



FOR IMMEDIATE RELEASE

Elpida Reports Preliminary Financial Results for the 1H of FY 2008

TOKYO, JAPAN, October 14, 2008 – Elpida Memory, Inc. (Elpida), Japan's leading global supplier of Dynamic Random Access Memory (DRAM), today reported preliminary financial results for the 1H of fiscal year 2008, which ended on September 30, 2008. The company also announced that its plan to release final results on October 30 has been changed to November 6.

1. 1H FY 2008 (April 1, 2008 to September 30, 2008) preliminary consolidated business results

	(Billion JPY)			
	Net sales	Operating income (loss)	Ordinary income (loss)	Net income (loss)
Preliminary 1H-FY2008 Results (a)	223.0	(40.0)	(46.0)	(46.0)
1H-FY2007 Results (b)	221.0	9.9	3.8	17.8
Increase/decrease (a-b)	2.0	(49.9)	(49.8)	(63.8)
Increase/decrease (%)	+0.8%	—	—	—
1Q-FY 2008 Results (reference)	109.2	(15.6)	(15.4)	(13.8)

2. Overview of Earnings Estimates and Future Policies

Prices for Computing DRAM products (for PCs and servers) continued to fall in the 1H. Excess market supply since the beginning of 2007 and a fall in demand triggered by the recent sudden global financial turmoil affected pricing. In the 2Q the average spot price for 1-Gigabit 667MHz DDR2 SDRAM, now a leading PC DRAM chip, was down about 20%* compared with the previous quarter.

Despite this environment Elpida was able to expand sales of its relatively price-stable Premier DRAMs (for mobile equipment and digital consumer electronics) to keep the decline in average prices down to 8% QoQ. However, since PC DRAM sales prices continued to run well below full manufacturing costs Elpida expects to record 2Q losses that are above its 1Q losses.

Given the risk of these pricing conditions remaining in place for an extended period Elpida has cut 10% of production (the portion based on 90nm process technology) at its Hiroshima Plant since September. Meanwhile, the company plans to move ahead with an unchanged current fiscal year plan of spending 120 billion yen on capex and capital investments to reduce chip costs through process migration. Elpida will finance the planned capex and investments through a credit facility of 110 billion yen consisting of term loans with a commitment period, of which 100 billion yen was withdrawn today[1]. The company plans to draw on the remaining 10 billion yen by the end of October, 2008.

Also, in preparation for an eventual recovery in DRAM prices and for future opportunities to use its competitive strengths to consolidate its position in the DRAM industry, Elpida today

decided to offer unsecured convertible bonds with stock acquisition rights in order to strengthen its financial base. [2]

Currently, spot prices for leading DRAM chips are trading at below half of one US dollar. Elpida, however, believes that by leveraging its technology superiority it can turn severe market conditions into an opportunity to secure a stronger competitive position over the long term within the DRAM industry.

* Source: DRAMeXchange

[1] For details please see today's news release titled "Elpida Raises JPY 110 billion through Long-term Credit Facility."

[2] For details please see today's news release titled "Announcement on the Issuance of 1st Series Unsecured Convertible Bond Type Bonds with Stock Acquisition Rights (with Conversion Price Amendment Clause) to be Offered by Third-Party Allocation". The securities offered have not been and will not be registered under the United States Securities Act of 1933 and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements.

[References]

	1Q-FY 08 (Actual)	2Q-FY 08 (Estimate)	
		New (October 14)	Previous (August 7)
QoQ bit growth	26%	13%	10%
QoQ ASP change	-3%	-8%	-
Depreciation and amortization	JPY 25.5 bn	JPY 26.2 bn	JPY 26.0 bn
Selling, general and administrative expenses	JPY 14.6 bn	JPY 16.5 bn	JPY 15.0 bn

	1H-FY 08 (Estimate)
YoY bit growth	121%
YoY ASP change	-47%

Forward-looking Statements

Forecasts included in this document are forward-looking statements that are based on management's view from the information available at the time of this Report. These statements involve risks and uncertainties. Actual results may be materially different from those discussed in the forward-looking statements. The factors that may affect Elpida include, but are not limited to, changes in the DRAM market and industry environment, changes in technologies and design, problems related to its supply of key material and equipment, loss of or decreased demand from key customers, changes in exchange rates, general economic conditions and natural disasters. Elpida disclaims any obligation to update or, except in the limited circumstances required by the Tokyo Stock Exchange, announce publicly any revision to any of the forward-looking statements.

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