



## News Release

### *Elpida and PSC Sign Agreement to establish DRAM Joint Venture in Taiwan*

**Taipei, Taiwan and Tokyo, Japan December 7, 2006** – Elpida Memory, Inc. and Powerchip Semiconductor Corp.(PSC) jointly announce that both parties will establish a new joint venture company to operate DRAM fabrication facilities in Central Taiwan Science Park with a total planned capacity of 240,000 12” wafers per month, making this site the largest concentration of 12” DRAM fabrication facilities in the world. At the same time, both parties have also agreed to jointly develop a part of next generation process technology. Through manufacturing and development collaborations, the alliance between Elpida and PSC will help combine the strengths of the Japanese and Taiwanese DRAM industries, where both parties will be in an excellent position to collectively strive for the number one position in the DRAM industry.

On December 7 in Taipei, Elpida and PSC held a Joint Venture/Development MOU Signing Ceremony, with Dr. Frank Huang Chairman of PSC and Yukio Sakamoto President and CEO of Elpida presiding over the ceremony. Both parties initially will jointly invest 40 Billion NTD to establish the new venture, where the new venture will then obtain PSC’s current 12” fabrication facility in Taichung Houli Science Park, which is currently under construction. In addition to PSC investing capital PSC will also allocate human resources for a part of Elpida’s next generation DRAM process technology development, thus allowing both parties to enjoy the benefits of joint development.

Dr. Huang mentioned that, despite Singapore, China, and Japan’s active pursuit as well as attractive packages for such a large scale investment, Elpida still decided on Taiwan for its JV location, reflecting the importance of the strong successful relationship between Elpida and PSC. Through this type of cooperation, PSC will not only be able to rapidly expand its DRAM manufacturing scale, but at the same time will be ready to secure next generation process technology. Being able to join Elpida’s development activities and share the technology, large capacity, as well excellent operation efficiencies will further cement

PSC's position as a world class memory solution company.

“Now is the time for us to make our move into PC DRAM production to be the number one player in the DRAM industry,” said Yukio Sakamoto. “We have decided to do so because we have gained credibility for our advanced DDR2 SDRAM backed up by the high productivity at our E300 fab in Hiroshima. Moreover, we are very confident in our 70nm process technology, soon to be in mass production in our E300 fab. We are very happy to be able to transfer this new technology to ramp up our new joint fab.” Yukio Sakamoto also expressed that a combination of Elpida's state-of-the-art technology and PSC's cost competitiveness in the DRAM production will surely bring this JV outstanding production capabilities to supply high quality DRAM products at competitive prices.

Elpida and PSC's Taiwan Joint Venture in Central Taiwan Science Park will act as DRAM manufacturing base of operations, which will eventually become four 12” DRAM fabrication facilities with a combined capacity of 240,000 wafers per month. Currently the first fab under construction will have a capacity of 60,000 12” wafers per month where the clean room is now being installed. In Q2 of 2007, equipment will be installed and in Q3 mass production will begin on Elpida's 70nm process technology where the first stage capacity will reach 30,000 12” wafers per month. Basically this capacity will be split equally between the two largest shareholders. As a result of Elpida and PSC's investment of capital, technology, and human resources the newly formed joint venture will rapidly have mass production economies of scale, technology and will establish Elpida and PSC as a major players in the worldwide DRAM industry.

#### **About Powerchip Semiconductor Corp.**

Established in December 1994 in Taiwan Hsinchu Science Park, Powerchip Semiconductor Corp. (5346.TWO), focuses on the production and marketing of DRAM (Dynamic Random Access Memory) products. In 1998, PSC was listed publicly. As of 2006, PSC has three 12” (300mm) fabs and one 8” (200mm) fab, over 6,200 employees, and capital of over 62 billion NTD. Ever since its foundation, PSC has developed long term strategic relationships with Japanese High-Tech firms. With Elpida and Renesas as its strategic partners, PSC develops the most advanced products including DRAM, Flash and System LSI and foundry products. PSC achieved annual revenue of 51.611 Billion NTD in 2005. For further information, please visit <http://www.psc.com.tw>

**About Elpida Memory, Inc.**

Elpida Memory, Inc., (Tokyo Stock Exchange Code 6665), is a leading manufacturer of Dynamic Random Access Memory (DRAM) silicon chips. Our design, manufacturing, and sales operations are backed by our world class technology expertise. Our manufacturing facilities, Hiroshima Elpida Memory, Inc. (front-end processes) and Akita Elpida Memory, Inc. (back-end processes), utilize the most advanced manufacturing technologies available in the industry. Further, we have customer sales and marketing support offices in Japan, North America, Europe, Taiwan and Singapore including our new location servicing Shanghai China. Elpida's portfolio of advanced products features such characteristics as high-density, high-speed, low power and small packing profiles. We provide applications across a wide range of areas, including high-end servers, mobile phones and digital consumer electronics. For more information about Elpida, please visit

<http://www.elpida.com>

*Information in this news release is current as of the timing of the release, but may be revised later without notice.*

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