

**Quarterly Consolidated Financial Statements
(Unaudited)**

Elpida Memory, Inc. and Consolidated Subsidiaries

*At June 30, 2010, and
Three-month periods ended June 30, 2009 and 2010*

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The following is an English translation of Japanese document provided for reference purpose only.

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Elpida Memory, Inc. and Consolidated Subsidiaries

Quarterly Consolidated Balance Sheet (Unaudited)

(Millions of yen)

	As of March 31, 2010	As of June 30, 2010
(Assets)		
I Current assets		
1. Cash and deposits	113,338	150,584
2. Note and accounts receivable, trade	122,618	137,392
3. Inventories		
Merchandise and finished goods	40,197	41,966
Work in process	27,491	26,718
Raw materials and supplies	5,128	4,936
4. Accounts receivable, other	8,142	11,058
5. Other current assets	15,027	9,231
6. Allowance for doubtful accounts	(5,571)	(5,450)
Total current assets	326,370	376,435
II Noncurrent assets		
1. Property, plant and equipment, net		
Buildings and structures	96,367	94,377
Machinery, equipment and vehicles	465,030	456,235
Tools, furniture and fixtures	17,152	16,157
Land	4,451	4,452
Construction in progress	13,402	16,001
Total property, plant and equipment, net	596,402	587,222
2. Intangible assets		
Goodwill	1,050	916
Others	6,584	5,916
Total intangible assets	7,634	6,832
3. Investments and other assets		
Investment securities	4,101	3,080
Others	12,943	16,248
Total investments and other assets	17,044	19,328
Total noncurrent assets	621,080	613,382
Total assets	947,450	989,817

Elpida Memory, Inc. and Consolidated Subsidiaries

Quarterly Consolidated Balance Sheet (Unaudited) (Continued)

(Millions of yen)

	As of March 31, 2010	As of June 30, 2010
(Liabilities)		
I Current liabilities		
1. Accounts payable, trade	53,556	55,192
2. Short-term loans payable	1,465	—
3. Current portion of bonds	30,000	30,000
4. Current portion of long-term loans payable	132,460	130,277
5. Current portion of lease obligations	21,919	21,906
6. Accounts payable, other	12,824	26,085
7. Income taxes payable	2,014	1,782
8. Provision	5,522	3,961
9. Others	14,439	30,472
Total current liabilities	274,199	299,675
II Noncurrent liabilities		
1. Bonds	75,000	75,000
2. Convertible bonds with share subscription rights	—	6,636
3. Long-term loans payable	200,064	189,002
4. Lease obligations	43,841	40,656
5. Provision	3,123	3,235
6. Asset retirement obligations	—	274
7. Others	4,441	5,932
Total noncurrent liabilities	326,469	320,735
Total liabilities	600,668	620,410
(Net assets)		
I Shareholders' equity		
1. Capital stock	203,860	209,699
2. Capital surplus	214,902	77,230
3. Retained earnings	(141,777)	32,405
4. Treasury stock	(5)	(5)
Total shareholders' equity	276,980	319,329
II Valuation and translation adjustments		
1. Valuation difference on available-for-sale securities	825	175
2. Deferred gains or losses on hedges	(64)	(56)
3. Foreign currency translation adjustments	(14,104)	(19,712)
Total valuation and translation adjustments	(13,343)	(19,593)
III Share subscription rights	287	292
IV Minority interests	82,858	69,379
Total net assets	346,782	369,407
Total liabilities and net assets	947,450	989,817

Elpida Memory, Inc. and Consolidated Subsidiaries

Quarterly Consolidated Statements of Operations (Unaudited)

(Millions of yen)

