidated Financial Statements (continued)

**4. Cash and Cash Equivalents**

A reconciliation between cash and time deposits and cash and cash equivalents as of June 30, 2008 and 2009, related to the accompanying quarterly consolidated statements of cash flows, is as follows:

	<u>June 30, 2008</u>	<u>June 30, 2009</u>	
	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>	
Cash and time deposits	¥96,922	¥61,305	\$638,527
Less:			
Time deposits with maturity in excess of three months	(585)	(432)	(4,499)
Cash and cash equivalents	<u>¥96,337</u>	<u>¥60,873</u>	<u>\$634,028</u>

**5. Investment Securities**

There were significant changes in balances of marketable securities classified as other securities during the three-month period ended June 30, 2009.

Marketable securities at June 30, 2009 are summarized as follows:

<u>Description</u>	<u>June 30, 2009</u>			<u>June 30, 2009</u>		
	<u>Acquisition cost</u>	<u>Carrying value</u>	<u>Unrealized losses</u>	<u>Acquisition cost</u>	<u>Carrying value</u>	<u>Unrealized losses</u>
	<i>(Millions of yen)</i>			<i>(Thousands of U.S. dollars)</i>		
Equity securities	¥286	¥286	–	\$2,979	\$2,979	–

Note: The Company recognized an impairment loss of ¥160 million (\$1,666 thousand) for certain marketable securities for the three-month period ended June 30, 2009, due to the significant decline in fair value of the investment securities from the previous year.

The acquisition cost above represents the original acquisition cost less accumulated loss on impairment. The Company inevitably recognizes an impairment loss on investment security in case where the fair value at the end of quarter period declines by more than 50% from the acquisition cost. In case where the fair value declines by more than 30% but less than 50%, the Company may recognize an impairment loss taking the recoverable value into account.

## Elpida Memory, Inc. and Consolidated Subsidiaries

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

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

Major components of selling, general and administrative expenses for the three-month periods ended June 30, 2008 and 2009 are as follows:

	Three-month period ended		
	June 30, 2008	June 30, 2009	
	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>	
Provision for allowance for doubtful accounts	¥ –	¥ 814	\$ 8,478
Payroll and bonuses	2,003	2,304	23,998
Provision for accrued bonuses	547	576	5,999
Retirement benefit expenses	183	222	2,312
Depreciation and amortization	1,282	1,559	16,238
Subcontractor fees	2,585	2,206	22,977
Prototype	2,691	2,776	28,914
Others	5,313	5,267	54,859
	¥14,604	¥15,724	\$163,775

#### 7. Derivative Financial Instruments

There were significant changes in outstanding balances of derivatives relating to foreign currency during the three-month period ended June 30, 2009. Derivatives relating to foreign currency as of June 30, 2009 are summarized as follows:

Classification	Description	June 30, 2009					
		Notional amount	Fair value	Gains (losses)	Notional amount	Fair value	Gains (losses)
		<i>(Millions of yen)</i>			<i>(Thousands of U.S. dollars)</i>		
Transactions other than market transactions	Forward foreign exchange contract:						
	Selling:						
	U.S. dollar	¥4,705	¥4,665	¥40	\$49,005	\$48,589	\$416
	NT dollar	0	0	0	0	0	0
	Buying:						
	U.S. dollar	81	80	(1)	844	833	(10)
	NT dollar	242	242	0	2,521	2,521	0
	Total			¥39			\$406

Note: Fair values at June 30, 2009 presented above were determined on market quotation.

#### 8. Contingencies

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. Investigations by the European Commission and the Competition Bureau Canada - Criminal Matters Branch are also ongoing. The Company has provided as accruals for settlements and litigations of ¥3,976 million (\$41,412 thousand) as of June 30, 2009 for future outcome on these litigations and charge of an investigation by the European commission, currently assessed as probable and estimable.

# 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 June 30, 2008							
Japan	Asia	Europe	North America	Total	Eliminations	Consolidated	
<i>(Millions of yen)</i>							
Sales and operating income:							
1. Sales to third parties	¥ 52,024	¥34,332	¥7,070	¥15,795	¥109,221	¥ –	¥109,221
2. Inter-segment sales and transfers	51,689	11	11	6	51,717	(51,717)	–
Total sales	¥103,713	¥34,343	¥7,081	¥15,801	¥160,938	¥(51,717)	¥109,221
Operating income (loss)	¥ (16,700)	¥ 996	¥ (83)	¥ 166	¥ (15,621)	¥ (1)	¥ (15,622)

Three-month period ended June 30, 2009							
Japan	Asia	Europe	North America	Total	Eliminations	Consolidated	
<i>(Millions of yen)</i>							
Sales and operating income:							
1. Sales to third parties	¥ 30,468	¥22,377	¥3,304	¥16,421	¥ 72,570	¥ –	¥ 72,570
2. Inter-segment sales and transfers	40,449	19,022	8	–	59,479	(59,479)	–
Total sales	¥ 70,917	¥41,399	¥3,312	¥16,421	¥132,049	¥(59,479)	¥ 72,570
Operating income (loss)	¥(36,880)	¥ (5,605)	¥ (252)	¥ 426	¥ (42,311)	¥ –	¥(42,311)

Three-month period ended June 30, 2009							
Japan	Asia	Europe	North America	Total	Eliminations	Consolidated	
<i>(Thousands of U.S. dollars)</i>							
Sales and operating income:							
1. Sales to third parties	\$ 317,342	\$233,069	\$34,413	\$171,034	\$ 755,859	\$ –	\$ 755,859
2. Inter-segment sales and transfers	421,300	198,125	83	–	619,508	(619,508)	–
Total sales	\$ 738,642	\$431,195	\$34,496	\$171,034	\$1,375,367	\$(619,508)	\$ 755,859
Operating income (loss)	\$(384,127)	\$ (58,379)	\$ (2,625)	\$ 4,437	\$ (440,694)	\$ –	\$(440,694)

- 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

Elpida Memory, Inc. and Consolidated Subsidiaries

Notes to Quarterly Consolidated Financial Statements (continued)

9. Segment Information (continued)

*Overseas Sales*

	<b>Three-month period ended June 30, 2008</b>			
	<b>North America</b>	<b>Asia</b>	<b>Europe</b>	<b>Total</b>
	<i>(Millions of yen)</i>			
I. Overseas sales	¥15,925	¥53,790	¥7,195	¥ 76,910
II. Consolidated sales				109,221
III. Percentage of overseas sales over consolidated sales (%)	14.6%	49.2%	6.6%	70.4%
	<b>Three-month period ended June 30, 2009</b>			
	<b>North America</b>	<b>Asia</b>	<b>Europe</b>	<b>Total</b>
	<i>(Millions of yen)</i>			
I. Overseas sales	<b>¥17,976</b>	<b>¥22,404</b>	<b>¥12,008</b>	<b>¥52,388</b>
II. Consolidated sales				<b>72,570</b>
III. Percentage of overseas sales over consolidated sales (%)	<b>24.8%</b>	<b>30.9%</b>	<b>16.5%</b>	<b>72.2%</b>
	<i>(Thousands of U.S. dollars)</i>			
I. Overseas sales	<b>\$187,230</b>	<b>\$233,351</b>	<b>\$125,070</b>	<b>\$545,651</b>
II. Consolidated sales				<b>755,859</b>
III. Percentage of overseas sales over consolidated sales (%)	<b>24.8%</b>	<b>30.9%</b>	<b>16.5%</b>	<b>72.2%</b>

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

Elpida Memory, Inc. and Consolidated Subsidiaries

Notes to Quarterly Consolidated Financial Statements (continued)

**10. Amount Per Share**

	<b>Three-month period ended</b>	
	<b>June 30, 2008</b>	<b>June 30, 2009</b>
	<i>(Yen)</i>	<i>(U.S. dollars)</i>
Net loss:		
Basic	¥(106.08)	¥(313.90)      \$(3.27)
Diluted	—	—
		<b>June 30, 2009</b>
		<i>(Yen)</i> <i>(U.S. dollars)</i>
Net assets		¥873.94      \$9.10

For the three-month periods ended June 30, 2008 and 2009, diluted net income per share was not shown since the Company was in loss operation.

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

	<b>Three-month period ended</b>	
	<b>June 30, 2008</b>	<b>June 30, 2009</b>
	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>
Net loss	¥(13,769)	¥(44,448)      \$(462,952)
Amount not attributable to common stock	—	—
Net loss attributable to common stock	¥(13,769)	¥(44,448)      \$(462,952)
		<b>Three- month period ended</b>
	<b>June 30, 2008</b>	<b>June 30, 2009</b>
	<i>(Thousands of shares)</i>	
Weighted-average number of shares outstanding	129,792	141,600

## Elpida Memory, Inc. and Consolidated Subsidiaries

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

#### 11. Subsequent Events

##### (1) Lease Agreement

At the extraordinary board of directors' meeting held on July 10, 2009, the Company resolved sale and lease-back agreements of ¥17,904 million (\$186,481 thousand) in the aggregate to be entered into, as follows, for the purposes of funding capital expenditures and improving cash flow positions.

