

Resolution to Establish a System to Ensure the Appropriateness of Company Business Activities (Establishment of an Internal Control System)

The basic policy for a system for ensuring that the execution of duties by Directors and any other company business activities is in compliance with laws, regulations and the company's Articles of Incorporation is described below. The Directors will continually update the system prescribed by this basic policy, as appropriate.

1. System to Ensure the Execution of Duties by Directors and Employees is in Compliance with the Laws and Regulations and the Company's Articles of Incorporation

- In regard to all corporate activities, the Elpida Code of Conduct shall be the guiding principal to make clear the standards and policies necessary for compliance. The Code of Conduct shall be distributed to the Directors and employees of the Group companies (as defined by the resolution of the Board of Director meeting of Elpida) and compliance shall be mandatory.
- A Risk Management and Compliance Committee shall be maintained for the purpose of deciding policies that concern risk management and compliance systems at all Group companies.
- Outside Directors shall be appointed for the purpose of improving and supporting supervisory functions that are related to the performance of duties by other Directors.
- An Audit Office shall be maintained to audit and inspect procedures and business operations at Elpida and each Group company.
- An internal reporting system shall be maintained to receive reports in regard to allegations of illegal activities by individuals or business units within Group companies.

2. System for Storage and Maintenance of Information Related to Decisions by Directors

- If it is necessary to determine whether the Board of Directors has properly executed its duties, the minutes of Board of Director meetings and other documents concerning the execution of duties by the Board of Directors shall be stored and maintained in accordance with company rules.

3. Rules and Systems Concerning Management of Risk of Loss

- A set of Risk Management Rules and other resources shall clarify the system and response procedures for minimizing losses that may result from risk.
- A Risk Management and Compliance Committee shall be maintained for the purpose of determining Group company risk management policies.

4. System to Ensure Efficient Execution of Duties by Directors

- Based on a system of Corporate Executive Officers, the Board of Directors shall manage business activities rapidly by focusing on management administration functions, such as strengthening supervisory functions. The execution of daily operations of the company shall be delegated to the Corporate Executive Officers.
- The Board of Directors shall supervise the duties and responsibilities of the Corporate Executive Officers and address other important management matters.
- The Corporate Executive Officers shall establish a special Officer's meeting to discuss from a company point of view, specific management issues, as necessary, for the execution of duties of the officers.

5. System to Effectively Manage the Corporate Affairs of the Company and Group Companies

- Unified guiding principles shall be followed in determining universal Group rules and other requirements, such as the Elpida Code of Conduct.
- Necessary support and guidance shall be provided in the case the Group companies (joint venture companies etc.) establish or organize its original regulations or standards in relation to the compliance.
- In order to encourage effective Group management, support and guidance related to business management shall be provided.

6. Matters Relating to Employees Who May Be Asked to Assist the Auditors in Their Duties

- The Corporate Executive Officer in charge of personnel affairs shall consult with the Auditors regarding the designation of certain employees to assist with auditing duties.

7. Matters Relating to Ensuring that Employees Assigned to the Audit Staff Will Be Independent of Directors

- The Auditors shall be consulted prior to any personnel transfer, personnel evaluation or disciplinary action involving any of the aforementioned employees.

8. System for Directors and Employees to Report to Auditors and a System to Report to Others Involved in Auditing Activities

- The Auditors shall perform audits based on auditing polices and auditing plans stipulated each fiscal year by the Board of Corporate Auditors
- A full-time Auditor shall serve as the official person to be reported to under an internal reporting system.
- As requested by the Auditors, the Directors and employees shall provide reports on the execution of their management and work duties.
- In order to promote mutual understanding, the Representative Directors and the Auditors shall hold regular meetings.

9. System to Ensure an Effective Audit Process by the Auditors

- In order for the Auditors to have timely information concerning the execution of duties by the Directors and employees, a full-time Auditor shall attend the Board of Directors' meetings, Officer's Meeting, Risk Management and Compliance Committee meetings and other important meetings.
- The Audit Office shall report to the Board of Corporate Auditors the background and results of internal audits.