	Three-month period ended	
	June 30, 2009	June 30, 2010
I Net sales	72,570	176,333
II Cost of sales	99,157	114,587
Gross profit (loss)	(26,587)	61,746
III Selling, general and administrative expenses	15,724	17,324
Operating income (loss)	(42,311)	44,422
IV Non-operating income		
1. Interest income	139	45
2. Subsidy income	—	300
3. Others	168	99
V Non-operating expenses		
1. Interest expenses	2,633	2,757
2. Foreign exchange loss	335	3,858
3. Others	1,589	1,218
Ordinary income (loss)	(46,561)	37,033
VI Extraordinary income		
1. Gain on sales of noncurrent assets	18	123
2. Gain on negative goodwill	—	555
VII Extraordinary losses		
1. Loss on valuation of investment securities	160	—
2. Loss on sales of noncurrent assets	25	—
3. Loss on retirement of noncurrent assets	276	615
4. Impairment loss	1,013	215
5. Loss on adjustment for changes of accounting standard for asset retirement obligations	—	172
Income (loss) before income taxes	(48,017)	36,709
Income taxes		
Current	65	345
Deferred	253	528
Total income taxes	318	873
Income before minority interests	—	35,836
Minority interests in income (loss)	(3,887)	5,165
Net income (loss)	(44,448)	30,671

Elpida Memory, Inc. and Consolidated Subsidiaries

Quarterly Consolidated Statements of Cash Flows (Unaudited)

(Millions of yen)

	Three-month period ended	
	June 30, 2009	June 30, 2010
I Operating activities		
Income (loss) before income taxes	(48,017)	36,709
Depreciation and amortization	30,997	31,084
Impairment loss	1,013	215
Decrease in provision	(819)	(949)
Interest and dividend income	(139)	(45)
Interest expenses	2,633	2,757
Foreign exchange losses	182	2,754
Loss (gain) on sales of noncurrent assets	7	(123)
Loss on retirement of noncurrent assets	276	615
Loss on valuation of investment securities	160	—
Increase in notes and accounts receivable, trade	(13,662)	(17,979)
Decrease (increase) in inventories	1,234	(1,423)
Decrease (increase) in accounts receivable, other	14,397	(2,931)
Increase in notes and accounts payable, trade	4,144	2,710
Decrease in accounts payable, other	(374)	(115)
Others	108	12,496
Subtotal	(7,860)	65,775
Interest and dividend received	39	389
Interest expenses paid	(1,472)	(1,421)
Proceeds from subsidy	76	300
Proceeds from settlements	621	—
Proceeds from compensation	579	—
Settlements paid	(538)	—
Income taxes paid	(27)	(233)
Net cash provided by (used in) operating activities	(8,582)	64,810
II Investing activities		
Payments into time deposits	(293)	—
Purchase of property, plant and equipment	(30,994)	(17,497)
Proceeds from sales of property, plant and equipment	286	428
Purchase of intangible assets	(571)	(42)
Purchase of investments in subsidiaries	—	(15,245)
Purchase of long-term prepaid expenses	(1,521)	(2,754)
Proceeds from loans receivable	—	5,686
Others	3	63
Net cash used in investing activities	(33,090)	(29,361)

Elpida Memory, Inc. and Consolidated Subsidiaries

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

(Millions of yen)

	Three-month period ended	
	June 30, 2009	June 30, 2010
III Financing activities		
Proceeds from short-term loans payable	—	145
Repayments of short-term loans payable	—	(1,589)
Repayments of long-term loans payable	(7,566)	(7,514)
Proceeds from issuance of convertible bonds with share subscription rights	—	6,773
Proceeds from issuance of common stock	—	11,625
Proceeds from sale-and-leaseback transactions	—	242
Repayments of lease obligations	(3,797)	(4,217)
Purchase of treasury stock	(0)	(0)
Net cash provided by (used in) financing activities	(11,363)	5,465
IV Effect of exchange rates changes on cash and cash equivalents	209	(3,668)
V Net increase (decrease) in cash and cash equivalents	(52,826)	37,246
VI Cash and cash equivalents at beginning of the period	113,699	112,188
VII Cash and cash equivalents at end of the period	60,873	149,434

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

June 30, 2010

[Going Concern Assumption]

None

[Changes in significant matters for the basis of preparation of quarterly consolidated financial statements]

1. Scope of consolidation

For the first quarter of the year ended March 31, 2011, the number of Elpida Memory, Inc. (the “Company”)’s consolidated subsidiaries has increased by one (Elpida Memory (Korea) Ltd.) through establishment. As a result, the number of Company’s consolidated subsidiaries became 15.