Counter-party	Japan Electronic Computer Co., Ltd.	
Contract date	First: July 10, 2009	Second: July 24, 2009
Property	Production equipment at Hiroshima plant	
Carrying value as of June 30, 2009	First: ¥8,016 million (\$83,491 thousand)	Second: ¥9,888 million (\$102,989 thousand)
Total lease payments	First: ¥8,271 million (\$86,147 thousand)	Second: ¥10,200 million (\$106,239 thousand)
Lease term	Five years	

##### (2) Investment Agreement with Development Bank of Japan, Inc. ("DBJ") regarding the Issuance of Preferred Shares through a Third Party Allotment

The board of directors of the Company resolved the issuance of preferred shares by way of a third party allotment having DBJ as the allotted party on August 7, 2009, subject to (i) the execution of an investment agreement regarding the issuance of preferred shares of Types 1 and 2 (collectively, the "Preferred Shares") by way of a third party allotment to DBJ, and (ii) the approval of the proposal of amendments to the Articles of Incorporation required for the issuance of the Preferred Shares at its extraordinary shareholders' meeting that is scheduled to be held on August 29, 2009, and the completion of any procedures required under laws or regulations. Upon the resolution, the Company entered into an investment agreement with DBJ on August 7, 2009.

## Elpida Memory, Inc. and Consolidated Subsidiaries

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

#### 11. Subsequent Events (continued)

The board of directors of the Company also resolved the proposals to the extraordinary shareholders' meeting, consisting of (i) the "Partial Amendments to the Articles of Incorporation (Part 1)" which shall be required for the issuance of the Preferred Shares, (ii) the "Partial Amendments to the Articles of Incorporation (Part 2)" which shall be required for the increase in the total number of issuable shares, and (iii) the "Issuance of Offered Shares by Third Party Allotment" concerning the issuance of the Preferred Shares.

##### 1. Purposes of Shares to be Issued by Third Party Allotment

###### (1) Background and Purposes of Issuance of Preferred Shares

Under the Law on Special Measures for Industrial Revitalization (the "Law"), the Company submitted a business restructuring plan (the "Business Restructuring Plan") to the Ministry of Economy, Trade and Industry ("METI"), which was approved by METI as of June 30, 2009.

Under the approved Business Restructuring Plan, the Company contemplates increasing its capital by way of the third party allotment to DBJ, for the purposes of strengthening the financial basis, ensuring funds for research and development investment and capital expenditures, and maintaining and enhancing technological superiority. As a method for such a capital increase, the issuance of the Preferred Shares is to be conducted with DBJ as the allotted party.

###### (2) Outline of Preferred Shares

In order to surely achieve the Business Restructuring Plan, the Company, while trying to ensure the equity capital nature of funds, took into consideration the effects which may arise with respect to existing shareholders, and decided to issue preferred shares generally under the following terms and conditions. For details of the terms and conditions of the Preferred Shares, please refer to "Terms and Conditions of Preferred Shares," as described hereinafter.

###### (i) Right to Request Acquisition of Preferred Shares with Cash Consideration

In order to ensure long-term stable funds, which will be necessary to ensure the achievement of the Business Restructuring Plan, the Company contemplates restricting, as much as possible, the amount of cash considerations to be paid concerning the request by the allotted party for the acquisition of the Preferred Shares with cash consideration (the "Acquisition Request with Cash Consideration"). Accordingly, under the investment agreement executed between the Company and the allotted party, the allotted party is restricted from exercising its right concerning the Acquisition Request with Cash Consideration, in principle, until the earlier of (i) April 1, 2012 or (ii) the day immediately following the day on which the performance period of the Business Restructuring Plan ends (if such an earlier day is not a business day, the business day immediately following such a day).

## Elpida Memory, Inc. and Consolidated Subsidiaries

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

#### 11. Subsequent Events (continued)

##### 1. Purposes of Shares to be Issued by Third Party Allotment (continued)

###### (ii) Right to Request Acquisition of Preferred Shares with Common Shares as Consideration

In order to ensure long-term stable funds, which will be necessary to ensure the achievement of the Business Restructuring Plan, the Company grants to the allotted party the right to request acquisitions of the Preferred Shares with common shares of the Company as consideration (the "Acquisition Request with Common Share Consideration"), to encourage the collection of funds by the allotted party through its sale of such common shares in the stock markets in conjunction with the rising of the share price.

Meanwhile, the Company takes the following measures, taking into consideration the effects which may arise with respect to the existing shareholders:

###### (a) Restrictions Regarding Scope of Acquisition Request with Common Share Consideration

To avoid the immediate dilution of common shares, the Company sets the starting date of the Acquisition Request with Common Share Consideration to be on or after February 1, 2011. Also, to avoid the excessive dilution of common shares taking place at one time, the Company restricts in the investment agreement with the allotted party the scope of each Acquisition Request with Common Share Consideration for each period, as below:

Until the last day of February, 2011:	Up to the maximum limit of 500,000 shares of Type 2 Preferred Shares
Until the last day of March, 2011:	Up to the maximum limit of 1,000,000 shares of Type 2 Preferred Shares
Until April 14, 2011:	Up to the maximum limit of 1,500,000 shares of Type 2 Preferred Shares
Until the last day of April, 2011:	All shares of Type 2 Preferred Shares
Until the last day of May, 2011:	All shares of Type 2 Preferred Shares and up to the maximum limit of 500,000 shares of Type 1 Preferred Shares
On or after June 1, 2011:	All shares of the Preferred Shares

## Elpida Memory, Inc. and Consolidated Subsidiaries

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

#### 11. Subsequent Events (continued)

##### 1. Purposes of Shares to be Issued by Third Party Allotment (continued)

###### (b) Initial Exchange Price

Subject to the Acquisition Request with Common Share Consideration, the initial exchange prices of the Company's common shares to be delivered by the Company to the allotted party in exchange for the Preferred Shares are as described below, respectively, and if the Acquisition Requests with Common Share Consideration are made at the initial exchange prices with respect to all of the Preferred Shares, 23,682,525 shares (16.72 percent (%) of the issued common shares before the issuance of the Preferred Shares (with any fraction being rounded up to 0.01 if it is 0.005 or more, or disregarded if it is less than 0.005)) of the common shares of the Company are to be delivered. If the Acquisition Requests with Common Share Consideration are made, the number of the shares to be delivered shall be calculated by dividing the Base Acquisition Price (the aggregate of the amounts equivalent to payment amount, accumulated unpaid dividends, and accrued dividends) by the exchange price; however, the amounts equivalent to accumulated unpaid dividends and accrued dividends are not taken into consideration in the above mentioned calculation of the number of potential shares.

Type 1: ¥1,377 (\$14.34)

Type 2: ¥1,218 (\$12.69)

###### (c) Revisions of Exchange Prices

Taking into consideration the dilution of common shares, revisions of the exchange prices are limited to being made only once for each type, and the exchange prices after such revisions (respectively, the "Revised Exchange Price") shall be ¥1,059 (\$11.03), which is the average closing price for the period of one (1) month (from May 30, 2009 to June 29, 2009) before the approval date of the Business Restructuring Plan.

The exchange price shall be revised only if the Average Share Price (the average daily closing price of the common shares of the Company as reported by the Tokyo Stock Exchange, Inc. for five (5) consecutive trading days immediately preceding any relevant day (inclusive) (such five (5) consecutive trading days exclude days on which no closing price (including displayed quotes, the same applies hereinafter) is reported, and refer to five (5) consecutive trading days up to and including the trading day with a closing price immediately preceding such relevant day); hereinafter the same) on December 30, 2011, January 31, 2012, or February 29, 2012 (respectively, the "Determination Date") becomes lower than the exchange

## Elpida Memory, Inc. and Consolidated Subsidiaries

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

#### 11. Subsequent Events (continued)

##### 1. Purposes of Shares to be Issued by Third Party Allotment (continued)

price effective on such a Determination Date (unless the Exchange Price is adjusted in accordance with the Terms and Conditions of Preferred Shares, ¥1,377 (\$14.34) in case of Type 1 Preferred Shares and ¥1,218 (\$12.69) in case of Type 2 Preferred Shares), on the date immediately following the first Determination Date on which the Average Share Price becomes lower than the exchange price corresponding thereto.

If the Acquisition Requests with Common Share Consideration are made at the Revised Exchange Price with respect to all of the Preferred Shares, 28,328,611 shares (20.01% of the issued common shares before the issuance of the Preferred Shares (with any fraction being rounded up to 0.01 if it is 0.005 or more, or disregarded if it is less than 0.005)) of the common shares of the Company are to be delivered.

If the Acquisition Requests with Common Share Consideration are made, the number of the shares to be delivered shall be calculated by dividing the Base Acquisition Price (aggregate of the amounts equivalent to payment amount, accumulated unpaid dividends and accrued dividends) by the exchange price; however, the amounts equivalent to accumulated unpaid dividends and accrued dividends are not taken into consideration in the above mentioned calculation of the number of potential shares.

