



News Release

FOR IMMEDIATE RELEASE

Elpida to Issue Stock Options

TOKYO, JAPAN, August 25, 2005 – Elpida Memory, Inc (Elpida), Japan’s leading global supplier of Dynamic Random Access Memory (DRAM), announced that the Board of Directors held on August 24, 2005 decided to issue stock acquisition rights to be issued as stock options (Stock Options) pursuant to the resolution of the General Shareholders’ Meeting held on June 28, 2005 and that the subscription price per share to be issued upon the exercise of each Stock Option (Subscription Price) was set upon closing of today’s transaction at the Tokyo Stock Exchange. Reason for and terms of issuance of Stock Options are as follows:

I. Reason for the issuance of Stock Options to persons other than shareholders on especially favorable terms

The Stock Options will be issued, for no consideration, to directors, officers, statutory auditors or employees of Elpida Memory, Inc. (the “Company”) or its subsidiaries, to provide them with an incentive towards achieving better business performance and to retain and attract talented individuals.

II. Terms of Issuance of Stock Options

(1) Persons to whom the Stock Options are allocated:

The directors, statutory auditors, officers or employees of the Company or a subsidiary of the Company.

(2) Class and total number of shares to be issued upon exercise of the Stock Options:

700,000 shares of common stock of the Company, and the number of shares to be issued upon exercise of each Stock Option (the “Number of Shares”) is 100 shares of common stock of the Company.

If, after the issue of the Stock Options, the Company splits or consolidates its common stock, the Number of Shares shall be adjusted according to the following formula. This adjustment is made only to the number of shares that have not yet been issued as of the time of such adjustment. Any fraction of a share that arises as a result of an adjustment will be rounded down to the nearest number of shares.

$$\text{Number of Shares after adjustment} = \text{Number of Shares before adjustment} \times \text{Ratio of split or consolidation}$$

In addition, the Number of Shares that have not yet been issued at the time of such adjustment may, to the extent necessary and reasonable, be adjusted in a way deemed appropriate by the Company in such event that reasonably requires adjustment of the Number of Shares, such as an absorption-type merger or incorporation-type merger under the condition that the surviving corporation shall succeed the Stock Options, share exchange that permits the Company to wholly own the other corporation, absorption-type corporate demerger or incorporation-type corporate demerger.

(3) Total number of Stock Options to be issued:

7,000

(4) Issue price and issuance date of the Stock Options:

Price -No consideration shall be paid.

Date –August 25, 2005

(5) The price to be paid upon exercise of each Stock Option:

The price to be paid upon exercise of each Stock Option shall be calculated by multiplying (i) the Subscription Price by (ii) the Number of Shares.

The Subscription Price shall be 3,766 yen.

If the Company issues new shares or dispose of its own common stock for treasury at the price below a fair market price, the Subscription Price per share shall be adjusted according to the following formula, rounded up to the nearest yen.

$$\text{Subscription Price after adjustment} = \text{Subscription Price before adjustment} \times \frac{\text{Number of shares already issued} + \frac{\text{Number of shares newly issued} \times \text{Amount paid per share}}{\text{Share price before issuance of new shares}}}{\text{Number of shares (already issued + newly issued)}}$$

If, after the issue of the Stock Options, the Company splits or consolidates its common stock, the Subscription Price per share shall be adjusted according to the following formula, rounded up to the nearest yen.

$$\text{Subscription Price after adjustment} = \text{Subscription Price before adjustment} \times \frac{1}{\text{Ratio of split or consolidation}}$$

In addition, the subscription price per share may, to the extent necessary and reasonable, be adjusted in a way deemed appropriate by the Company in such event that reasonably requires adjustment of the Number of Shares, such as an absorption-type merger or incorporation-type merger under the condition that the surviving corporation shall succeed the Stock Options, share exchange that permits the Company to wholly own the other corporation, absorption-type corporate demerger or incorporation-type corporate demerger.

(6) Exercise period of the Stock Options:

From October 1, 2007 to September 30, 2013.

(7) Conditions for exercise of Stock Options:

(a) A person to whom Stock Options are allocated must hold the position of either a director, statutory auditor, officer or employee of the Company, or of the companies more than 50% of the total voting rights of which are owned directly or indirectly by the Company at the time of the exercise of each Stock Option; provided, however, that this item (a) shall not be applied to cases where the person ceases to be a director, statutory auditor, officer or employee due to the completion of his/her term of office, or his/her reaching retirement age, or due to reasonable reasons.

(b) When a person to whom Stock Options are allocated dies, the Stock Options may be inherited. When an heir of a person to whom Stock Options are allocated dies, the Stock Options may not be inherited.

(c) The Stock Options may not be pledged or disposed of in any other way.

(d) Other terms and conditions for exercise of Stock Options shall be determined in the "Elpida Memory, Inc. Stock Option Allotment Agreement" between the Company and the person to whom the Stock Options are allocated, terms and conditions of which will be determined pursuant to the resolutions of the general meeting of the shareholders and the meeting of the Board of Directors.

(8) Conditions to cancel the Stock Options:

The Company may cancel, for no consideration, any Stock Option in the following cases:

(a) The general meeting of the shareholders resolves to approve (i) any merger agreement pursuant to which the Company shall cease to exist, or (ii)

any share exchange or share transfer pursuant to which the Company shall become a wholly-owned subsidiary of another company; or

(b) The Stock Options are non-exercisable due to the rights holder's failure to satisfy any of the conditions for exercise of Stock Options.

(9) Restriction on the transfer of Stock Options:

Any transfer of Stock Options shall require the approval of the Board of Directors of the Company.

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