2. Accounting Policy changes

(1) Adoption of “Accounting Standard for Asset Retirement Obligations”

Effective from the first quarter of the year ended March 31, 2011, the Company has adopted the “Accounting Standard for Asset Retirement Obligations” (Accounting Standards Board of Japan (“ASBJ”) Statement No. 18 of March 31, 2008) and the “Guidance on Accounting Standard for Asset Retirement Obligations” (ASBJ Guidance No. 21 of March 31, 2008). The effect of this adoption on operating result is inconsequential.

(2) Adoption of “Accounting Standard for Business Combinations” and others

Effective from the first quarter of the year ended March 31, 2011, the Company has adopted the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21 of December 26, 2008), the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22 of December 26, 2008), the “Partial amendments to Accounting Standard for Research and Development Costs” (ASBJ Statement No. 23 of December 26, 2008), the “Revised Accounting Standard for Business Divestitures” (ASBJ Statement No. 7 of December 26, 2008), the “Revised Accounting Standard for Equity Method of Accounting for Investments” (ASBJ Statement No. 16 of December 26, 2008), and the “Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10 of December 26, 2008).

As a result of adoption of the “Accounting Standard for Consolidated Financial Statements”, the assets and liabilities of the Company's consolidated subsidiaries including the portion attributable to minority shareholders are evaluated using the fair value at the time the Company acquired control of the respective subsidiaries. There is no effect of this adoption on consolidated financial statements.

Elpida Memory, Inc. and Consolidated Subsidiaries

Notes to Quarterly Consolidated Financial Statements (continued)

[Changes in presentation]

Quarterly consolidated statements of operations

Based on the “Accounting Standard for Consolidated Financial Statements”, the Company has adopted the “Cabinet Office Ordinance Partially Revising Regulation on Terminology, Forms and Preparation of Financial Statements” (Cabinet Office Ordinance No.5 of March 24, 2009). As a result, “Income before minority interests” is included in the consolidated statements of operations for the first quarter of the year ended March 31, 2011.

“Subsidy income” which was included in “Other” in non-operating income for the first quarter of the year ended March 31, 2010 is independently presented in non-operating income for the first quarter of the year ended March 31, 2011 based on its importance. “Subsidy income” was ¥76 million for the first quarter of the year ended March 31, 2010.

[Adoption of simplified or special accounting policies for the preparation of quarterly consolidated financial statements]

None

[Notes to Quarterly Consolidated Balance Sheets]

1. Accumulated depreciation

Accumulated depreciation of Property, plant and equipment as of March 31, 2010 and June 30, 2010 was ¥ 494,155 million and ¥514,653million, respectively.

2. Contingent Liabilities

(1) Litigations as of March 31, 2010

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 ¥ 2,136 million at March 31, 2010 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)

(2) Litigation as of June 30, 2010

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. The Company has provided as accruals for settlements and litigations of ¥ 1,936 million at June 30, 2010 for future outcome on these litigations and charge of an investigation by the European commission which the Company agreed to pay based on the settlement procedure in May 2010.