##### (iii) Provisions for Acquisition of Preferred Shares with Cash Consideration

As described in item (ii) above, in order to ensure long-term stable funds, as to the collection of funds by the allotted party, the Company suggests exercising Acquisition Request with Common Share Consideration and selling the common shares in markets in conjunction with the increase in share price. On the other hand, if a stable financial basis is obtained by the achievement of the Business Restructuring Plan, the Company, taking into consideration the effects of dilution of common shares, provides for, as described below in Terms and Conditions of Preferred Shares and the investment agreement with the allotted party, a right by which the Company may acquire all or part of the Preferred Shares with cash consideration upon the arrival of the date as determined by the board of directors of the Company, to the extent permitted under the applicable laws or regulations.

Elpida Memory, Inc. and Consolidated Subsidiaries

Notes to Quarterly Consolidated Financial Statements (continued)

**11. Subsequent Events (continued)**

1. Purposes of Shares to be Issued by Third Party Allotment (continued)

(a) During the Performance Period of the Business Restructuring Plan

The Company may determine the day to acquire the Preferred Shares (the “Date of Acquisition with Cash Consideration Under the Acquisition Provision”; such a date shall be any date on or after April 1, 2010) only if the Average Share Price on the date immediately preceding the date determining such a Date of Acquisition with Cash Consideration Under the Acquisition Provision becomes lower than the exchange price effective on such a determination date.

(b) After the Termination of the Performance Period of the Business Restructuring Plan

The Company may at any time determine the Date of Acquisition with Cash Consideration Under the Acquisition Provision.

(iv) Preferred Dividend Rate

To avoid dividends being an excessive burden, which may impede the achievement of the Business Restructuring Plan, the dividend rate of the Preferred Shares will be 3.5 percent (%).

(v) Voting Rights

Except as otherwise provided in laws and regulations, the Preferred Shares have no voting rights at shareholders’ meetings.

(3) Matters Agreed Under Investment Agreement

(i) Major Conditions Precedent for Payment of Preferred Shares

As the major conditions precedent for the payment for the Preferred Shares, the following are agreed:

that the approval of the Business Restructuring Plan is not revoked, or is not threatened to be revoked; and that no change is made to the Business Restructuring Plan, or no event that requires change to such plan has occurred or is threatened to occur.

## Elpida Memory, Inc. and Consolidated Subsidiaries

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

#### 11. Subsequent Events (continued)

##### 1. Purposes of Shares to be Issued by Third Party Allotment (continued)

###### (ii) The Company's Covenants Against the Allotted Party

The Company is subject mainly to the following covenants for the benefit of the allotted party:

###### (a) Maintenance and/or Achievement of the Business Restructuring Plan

1. The Company shall use its best efforts to achieve the Business Restructuring Plan (or, if any change is made to such Business Restructuring Plan in accordance with the Law and the investment agreement with the allotted party, the contents of such changed plan), and shall comply with any preconditions to the Business Restructuring Plan in accordance with such plan; however, if there is any prior written agreement with the allotted party, the Company shall be subject to the contents of such an agreement.
2. The Company shall not apply for any change to the Business Restructuring Plan without confirming that a cooperative relationship is maintained among the allotted party and main banks of the Company. Also, the Company shall not conduct any act which may increase the possibility of requiring that any change to the Business Restructuring Plan be made or any act that may cause difficulty in achieving the Business Restructuring Plan.
3. If (i) any possibility of requiring any change to the Business Restructuring Plan or (ii) any fact which results in an increase of difficulty in achieving the Business Restructuring Plan arises or is identified, the Company shall promptly give a written notice to the allotted party of the content thereof.

###### (b) Decrease of additional paid-in capital

At the general shareholders' meeting for the year ending March 31, 2010 which will be held in June 2010, the Company will propose to reduce the additional paid-in capital by the lesser amount of (i) the sum of the amount of the additional paid-in capital as of March 31, 2009 and ¥15,000 million (\$156,234 thousand) or (ii) the amount of deficit as of March 31, 2010 stipulated in Article 449, Section 1, Paragraph 2 of the Corporation Law of Japan. The Company will use its best efforts to duly conduct the decrease of additional paid-in capital.

## Elpida Memory, Inc. and Consolidated Subsidiaries

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

#### 11. Subsequent Events (continued)

##### 2. Amount and Purposes of Use of Funds to be Raised, etc.

###### (1) Amount of Funds to be Raised (Estimated Amount of Net Proceeds)

Total amount issued:	¥30,000 million (\$312,467 thousand)
Estimated amount of expenses for the issuance:	¥198 million (\$2,062 thousand)
Estimated amount of net proceeds:	¥29,802 million (\$310,405 thousand)

###### (2) Specific Use of Proceeds

The Company contemplates in the Business Restructuring Plan an investment in research and development, and in capital expenditures, so as to gain a larger share in markets, by introducing in its Hiroshima factory the most advanced facilities for DRAM with high-added value for cellular phones or digital televisions, etc., in addition to research and development and capital expenditures related to finer process technologies which is its strength.

The funds to be raised through the issuance of the Preferred Shares will be appropriated as required to implement the Business Restructuring Plan.

##### 3. Major Schedules Regarding the Preferred Shares

###### Types 1 and 2 Preferred Shares

Scheduled Date of the Extraordinary Shareholders' Meeting:	August 29, 2009
Payment date:	August 31, 2009

The details of terms and conditions of the Preferred Shares are as follows;

<Terms and Conditions of Type 1 Preferred Shares>	
1. Name of Class of Shares	Type 1 Preferred Shares (the "Type 1 Preferred Shares")
2. Number of Shares to be Newly Issued	1,000,000 shares
3. Payment Amount	¥10,000 per share (\$104.16 per share)

Elpida Memory, Inc. and Consolidated Subsidiaries

Notes to Quarterly Consolidated Financial Statements (continued)

**11. Subsequent Events (continued)**

4.	Total Payment Amount ¥10,000 million (\$104,156 thousand)
5.	Share Capital to be Increased by Issuance of Type 1 Preferred Shares ¥5,000 million (\$52,078 thousand) [¥5,000 per share (\$52.08 per share) ]
6.	Additional Paid-in Capital Increased by Issuance of Type 1 Preferred Shares ¥5,000 million (\$52,078 thousand) [¥5,000 per share (\$52.08 per share) ]
7.	Payment Date August 31, 2009
8.	Method of Issuance All the Type 1 Preferred Shares shall be allotted to DBJ by way of a third party allotment.
9.	Preferred Dividends  (1) Type 1 Preferred Dividends  If the Company is to distribute any surplus, the Company will distribute the amount of surplus per share of the Type 1 Preferred Shares set out in the following paragraph (the “Type 1 Preferred Dividend”) to the shareholders of the Type 1 Preferred Shares (the “Type 1 Preferred Shareholders”), and the registered pledgees of shares of the Type 1 Preferred Shares (the “Registered Pledgees of Type 1 Preferred Shares”), listed or recorded in the latest register of shareholders as of the record date for the distribution of surplus before making any such distribution to the shareholders of common shares (the “Common Shareholders”), or the registered pledgees of common shares (the “Registered Pledgees of Common Shares”), listed or recorded in the latest register of shareholders as of the same date. However, if all or part of the Type 1 Preferred Dividend (excluding the distribution of the Accumulated Unpaid Type 1 Preferred Dividend defined in Paragraph 3) has already been paid based on a record date that falls in the fiscal year of the record date for the distribution of surplus, the accumulated amount of the dividends which have already been paid shall be deducted from the amount of surplus. If the Company acquires the Type 1 Preferred Shares in the period from the record date of the distribution of surplus to the distribution of surplus, a distribution of surplus with respect to the record date above for such acquired Type 1 Preferred Shares will not be required.

## Elpida Memory, Inc. and Consolidated Subsidiaries

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

#### 11. Subsequent Events (continued)

(2) The Amount of the Type 1 Preferred Dividend

The amount of the Type 1 Preferred Dividend will be ¥350 (\$3.65) per share (the amount of the Type 1 Preferred Dividend per share based on a record date that falls in the fiscal year ending on March 31, 2010 will be an amount (calculated to four decimal places denominated in yen and rounded to three decimal places) equal to ¥350 (\$3.65) multiplied by the number of actual days during a period from and including the Payment Date of the Type 1 Preferred Shares to and including March 31, 2010 divided by the number of actual days during a period from and including April 1, 2009 to and including March 31, 2010).

(3) Clause of Cumulative Dividend

If the aggregate of the amount of surplus per share distributed to the Type 1 Preferred Shareholders or the Registered Pledges of Type 1 Preferred Shares based on a record date that falls in a fiscal year (excluding the distribution of the Accumulated Unpaid Type 1 Preferred Dividend (defined below) which was accumulated by the first day of that fiscal year) does not reach the amount of the Type 1 Preferred Dividend for that fiscal year, the shortfall will accumulate and be carried over to the following and subsequent fiscal years, and the accumulated shortfall (the "Accumulated Unpaid Type 1 Preferred Dividend") will be paid to the Type 1 Preferred Shareholders or the Registered Pledges of Type 1 Preferred Shares before making the Type 1 Preferred Dividend and any distribution to the Common Shareholders or the Registered Pledges of Common Shares.

(4) Clause of Nonparticipation

No surplus in excess of the Type 1 Preferred Dividend will be distributed to the Type 1 Preferred Shareholders or the Registered Pledges of Type 1 Preferred Shares, except for (i) the distribution of surplus provided for in Article 758, Item 8, (b) of the Corporation Law or Article 760, Item 7, (b) of the Corporation Law, which will be paid in the procedure for absorption-type company splits to be conducted by the Company, or (ii) the distribution of surplus provided for in Article 763, Item 12, (b) of the Corporation Law or Article 765, Paragraph 1, Item 8, (b) of the Corporation Law, which will be paid in the procedure for incorporation-type company splits to be conducted by the Company.

(5) Order of Priority in Respect of Payment of Preferred Dividends

Type 1 Preferred Shares and Type 2 Preferred Shares shall have the same order of priority in respect of payment of the distribution of surplus (preferred dividends), including those in accordance with the clause of cumulative dividend.

## Elpida Memory, Inc. and Consolidated Subsidiaries

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

#### 11. Subsequent Events (continued)

##### 10. Distribution of Residual Assets

###### (1) Preferred Distribution of Residual Assets

If the Company is to distribute residual assets, the Company will pay the Base Acquisition Price set out in Condition 13 as the residual assets distribution amount per share of the Type 1 Preferred Shares to the Type 1 Preferred Shareholders or the Registered Pledges of Type 1 Preferred Shares prior to the Common Shareholders or the Registered Pledges of Common Shares.

In the case of the distribution of residual assets, the Base Acquisition Price will be calculated by reading the “Acquisition Date” in the calculation of the Base Acquisition Price set out in Condition 13 as meaning the “date on which the residual assets are distributed.”

No residual assets, other than those provided for above, will be distributed to the Type 1 Preferred Shareholders or the Registered Pledges of Type 1 Preferred Shares.

###### (2) Order of Priority in respect of distribution of Residual Assets

The distribution of residual assets for the Type 1 Preferred Shares and Type 2 Preferred Shares shall be made from Type 1 to Type 2 in ascending order.

##### 11. Voting Rights

Except as otherwise provided in laws and regulations, the Type 1 Preferred Shareholders have no voting rights at shareholders’ meetings.

##### 12. Consolidation or Split of Shares, Allotment of Offered Shares, etc.

Unless otherwise provided for by laws or regulations, the Company will not consolidate or split the Type 1 Preferred Shares. The Company will not grant the Type 1 Preferred Shareholders the right to receive an allotment of offered shares or the right to receive an allotment of offered stock acquisition rights and will not carry out a gratuitous allotment of shares or a gratuitous allotment of stock acquisition rights to the Type 1 Preferred Shareholders.

## Elpida Memory, Inc. and Consolidated Subsidiaries

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

#### 11. Subsequent Events (continued)

##### 13. Preferred Shareholders' Right to Request Acquisition of Type 1 Preferred Shares with Cash Consideration

The Type 1 Preferred Shareholders may, at any time on and after September 1, 2009, request that the Company pays a cash amount in exchange for the Company's acquiring all or part of the Type 1 Preferred Shares (the request by the Type 1 Preferred Shareholders, the "Acquisition Request with Cash Consideration"). Upon receiving an Acquisition Request with Cash Consideration, the Company will, in accordance with the following, deliver the acquisition price of the Type 1 Preferred Shares to the relevant Type 1 Preferred Shareholders in exchange for acquiring all or part of the Type 1 Preferred Shares on the date of such Acquisition Request with Cash Consideration within the limit of the distributable amount stipulated in Article 461, Paragraph 2 of the Corporation Law as of the date of such Acquisition Request with Cash Consideration to the extent permitted by laws and regulations (the date of Acquisition Request with Cash Consideration, the "Acquisition Date"). However, if the Type 1 Preferred Shareholders make Acquisition Requests with Cash Consideration in excess of the distributable amount, the shares of the Type 1 Preferred Shares that should be acquired will be determined by pro rata allotment in proportion to the number of the shares subject to the Acquisition Requests with Cash Consideration, or by any other reasonable method determined by the board of directors of the Company.

The acquisition price per share of the Type 1 Preferred Shares will be calculated in accordance with the following. The acquisition price per share of the Type 1 Preferred Shares calculated in accordance with the following is referred to as the "Base Acquisition Price."

##### Base Acquisition Price Formula

Base Acquisition Price = ¥10,000 × (1 + 0.035 × (m + n)) – Paid Type 1 Preferred Dividends

In the Base Acquisition Price Formula, "m" is defined as follows: (a) if the Acquisition Date falls in the period between the Payment Date to the date immediately preceding the first anniversary of such Payment Date—zero; or (b) if the Acquisition Date falls on any subsequent day—the number of years elapsed (positive integer) from the Payment Date to the Immediately Preceding Payment Anniversary. Each anniversary of the Payment Date is referred to as a "Payment Anniversary," and the "Immediately Preceding Payment Anniversary" means the Payment Anniversary immediately preceding the Acquisition Date (if the Acquisition Date occurs on the same date as a Payment Anniversary, the Acquisition Date will be considered the Immediately Preceding Payment Anniversary).

## Elpida Memory, Inc. and Consolidated Subsidiaries

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

#### 11. Subsequent Events (continued)

In the Base Acquisition Price Formula, “n” will be calculated by dividing the “Number of Remaining Days” (defined below) by 365 (calculated to four decimal places and rounded down to three decimal places). The “Number of Remaining Days” means the actual number of days from the date (inclusive) immediately following the Payment Date to the Acquisition Date (inclusive) in the case of (a) above, or the actual number of days from the date (inclusive) immediately following the Immediately Preceding Payment Anniversary to the Acquisition Date (inclusive) in the case of (b) above.

In the Base Acquisition Price Formula, “Paid Type 1 Preferred Dividends” mean the aggregate amount of the Type 1 Preferred Dividends (including the Accumulated Unpaid Type 1 Preferred Dividend) that have actually been paid on or before the Acquisition Date.

#### 14. The Company’s Right to Acquire Type 1 Preferred Shares with Cash Consideration

The Company may acquire all or part of the Type 1 Preferred Shares on a date that is on or after September 1, 2009 and separately determined by the board of directors of the Company, to the extent permitted under the applicable laws or regulations, in exchange for a cash amount irrespective of the intention of the Type 1 Preferred Shareholders or the Registered Pledgees of Type 1 Preferred Shares (the date of the acquisition, the “Date of Acquisition by Right of Acquisition with Cash Consideration”). In cases of such an acquisition, the Company will, in accordance with the following, deliver the acquisition price of the Type 1 Preferred Shares to the Type 1 Preferred Shareholders in exchange for the acquisition of all or part of such Type 1 Preferred Shares.

If the Company is to acquire part of the Type 1 Preferred Shares, the shares of the Type 1 Preferred Shares that will be acquired will be determined by pro rata or by other reasonable manner determined by the board of directors of the Company.

The acquisition price per share of the Type 1 Preferred Shares will be equal to the Base Acquisition Price set out in Condition 13. When the above Base Acquisition Price is being calculated, the Base Acquisition Price will be calculated by reading the “Acquisition Date” in the calculation of the Base Acquisition Price set out in Condition 13 as meaning the “Date of Acquisition by Right of Acquisition with Cash Consideration.”

Elpida Memory, Inc. and Consolidated Subsidiaries

Notes to Quarterly Consolidated Financial Statements (continued)

**11. Subsequent Events (continued)**

**15. Preferred Shareholders' Right to Request Acquisition of Type 1 Preferred Shares with Common Shares as Consideration**

The Type 1 Preferred Shareholder may request the Company, under the conditions set out in Paragraph II below, to deliver the common shares in exchange for the Company's acquiring all or part of the Type 1 Preferred Shares during the period in which the Type 1 Preferred Shareholder is entitled to request acquisition provided for in Paragraph I below (the request by the Type 1 Preferred Shareholder, the "Acquisition Request with Common Shares as Consideration").

**I. The period in which the Type 1 Preferred Shareholders are entitled to request acquisition of the Type 1 Preferred Shares**

Any time on or after February 1, 2011.

**II. Conditions of acquisition**

1. The Type 1 Preferred Shareholders may cause the Company to acquire all or part of the Type 1 Preferred Shares in exchange for common shares of the Company as of the date of the Acquisition Request with Common Shares as Consideration under the following conditions (the date of the Acquisition Request with Common Shares as Consideration, the "Acquisition Date with Common Share Consideration"). When the number of common shares to be delivered to the Type 1 Preferred Shareholders are being calculated, any fraction of a share is to be rounded down to the nearest share, and the monetary adjustment set out in Paragraph 3 of Article 167 of the Corporation Law will not be performed.

$$\begin{array}{l} \text{The number of} \\ \text{common shares to} \\ \text{be delivered in} \\ \text{exchange for} \\ \text{acquisition} \end{array} = \frac{\begin{array}{l} \text{Aggregate Amount of Base} \\ \text{Acquisition Price set out in} \\ \text{Condition 13 of the Type 1 Preferred} \\ \text{Shares that the Type 1 Preferred} \\ \text{Shareholders request the Company to} \\ \text{acquire} \end{array}}{\text{Exchange price}}$$

When the above Base Acquisition Price is being calculated, the Base Acquisition Price will be calculated by reading the "Acquisition Date" in the calculation of the Base Acquisition Price set out in Condition 13 as meaning the "Acquisition Date with Common Share Consideration." In cases where the calculated Base Acquisition Price exceeds ¥13,500 (\$140.61), the above aggregate amount of Base Acquisition Price will be calculated assuming that the Base Acquisition Price is ¥13,500 (\$140.61).