[Notes to Quarterly Consolidated Statements of Operations]

Major components of selling, general and administrative expenses for the three-month period ended June 30, 2009 and 2010 are as follows:

	Three month period ended June 30,	
	2009	2010
	<i>(Millions of yen)</i>	
Provision for allowance for doubtful accounts	814	3
Payroll and bonuses	2,304	3,285
Provision for accrued bonuses	576	671
Retirement benefit expenses	222	235
Depreciation and amortization	1,559	1,525
Subcontractor fees	2,206	2,477
Prototype	2,776	2,373

[Notes to Quarterly Consolidated Statements of Cash Flows]

A reconciliation between cash and time deposits and cash and cash equivalents as of June 30, 2009 and 2010, related to the accompanying quarterly consolidated statements of cash flows, is as follows:

	June 30,	
	2009	2010
	<i>(Millions of yen)</i>	
Cash and time deposits	61,305	150,584
Less:		
Time deposits with maturity in excess of three months	(432)	(1,150)
Cash and cash equivalents	60,873	149,434

Elpida Memory, Inc. and Consolidated Subsidiaries

Notes to Quarterly Consolidated Financial Statements (continued)

[Notes to Shareholders' equity]

1. Type and number of issued shares outstanding as of June 30, 2010

<u>Type</u>	<u>Number of shares</u>
Common stock	203,071,619
Preferred share Type1	1,000,000
Preferred share Type2	2,000,000

2. Type and number of treasury stock outstanding as of June 30, 2010

<u>Type</u>	<u>Number of shares</u>
Common stock	1,476

3. Share subscription rights outstanding

Share subscription rights as stock option outstanding as of June 30, 2010

<u>Issuing company</u>	<u>Outstanding balance</u>
The Company	¥ 292 million

4. Information on Dividend

None

5. Material Changes in Shareholder's Equity

The Company issued new shares to Kingston Technology Corporation by way of third party allotment on April 20, 2010. As a result, the amount of capital stock and capital surplus increased by ¥5,839 million, respectively.

Also, based on a resolution at the general shareholders' meeting held on June 25, 2010 to reduce capital reserve and appropriation of retained earnings, the Company reduced capital reserve of ¥143,516 million and reduced capital reserve was transferred to other capital surplus. And other capital surplus of ¥143,511 million was transferred to retained earnings brought forward and the deficits were covered through its transfer. As a result, the outstanding balance of capital stock, capital surplus and retained earnings as of June 30, 2010 became ¥209,699 million, ¥77,230 million and ¥ 32,405 million respectively.

Elpida Memory, Inc. and Consolidated Subsidiaries

Notes to Quarterly Consolidated Financial Statements (continued)

[Financial Instruments]

There were significant changes in outstanding balances of accounts payable, other, Convertible bonds with share subscription rights and long-term accounts payable, other during the three-month period ended June 30, 2010. Carrying value of these financial instruments on the consolidated balance sheet as of June 30, 2010 and estimated fair value are shown in the following table:

	June 30, 2010		
	Carrying Value	Estimated Fair Value	Difference
	<i>(Millions of yen)</i>		
1) Short-term loans payable	—	—	—
2) Accounts payable, other	23,766	23,766	—
3) Convertible bonds with share subscription rights	6,636	7,055	419
4) Long-term accounts payable, other	6,070	5,864	(206)

Note: Methods to determine the estimated fair value of financial instruments and other matters related to securities and derivative transactions

(1) Accounts payable, other

Since this is settled in a short period of time, its carrying value approximates fair value.

(2) Convertible bonds with share subscription rights

Since this has no market price, its fair value is calculated using binomial pricing model taken into account the exercisable period, exercise price, volatility, remaining period and credit risk.

(3) Long-term accounts payable, other

The fair value of long-term accounts payable, other is based on the present value of the total of principal and interest discounted by the interest rate determined by considering the remaining period of each debts and current credit risk.

[Securities]

None

[Derivative transaction]

None

Elpida Memory, Inc. and Consolidated Subsidiaries

Notes to Quarterly Consolidated Financial Statements (continued)

[Stock Option]

None

[Business Combination]

None

[Asset Retirement Obligation]

None

[Segment Information]

For the three-month period ended June 30, 2009

[Business Segment Information]

For the three-month period ended June 30, 2009, our group was operating a single segment of the semiconductor business centering on DRAM, so the information by business segment is omitted.