Elpida Memory, Inc. and Consolidated Subsidiaries

Notes to Quarterly Consolidated Financial Statements (continued)

**11. Subsequent Events (continued)**

2. Exchange Price

(1) Initial Exchange Price

The Initial Exchange Price is ¥1,377 (\$14.34).

(2) Revision of Exchange Price

In the event that the Average Share Price on December 30, 2011, January 31, 2012, or February 29, 2012 (respectively, the “Determination Date”) becomes lower than the Exchange Price effective on such a Determination Date, the Exchange Price shall be revised to ¥1,059 (\$11.03) (the “Revised Exchange Price”) on the date immediately following the first Determination Date on which the Average Share Price becomes lower than the Exchange Price corresponding thereto. If the Exchange Price is adjusted in accordance with Item (3) below, the Revised Exchange Price will be adjusted accordingly.

“Average Share Price” means the average daily closing price of the common shares of the Company in regular trading as reported by the Tokyo Stock Exchange, Inc. for five (5) consecutive trading days immediately preceding any relevant day (inclusive) (such five (5) consecutive trading days exclude days on which no closing price (including displayed quotes, the same applies hereinafter) is reported, and refer to five (5) consecutive trading days up to and including the trading day with a closing price immediately preceding such relevant day).

(3) Adjustment of Exchange Price

(a) If the number of common shares changes or is likely to change due to any of the events listed in Item (b) below after the issue of the Type 1 Preferred Shares, the Company shall adjust the Exchange Price (including the Exchange Price after revision as set out in Item (2) above) in accordance with the following formula (the “Exchange Price Adjustment Formula”):

$$\begin{array}{r} \text{Exchange} \\ \text{price after} \\ \text{adjustment} \end{array} = \begin{array}{r} \text{Exchange} \\ \text{price} \\ \text{before} \\ \text{adjustment} \end{array} \times \begin{array}{r} \text{Number of} \\ \text{common shares} \\ \text{outstanding} \end{array} + \begin{array}{r} \text{Number of common shares to} \\ \text{be delivered} \times \text{Subscription} \\ \text{price per share} \\ \\ \text{Current market price per share} \\ \\ \text{Number of common shares outstanding} + \end{array}$$

## Elpida Memory, Inc. and Consolidated Subsidiaries

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

#### 11. Subsequent Events (continued)

The “number of common shares outstanding” used in the Exchange Price Adjustment Formula means the number of outstanding common shares of the Company as of the record date, if any, of each transaction described in Items (b)(i) through (b)(iv) below with respect to the Common Shareholders, or if no such record date is set, as of the date one (1) month before the date on which the adjusted Exchange Price becomes effective less the number of common shares held by the Company as of the record date, if any, of each transaction described in Items (b)(i) through (b)(iv) below with respect to the Common Shareholders, or if no such record date is set, as of the date one (1) month before the date on which the adjusted Exchange Price becomes effective. The “number of common shares to be delivered” used in the Exchange Price Adjustment Formula means, in the case of a stock split of common shares, the number of common shares increased due to the stock split (excluding the number of common shares increased with respect to the common shares held by the Company as of the record date). In the case of a stock consolidation, the number of common shares decreased due to the stock consolidation (excluding the number of common shares decreased with respect to the common shares held by the Company as of the effective date) will be used as a negative number. The “subscription price per share” used in the Exchange Price Adjustment Formula means.

- (i) in the case of Item (b)(i) below, the relevant subscription price (or, in the case of subscription for contribution of non-monetary properties, the fair value, or in the case of gratuitous allotment, zero yen),
- (ii) in the case of Items (b)(ii) and (b)(iv) below, zero yen, or
- (iii) in the case of Item (b)(iii) below, the price as set out in Item (b)(v) below.

## Elpida Memory, Inc. and Consolidated Subsidiaries

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

#### 11. Subsequent Events (continued)

- (b) The adjustment of the Exchange Price of the Type 1 Preferred Shares in accordance with the Exchange Price Adjustment Formula, and the time when the adjusted Exchange Price becomes effective, are as set out below.
- (i) If the Company delivers (including by gratuitous allotment) the common shares at a subscription price that is less than the current market price set out in Item (c)(ii) below (except for the case where the Company delivers the common shares in exchange for acquisition of acquirable shares, shares with claim for acquisition, or acquirable stock acquisition rights (including those attached to bonds with stock acquisition rights; the same applies in this (3)), or upon conversion, exchange or exercise of the stock acquisition rights (including those attached to the bonds with stock acquisition rights; the same applies in this (3)) or other securities or rights that may demand delivery of the common shares), then the adjusted Exchange Price will become effective as of the day immediately following the payment date (or, if the payment period is set in the offering, the last day of that payment period), or the day immediately following the date on which the gratuitous allotment takes effect. However, if the record date on which a right to receive an allotment of offered shares is granted to the Common Shareholders of the Company or on which gratuitous allotment is executed is set, the adjusted Exchange Price will become effective as of the day immediately following that record date.
- (ii) In the case of stock split of the common shares, the adjusted Exchange Price will become effective as of the day immediately following the record date of the stock split.
- (iii) If the Company delivers (including by gratuitous allotment)
- shares with claims for acquisition, acquirable shares or acquirable stock acquisition rights and the delivery of the common shares in exchange for acquisition of shares with claims for acquisition, acquirable shares, or acquirable stock acquisition rights at a Price (as defined below) that is less than the current market price set out in Item (c)(ii) below, or
  - stock acquisition rights or other securities or rights that allow their holders to demand delivery of common shares at a Price that is less than the current market price set out in Item (c)(ii) below,

## Elpida Memory, Inc. and Consolidated Subsidiaries

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

#### 11. Subsequent Events (continued)

then the adjusted Exchange Price will

- be calculated in accordance with the Exchange Price Adjustment Formula, assuming that the common shares are delivered in such a way that all of the shares with claim for acquisition, acquirable shares or acquirable stock acquisition rights, or the stock acquisition rights or other securities or rights (the “Shares with Claim for Acquisition, Etc.”) to be delivered are acquired, converted, exchanged or exercised based on the initial conditions, and
- become effective as of the day immediately following the delivery date or the effective date of gratuitous allotment.

However, if there is a record date on which a right to receive an allotment of the Shares with Claim for Acquisition, Etc. is granted to the Common Shareholders or on which gratuitous allotment is executed, the adjusted Exchange Price will become effective as of the day immediately following that record date.

Notwithstanding the foregoing, if the price of the common shares to be delivered upon acquisition, conversion, exchange or exercise is not settled at the time described above, the adjusted Exchange Price will

- be calculated in accordance with the Exchange Price

Adjustment Formula, assuming that the common shares are delivered in such a way that all of the Shares with Claim for Acquisition, Etc. that have been delivered at the time of settlement of the price are acquired, converted, exchanged or exercised based on the conditions at the time of the settlement of the price, and

- become effective as of the day immediately following the date on which the price is settled.

- (iv) In the case of a stock consolidation of the common shares, the adjusted Exchange Price will become effective as of the day immediately following the effective date of the stock consolidation.

## Elpida Memory, Inc. and Consolidated Subsidiaries

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

#### 11. Subsequent Events (continued)

- (v) The “Price” referred to in Item (iii) above means the amount calculated by dividing (a) the amount paid upon delivery of the Shares with Claim for Acquisition, Etc. and other payments in the nature of consideration (in the case of the stock acquisition rights that allow their holders to demand delivery of the common shares at a price that is less than the current market price, the total of the stock acquisition rights paid upon their delivery and the amount of property to be contributed upon their exercise) less the amount of property other than the common shares to be delivered to holders of the Shares with Claim for Acquisition, Etc. upon acquisition, conversion, exchange or exercise of the Shares with Claim for Acquisition, Etc., by (b) the number of common shares to be delivered upon acquisition, conversion, exchange or exercise of the Shares with Claim for Acquisition, Etc.
- (c) (i) The calculation in accordance with the Exchange Price Adjustment Formula will be made to two decimal places denominated in yen and then rounded down to one decimal place.
- (ii) The current market price used in the Exchange Price Adjustment Formula is the average daily closing price of the common shares in regular trading as reported by the Tokyo Stock Exchange for the 30 consecutive trading days (excluding trading days on which no closing price is reported) commencing on the 45th trading day before the date on which the adjusted Exchange Price becomes effective. The calculation will be made to two decimal places denominated in yen and then rounded to one decimal place.
- (d) In addition to the events necessary to adjust the Exchange Price as set out in Item (b) above, if the board of directors of the Company reasonably determines that any of the following events applies, the Company shall adjust the Exchange Price as necessary:
  - (i) if it is necessary to adjust the Exchange Price for the purpose of a merger in which the Company is the surviving company, assumption of all or part of the rights and obligations of another company as a result of an absorption-type company split performed by that other company, or acquisition of all outstanding shares of a stock company as a result of a share exchange performed by that other stock company;

Elpida Memory, Inc. and Consolidated Subsidiaries

Notes to Quarterly Consolidated Financial Statements (continued)

**11. Subsequent Events (continued)**

(ii) if two or more events necessary to adjust the Exchange Price occur almost simultaneously, and it is necessary to consider the effect that one event has on the current market price to be used for calculation of the Exchange Price after adjustment based on another event; or

(iii) if it is otherwise necessary to adjust the Exchange Price as a result of any event that changes or may change the number of outstanding common shares of the Company.

(e) As long as the difference between the Exchange Price after adjustment calculated in accordance with the Exchange Price Adjustment Formula and the Exchange Price before adjustment is less than 1 yen, the Exchange Price will not be adjusted. However, adjustments considered unnecessary under this item are to be carried forward and taken into consideration in calculating the subsequent adjustment.

(f) If the Exchange Price is adjusted in accordance with any of Items (a) through (e) above, the Company shall give prior written notice to each Type 1 Preferred Shareholder recorded in the register of shareholders indicating the fact that the adjustment was made, the Exchange Price before adjustment, the Exchange Price after adjustment, the date on which the Exchange Price becomes effective, and other necessary matters. However, if the Company is unable to give the notice by the day immediately prior to the date on which the Exchange Price becomes effective, the Company shall promptly give such notice on or after the date on which the Exchange Price becomes effective.

3. Location to Submit Request for Acquisition

The Sumitomo Trust and Banking Co., Ltd. Stock Transfer Agency  
Department

4. Effectiveness of Acquisition

The Acquisition Request with Common Shares as Consideration shall be effective when the written request of acquisition reaches the Location to Submit Request for Acquisition set out in Paragraph 3 above, and the Company shall acquire the Type 1 Preferred Shares, and the Type 1 Preferred Shareholders that make such Acquisition Request with Common Shares will become shareholders of common shares in exchange for the Company's acquiring the Type 1 Preferred Shares.

Elpida Memory, Inc. and Consolidated Subsidiaries

Notes to Quarterly Consolidated Financial Statements (continued)

**11. Subsequent Events (continued)**

16. Restriction of Share Transfer
Any acquisition of the Type 1 Preferred Shares by way of transfer shall need an approval of the Company's board of directors.
17. Other
The Type 1 Preferred Shares will be issued on the condition that the agenda item for amendment to the Articles of Incorporation required to issue the Type 1 Preferred Shares is approved at the extraordinary shareholders' meeting of the Company to be held in August, 2009 and any other necessary procedures are completed under relevant law or regulation.
<Terms and Conditions of Type 2 Preferred Shares>
1. Name of Class of Shares
Type 2 Preferred Shares of Elpida Memory, Inc. (the "Type 2 Preferred Shares")
2. Number of Shares to be Newly Issued
2,000,000 shares
3. Payment Amount
¥10,000 per share (\$104.16 per share)
4. Total Payment Amount
¥20,000 million (\$208,312 thousand)
5. Share Capital to be Increased by Issuance of Type 2 Preferred Shares
¥10,000 million (\$104,156 thousand) [¥5,000 per share (\$52.08 per share) ]
6. Additional Paid-in Capital to be Increased by Issuance of Type 2 Preferred Shares
¥10,000 million (\$104,156 thousand) [¥5,000 per share (\$52.08 per share) ]
7. Payment Date
August 31, 2009
8. Method of Issuance
All the Type 2 Preferred Shares shall be allotted to the Development Bank of Japan Inc. by way of a third party allotment.

## Elpida Memory, Inc. and Consolidated Subsidiaries

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

#### 11. Subsequent Events (continued)

##### 9. Preferred Dividends

###### (1) Type 2 Preferred Dividends

If the Company is to distribute any surplus, the Company will distribute the amount of surplus per share of the Type 2 Preferred Shares set out in the following paragraph (the “Type 2 Preferred Dividend”) to the shareholders of the Type 2 Preferred Shares (the “Type 2 Preferred Shareholders”), and the registered pledgees of shares of the Type 2 Preferred Shares (the “Registered Pledgees of Type 2 Preferred Shares”), listed or recorded in the latest register of shareholders as of the record date for the distribution of surplus before making any such distribution to the shareholders of common shares (the “Common Shareholders”), or the registered pledgees of common shares (the “Registered Pledgees of Common Shares”), listed or recorded in the latest register of shareholders as of the same date. However, if all or part of the Type 2 Preferred Dividend (excluding the distribution of the Accumulated Unpaid Type 2 Preferred Dividend defined in Paragraph 3) has already been paid based on a record date that falls in the fiscal year of the record date for the distribution of surplus, the accumulated amount of the dividends that have already been paid shall be deducted from the amount of surplus. If the Company acquires the Type 2 Preferred Shares in the period from the record date of the distribution of surplus to the distribution of surplus, a distribution of surplus with respect to the record date above for such acquired Type 2 Preferred Shares will not be required.

###### (2) The Amount of the Type 2 Preferred Dividend

The amount of the Type 2 Preferred Dividend will be ¥350 (\$3.65) per share (the amount of the Type 2 Preferred Dividend per share based on a record date that falls in the fiscal year ending on March 31, 2010 will be an amount (calculated to four decimal places denominated in yen and rounded to three decimal places) equal to ¥350 (\$3.65) multiplied by the number of actual days during a period from and including the Payment Date of the Type 2 Preferred Shares to and including March 31, 2010 divided by the number of actual days during a period from and including April 1, 2009 to and including March 31, 2010).

###### (3) Clause of Cumulative Dividend

If the aggregate of the amount of surplus per share distributed to the Type 2 Preferred Shareholders or the Registered Pledgees of Type 2 Preferred Shares based on a record date that falls in a fiscal year (excluding the distribution of the Accumulated Unpaid Type 2 Preferred Dividend (defined below) that was accumulated by the first day of that fiscal year) does not reach the amount of the Type 2 Preferred Dividend for that fiscal year, the shortfall will accumulate and be carried over to the following and subsequent fiscal years, and the accumulated shortfall (the “Accumulated Unpaid Type 2 Preferred Dividend”) will be paid to the Type 2 Preferred Shareholders or the Registered Pledgees of Type 2 Preferred Shares before making the Type 2 Preferred Dividend and any distribution to the Common Shareholders or the Registered Pledgees of Common Shares.

Elpida Memory, Inc. and Consolidated Subsidiaries

Notes to Quarterly Consolidated Financial Statements (continued)

**11. Subsequent Events (continued)**

(4) Clause of Nonparticipation

No surplus in excess of the Type 2 Preferred Dividend will be distributed to the Type 2 Preferred Shareholders or the Registered Pledges of Type 2 Preferred Shares, except for (i) the distribution of surplus provided for in Article 758, Item 8, (b) of the Corporation Law or Article 760, Item 7, (b) of the Corporation Law, that will be paid in the procedure for absorption-type company splits to be conducted by the Company, or (ii) the distribution of surplus provided for in Article 763, Item 12, (b) of the Corporation Law or Article 765, Paragraph 1, Item 8, (b) of the Corporation Law, that will be paid in the procedure for incorporation-type company splits to be conducted by the Company.

(5) Order of Priority in Respect of Payment of Preferred Dividends

Type 1 Preferred Shares and Type 2 Preferred Shares shall have the same order of priority in respect of payment of the distribution of surplus (preferred dividends), including those in accordance with the clause of cumulative dividend.

**10. Distribution of Residual Assets**

(1) Preferred Distribution of Residual Assets

If the Company is to distribute residual assets, the Company will pay the Base Acquisition Price set out in Condition 13 as the residual assets distribution amount per share of the Type 2 Preferred Shares to the Type 2 Preferred Shareholders or the Registered Pledges of Type 2 Preferred Shares prior to the Common Shareholders or the Registered Pledges of Common Shares.

In the case of the distribution of residual assets, the Base Acquisition Price will be calculated by reading the "Acquisition Date" in the calculation of the Base Acquisition Price set out in Condition 13 as meaning the "date on which the residual assets are distributed."

No residual assets, other than those provided for above, will be distributed to the Type 2 Preferred Shareholders or the Registered Pledges of Type 2 Preferred Shares.

(2) Order of Priority in respect of distribution of Residual Assets

The distribution of residual assets for the Type 1 Preferred Shares and Type 2 Preferred Shares shall be made from Type 1 to Type 2 in ascending order.

**11. Voting Rights**

Except as otherwise provided in laws and regulations, the Type 2 Preferred Shareholders have no voting rights at shareholders' meetings.

## Elpida Memory, Inc. and Consolidated Subsidiaries

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

#### 11. Subsequent Events (continued)

##### 12. Consolidation or Split of Shares, Allotment of Offered Shares, etc.

Unless otherwise provided for by law or regulation, the Company will not consolidate or split the Type 2 Preferred Shares. The Company will not grant the Type 2 Preferred Shareholders the right to receive an allotment of offered shares or the right to receive an allotment of offered stock acquisition rights and will not carry out a gratuitous allotment of shares or a gratuitous allotment of stock acquisition rights to the Type 2 Preferred Shareholders.