[Geographical segment information]

For the three-month period ended June 30, 2009

	Japan (MY)	North America (MY)	Asia (MY)	Europe (MY)	Total (MY)	Offset or corporate total (MY)	Consoli- dated (MY)
Sales							
(1) Sales to third parties	30,468	16,421	22,377	3,304	72,570	—	72,570
(2) Inter-segment sales and transfers	40,449	—	19,022	8	59,479	(59,479)	—
Total	70,917	16,421	41,399	3,312	132,049	(59,479)	72,570
Operating income	(36,880)	426	(5,605)	(252)	(42,311)	—	(42,311)

Note 1: Countries and regions are grouped according to the geographical closeness.

2: Major countries and regions other than Japan are as follows:

- (1) North America: the United States
- (2) Asia: Taiwan, Singapore and Hong Kong
- (3) Europe: Germany, Switzerland

Elpida Memory, Inc. and Consolidated Subsidiaries

Notes to Quarterly Consolidated Financial Statements (continued)

[Overseas sales]

For the three-month period ended June 30, 2009

	North America	Asia	Europe	Total
I Overseas sales (MY)	17,976	22,404	12,008	52,388
II Consolidated sales (MY)				72,570
III Ratio of overseas sales over consolidated sales (%)	24.8	30.9	16.5	72.2

Note 1: Countries and regions are grouped according to the geographical closeness.

2: Major countries and regions other than Japan are as follows:

- (1) North America: the United States
- (2) Asia: Taiwan, Singapore and Hong Kong
- (3) Europe: Whole area

3: The amount of overseas sales is the amount of sales made by our Company and consolidated subsidiaries in countries and regions outside Japan.

For the three-month period ended June 30, 2010

[Segment Information]

For the three-month period ended June 30, 2010, our group was operating a single segment of the semiconductor business centering on DRAM, so the segment information is omitted.

(Additional Information)

From the three-month period ended June 30, 2010, the Company and its consolidated subsidiaries have adopted ASBJ Statement No. 17, "Revised Accounting Standard for Disclosure about Segments of an Enterprise and Related Information" and ASBJ Guidance No. 20, "Guidance on the Accounting Standard for Disclosures about Segments of on Enterprise and Related Information" issued by ASBJ on March 27, 2009 and March 21, 2008 respectively.

[Amount per Share]

	<u>March 31, 2010</u>	<u>June 30, 2010</u>
		<i>(Yen)</i>
Net assets	¥ 1,185.27	¥ 1,323.98
		Three- month period ended June 30,
	<u>2009</u>	<u>2010</u>
		<i>(Yen)</i>
Net income (loss):		
Basic	¥ (313.90)	¥ 150.75
Diluted	—	134.46

Elpida Memory, Inc. and Consolidated Subsidiaries

Notes to Quarterly Consolidated Financial Statements (continued)

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

Basis for calculation of basic net income (loss) per share was as follows:

	Three-month period ended June 30,	
	2009	2010
	<i>(Millions of yen)</i>	
Net income (loss)	(44,448)	30,671
Amount not attributable to common stock:	—	262
1)Preferred dividend relating to Type 1 preferred stock	—	(87)
2)Preferred dividend relating to Type 2 preferred stock	—	(175)
Net income (loss) attributable to common stock	<u>(44,448)</u>	<u>30,409</u>
	<i>(Thousand of shares)</i>	
Weighted-average number of common shares outstanding for the year	141,600	201,719

Basis for calculation of diluted net income per share was as follows:

	Three-month period ended June 30,	
	2009	2010
	<i>(Millions of yen)</i>	
Net income adjustment	—	262
1)Preferred dividend relating to Type 1 preferred stock	—	(87)
2)Preferred dividend relating to Type 2 preferred stock	—	(175)
	<i>(Thousand of shares)</i>	
Number of increased common shares	—	26,384

[Subsequent Event]

None