##### 13. The Preferred Shareholders' Right to Request Acquisition of Type 2 Preferred Shares with Cash Consideration

The Type 2 Preferred Shareholders may, at any time on and after September 1, 2009, request that the Company pays a cash amount in exchange for the Company's acquiring all or part of the Type 2 Preferred Shares (the request by the Type 2 Preferred Shareholders, the "Acquisition Request with Cash Consideration"). Upon receiving an Acquisition Request with Cash Consideration, the Company will, in accordance with the following, deliver the acquisition price of the Type 2 Preferred Shares to the relevant Type 2 Preferred Shareholders in exchange for acquiring all or part of the Type 2 Preferred Shares on the date of such Acquisition Request with Cash Consideration within the limit of the distributable amount stipulated in Article 461, Paragraph 2 of the Corporation Law as of the date of such Acquisition Request with Cash Consideration to the extent permitted by laws and regulations (the date of Acquisition Request with Cash Consideration, the "Acquisition Date"). However, if the Type 2 Preferred Shareholders make Acquisition Requests with Cash Consideration in excess of the distributable amount, the shares of the Type 2 Preferred Shares that should be acquired will be determined by pro rata allotment in proportion to the number of the shares subject to the Acquisition Requests with Cash Consideration, or by any other reasonable method determined by the board of directors of the Company.

The acquisition price per share of the Type 2 Preferred Shares will be calculated in accordance with the following. The acquisition price per share of the Type 2 Preferred Shares calculated in accordance with the following is referred to as the "Base Acquisition Price."

##### Base Acquisition Price Formula

Base Acquisition Price = ¥10,000 × (1 + 0.035 × (m + n)) – Paid Type 2 Preferred Dividends

## Elpida Memory, Inc. and Consolidated Subsidiaries

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

#### 11. Subsequent Events (continued)

In the Base Acquisition Price Formula, “m” is defined as follows: (a) if the Acquisition Date falls in the period between the Payment Date to the date immediately preceding the first anniversary of such Payment Date—zero; or (b) if the Acquisition Date falls on any subsequent day—the number of years elapsed (positive integer) from the Payment Date to the Immediately Preceding Payment Anniversary. Each anniversary of the Payment Date is referred to as a “Payment Anniversary”, and the “Immediately Preceding Payment Anniversary” means the Payment Anniversary immediately preceding the Acquisition Date (if the Acquisition Date occurs on the same date as a Payment Anniversary, the Acquisition Date will be considered the Immediately Preceding Payment Anniversary).

In the Base Acquisition Price Formula, “n” will be calculated by dividing the “Number of Remaining Days” (defined below) by 365 (calculated to four decimal places and rounded down to three decimal places). The “Number of Remaining Days” means the actual number of days from the date (inclusive) immediately following the Payment Date to the Acquisition Date (inclusive) in the case of (a) above, or the actual number of days from the date (inclusive) immediately following the Immediately Preceding Payment Anniversary to the Acquisition Date (inclusive) in the case of (b) above.

In the Base Acquisition Price Formula, “Paid Type 2 Preferred Dividends” mean the aggregate amount of the Type 2 Preferred Dividends (including the Accumulated Unpaid Type 2 Preferred Dividend) that have actually been paid on or before the Acquisition Date.

#### 14. The Company’s Right to Acquire Type 2 Preferred Shares with Cash Consideration

The Company may acquire all or part of the Type 2 Preferred Shares on a date that is on or after September 1, 2009 and separately determined by the board of directors of the Company, to the extent permitted under the applicable laws or regulations, in exchange for a cash amount irrespective of the intention of the Type 2 Preferred Shareholders or the Registered Pledges of Type 2 Preferred Shares (the date of the acquisition, the “Date of Acquisition by Right of Acquisition with Cash Consideration”). In cases of such acquisition, the Company will, in accordance with the following, deliver the acquisition price of the Type 2 Preferred Shares to the Type 2 Preferred Shareholders in exchange for the acquisition of all or part of such Type 2 Preferred Shares.

If the Company is to acquire part of the Type 2 Preferred Shares, the shares of the Type 2 Preferred Shares that will be acquired will be determined by pro rata or by other reasonable manner determined by the board of directors of the Company.

The acquisition price per share of the Type 2 Preferred Shares will be equal to the Base Acquisition Price set out in Condition 13. When the above Base Acquisition Price is being calculated, the Base Acquisition Price will be calculated by reading the “Acquisition Date” in the calculation of the Base Acquisition Price set out in Condition 13 as meaning the “Date of Acquisition by Right of Acquisition with Cash Consideration.”

Elpida Memory, Inc. and Consolidated Subsidiaries

Notes to Quarterly Consolidated Financial Statements (continued)

**11. Subsequent Events (continued)**

**15. The Preferred Shareholders' Right to Request Acquisition of Type 2 Preferred Shares with Common Shares as Consideration**

The Type 2 Preferred Shareholder may request the Company, under the conditions set out in Paragraph II below, to deliver the common shares in exchange for the Company's acquiring all or part of the Type 2 Preferred Shares during the period in which the Type 2 Preferred Shareholder is entitled to request acquisition provided for in Paragraph I below (the request by the Type 2 Preferred Shareholder, the "Acquisition Request with Common Shares as Consideration").

**I. The period in which the Type 2 Preferred Shareholders are entitled to request acquisition of the Type 2 Preferred Shares**

Any time on or after February 1, 2011.

**II. Conditions of acquisition**

1. The Type 2 Preferred Shareholders may cause the Company to acquire all or part of the Type 2 Preferred Shares in exchange for delivery of the common shares of the Company as of the date of the Acquisition Request with Common Shares as Consideration under the following conditions (the date of the Acquisition Request with Common Shares as Consideration, the "Acquisition Date with Common Share Consideration"). When the number of common shares to be delivered to the Type 2 Preferred Shareholders are being calculated, any fraction of a share is to be rounded down to the nearest share, and the monetary adjustment set out in Paragraph 3 of Article 167 of the Corporation Law will not be performed.

$$\begin{array}{l} \text{The number of} \\ \text{common shares to} \\ \text{be delivered in} \\ \text{exchange for} \\ \text{acquisition} \end{array} = \frac{\begin{array}{l} \text{Aggregate Amount of Base} \\ \text{Acquisition Price set out in} \\ \text{Condition 13 of the Type 2 Preferred} \\ \text{Shares that the Type 2 Preferred} \\ \text{Shareholders request the Company} \\ \text{to acquire} \end{array}}{\text{Exchange price}}$$

When the above Base Acquisition Price is being calculated, the Base Acquisition Price will be calculated by reading the "Acquisition Date" in the calculation of the Base Acquisition Price set out in Condition 13 as meaning the "Acquisition Date with Common Share Consideration." In cases where the calculated Base Acquisition Price exceeds ¥13,500 (\$140.61), the above aggregate amount of Base Acquisition Price will be calculated assuming that the Base Acquisition Price is ¥13,500 (\$140.61).

Elpida Memory, Inc. and Consolidated Subsidiaries

Notes to Quarterly Consolidated Financial Statements (continued)

**11. Subsequent Events (continued)**

2. Exchange Price

(1) Initial Exchange Price

The Initial Exchange Price is ¥1,218 (\$12.69).

(2) Revision of Exchange Price

In the event that the Average Share Price on December 30, 2011, January 31, 2012, or February 29, 2012 (respectively, the “Determination Date”) becomes lower than the Exchange Price effective on such Determination Date, the Exchange Price shall be revised to ¥1,059 (\$11.03) (the “Revised Exchange Price”) on the date immediately following the first Determination Date on which the Average Share Price becomes lower than the Exchange Price corresponding thereto. If the Exchange Price is adjusted in accordance with Item (3) below, the Revised Exchange Price will be adjusted accordingly.

“Average Share Price” means the average daily closing price of the common shares of the Company in regular trading as reported by the Tokyo Stock Exchange, Inc. for five (5) consecutive trading days immediately preceding any relevant day (inclusive) (such five (5) consecutive trading days exclude days on which no closing price (including displayed quotes, the same applies hereinafter) is reported, and refer to five (5) consecutive trading days up to and including the trading day with a closing price immediately preceding such relevant day).

(3) Adjustment of Exchange Price

(a) If the number of common shares changes or is likely to change due to any of the events listed in Item (b) below after the issue of the Type 2 Preferred Shares, the Company shall adjust the Exchange Price (including the Exchange Price after revision as set out in Item (2) above) in accordance with the following formula (the “Exchange Price Adjustment Formula”):

$$\begin{array}{r} \text{Exchange} \\ \text{price after} \\ \text{adjustment} \end{array} = \begin{array}{r} \text{Exchange} \\ \text{price} \\ \text{before} \\ \text{adjustment} \end{array} \times \begin{array}{r} \text{Number of} \\ \text{common shares} \\ \text{outstanding} \end{array} + \begin{array}{r} \text{Number of common shares to} \\ \text{be delivered} \times \text{Subscription} \\ \text{price per share} \\ \\ \text{Current market price per share} \\ \\ \text{Number of common shares outstanding} + \end{array}$$

## Elpida Memory, Inc. and Consolidated Subsidiaries

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

#### 11. Subsequent Events (continued)

The “number of common shares outstanding” used in the Exchange Price Adjustment Formula means the number of outstanding common shares of the Company as of the record date, if any, of each transaction described in Items (b)(i) through (b)(iv) below with respect to the Common Shareholders, or if no such record date is set, as of the date 1 month before the date on which the adjusted Exchange Price becomes effective less the number of common shares held by the Company as of the record date, if any, of each transaction described in Items (b)(i) through (b)(iv) below with respect to the Common Shareholders, or if no such record date is set, as of the date 1 month before the date on which the adjusted Exchange Price becomes effective. The “number of common shares to be delivered” used in the Exchange Price Adjustment Formula means, in the case of a stock split of common shares, the number of common shares increased due to the stock split (excluding the number of common shares increased with respect to the common shares held by the Company as of the record date). In the case of a stock consolidation, the number of common shares decreased due to the stock consolidation (excluding the number of common shares decreased with respect to the common shares held by the Company as of the effective date) will be used as a negative number. The “subscription price per share” used in the Exchange Price Adjustment Formula means

- (i) in the case of Item (b)(i) below, the relevant subscription price (or, in the case of subscription for contribution of non-monetary properties, the fair value, or in the case of gratuitous allotment, zero yen),
- (ii) in the case of Items (b)(ii) and (b)(iv) below, zero yen, or
- (iii) in the case of Item (b)(iii) below, the price as set out in Item (b)(v) below.

## Elpida Memory, Inc. and Consolidated Subsidiaries

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

#### 11. Subsequent Events (continued)

- (b) The adjustment of the Exchange Price of the Type 2 Preferred Shares in accordance with the Exchange Price Adjustment Formula, and the time when the adjusted Exchange Price becomes effective, are as set out below.
- (i) If the Company delivers (including by gratuitous allotment) the common shares at a subscription price that is less than the current market price set out in Item (c)(ii) below (except for the case where the Company delivers the common shares in exchange for acquisition of acquirable shares, shares with claim for acquisition, or acquirable stock acquisition rights (including those attached to bonds with stock acquisition rights; the same applies in this (3)), or upon conversion, exchange or exercise of the stock acquisition rights (including those attached to the bonds with stock acquisition rights; the same applies in this (3)) or other securities or rights that may demand delivery of the common shares), then the adjusted Exchange Price will become effective as of the day immediately following the payment date (or, if the payment period is set in the offering, the last day of that payment period), or the day immediately following the date on which the gratuitous allotment takes effect. However, if the record date on which a right to receive an allotment of offered shares is granted to the Common Shareholders of the Company or on which gratuitous allotment is executed is set, the adjusted Exchange Price will become effective as of the day immediately following that record date.
- (ii) In the case of stock split of the common shares, the adjusted Exchange Price will become effective as of the day immediately following the record date of the stock split.
- (iii) If the Company delivers (including by gratuitous allotment)
- shares with claims for acquisition, acquirable shares or acquirable stock acquisition rights and the delivery of the common shares in exchange for acquisition of shares with claims for acquisition, acquirable shares, or acquirable stock acquisition rights at a Price (as defined below) that is less than the current market price set out in Item (c)(ii) below, or
  - stock acquisition rights or other securities or rights that allow their holders to demand delivery of common shares at a Price that is less than the current market price set out in Item (c)(ii) below,

## Elpida Memory, Inc. and Consolidated Subsidiaries

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

#### 11. Subsequent Events (continued)

then the adjusted Exchange Price will

- be calculated in accordance with the Exchange Price Adjustment Formula, assuming that the common shares are delivered in such a way that all of the shares with claim for acquisition, acquirable shares or acquirable stock acquisition rights, or the stock acquisition rights or other securities or rights (the “Shares with Claim for Acquisition, Etc.”) to be delivered are acquired, converted, exchanged or exercised based on the initial conditions, and
- become effective as of the day immediately following the delivery date or the effective date of gratuitous allotment.

However, if there is a record date on which a right to receive an allotment of the Shares with Claim for Acquisition, Etc. is granted to the Common Shareholders or on which gratuitous allotment is executed, the adjusted Exchange Price will become effective as of the day immediately following that record date.

Notwithstanding the foregoing, if the price of the common shares to be delivered upon acquisition, conversion, exchange or exercise is not settled at the time described above, the adjusted Exchange Price will

- be calculated in accordance with the Exchange Price Adjustment Formula, assuming that the common shares are delivered in such a way that all of the Shares with Claim for Acquisition, Etc. that have been delivered at the time of settlement of the price are acquired, converted, exchanged or exercised based on the conditions at the time of the settlement of the price, and
- become effective as of the day immediately following the date on which the price is settled.

(iv) In the case of a stock consolidation of the common shares, the adjusted Exchange Price will become effective as of the day immediately following the effective date of the stock consolidation.

## Elpida Memory, Inc. and Consolidated Subsidiaries

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

#### 11. Subsequent Events (continued)

- (v) The “Price” referred to in Item (iii) above means the amount calculated by dividing (a) the amount paid upon delivery of the Shares with Claim for Acquisition, Etc. and other payments in the nature of consideration (in the case of the stock acquisition rights that allow their holders to demand delivery of the common shares at a price that is less than the current market price, the total of the stock acquisition rights paid upon their delivery and the amount of property to be contributed upon their exercise) less the amount of property other than the common shares to be delivered to holders of the Shares with Claim for Acquisition, Etc. upon acquisition, conversion, exchange or exercise of the Shares with Claim for Acquisition, Etc., by (b) the number of common shares to be delivered upon acquisition, conversion, exchange or exercise of the Shares with Claim for Acquisition, Etc.
- (c) (i) The calculation in accordance with the Exchange Price Adjustment Formula will be made to two decimal places denominated in yen and then rounded down to one decimal place.
- (ii) The current market price used in the Exchange Price Adjustment Formula is the average daily closing price of the common shares in regular trading as reported by the Tokyo Stock Exchange for the 30 consecutive trading days (excluding trading days on which no closing price is reported) commencing on the 45th trading day before the date on which the adjusted Exchange Price becomes effective. The calculation will be made to two decimal places denominated in yen and then rounded to one decimal place.
- (d) In addition to the events necessary to adjust the Exchange Price as set out in Item (b) above, if the board of directors of the Company reasonably determines that any of the following events applies, the Company shall adjust the Exchange Price as necessary:
  - (i) if it is necessary to adjust the Exchange Price for the purpose of a merger in which the Company is the surviving company, assumption of all or part of the rights and obligations of another company as a result of an absorption-type company split performed by that other company, or acquisition of all outstanding shares of a stock company as a result of a share exchange performed by that other stock company;

## Elpida Memory, Inc. and Consolidated Subsidiaries

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

#### 11. Subsequent Events (continued)

- (ii) if two or more events necessary to adjust the Exchange Price occur almost simultaneously, and it is necessary to consider the effect that one event has on the current market price to be used for calculation of the Exchange Price after adjustment based on another event; or
  - (iii) if it is otherwise necessary to adjust the Exchange Price as a result of any event that changes or may change the number of outstanding common shares of the Company.
- (e) As long as the difference between the Exchange Price after adjustment calculated in accordance with the Exchange Price Adjustment Formula and the Exchange Price before adjustment is less than 1 yen, the Exchange Price will not be adjusted. However, adjustments considered unnecessary under this item are to be carried forward and taken into consideration in calculating the subsequent adjustment.
- (f) If the Exchange Price is adjusted in accordance with any of Items (a) through (e) above, the Company shall give prior written notice to each Type 2 Preferred Shareholder recorded in the register of shareholders indicating the fact that the adjustment was made, the Exchange Price before adjustment, the Exchange Price after adjustment, the date on which the Exchange Price becomes effective, and other necessary matters. However, if the Company is unable to give the notice by the day immediately prior to the date on which the Exchange Price becomes effective, the Company shall promptly give such notice on or after the date on which the Exchange Price becomes effective.

#### 3. Location to Submit Request for Acquisition

The Sumitomo Trust and Banking Co., Ltd. Stock Transfer Agency  
Department

#### 4. Effectiveness of Acquisition

The Acquisition Request with Common Shares as Consideration shall be effective when the written request of acquisition reaches the Location to Submit Request for Acquisition set out in Paragraph 3 above, and the Company shall acquire the Type 2 Preferred Shares, and the Type 2 Preferred Shareholders that make such Acquisition Request with Common Shares will become shareholders of common shares in exchange for the Company's acquiring the Type 2 Preferred Shares.

Elpida Memory, Inc. and Consolidated Subsidiaries

Notes to Quarterly Consolidated Financial Statements (continued)

**11. Subsequent Events (continued)**

16. Restriction of Share Transfer

Any acquisition of the Type 2 Preferred Shares by way of transfer shall need an approval of the Company's board of directors.

17. Other

The Type 2 Preferred Shares will be issued on the condition that the agenda item for amendment to the Articles of Incorporation required to issue the Type 2 Preferred Shares is approved at the extraordinary shareholders' meeting of the Company to be held in August, 2009 and any other necessary procedures are completed under relevant law or regulation.