



## News Release

### FOR IMMEDIATE RELEASE

#### **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**

**TOKYO, JAPAN, October 14, 2008** - Elpida Memory, Inc. (the “Company”), Japan’s leading global supplier of Dynamic Random Access Memory (DRAM), today announced that our board of directors resolved to issue JPY 50 billion 1st Series Unsecured Convertible Bond Type Bonds with Stock Acquisition Rights to be offered by third-party allocation at the board meeting on October 14, 2008 (the “**Bonds with Stock Acquisition Rights**”), with the following details.

1. Purpose of offering of the Bonds with Stock Acquisition Rights

<Principal Purpose of Finance>

Under the Company philosophy stating “Elpida Memory, Inc. aims to become the world’s No. 1 DRAM company that contributes to the digital information society by providing advanced, highly functional, high-performance DRAM products while maintaining cost competitive operations”, the Company is working to expand its business as a leading advanced DRAM manufacturer in the world, as well as in Japan.

While strong cost competition for survival in the current DRAM industry, triggered by the sharp drop of product prices against the backdrop of global recession concern due to sub-prime mortgage crisis in the U.S., as well as unfavourable demand-supply relationship, makes the Company and competitors to engage in fierce competition in cost reduction, the Company believes that it is turning out clearer distinction of expected winners and losers in the next generation products, as a result of the fierce competition of development of advanced technology and appropriateness of each company’s business strategy. The Company recognises that it has the development capability of advanced technology and cost competitiveness to outperform the competitors, and the current tough business environment is a strong catalyst of the industry’s structural reform and shakeout. From this viewpoint, the Company believes that the most critical business challenge today is when to decide

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on the next measures to ensure the Company's competitive position, how to strengthen the financial ground to support such measures, and prepare for the future investment in the current difficult environment.

In light of such situations, the Company decided to make a strategic move to be able to further advance with stronger competitiveness upon recovery of the DRAM market in future, and resolved the issuance of the Bonds with Stock Acquisition Rights to strengthen its financial ground at this timing.

The Company intends to use the proceeds of the issuance of the Bonds with Stock Acquisition Rights principally for cost reduction: 25 billion yen for capital expenditures for implementation of finer process technologies in the manufacturing process of semiconductors (for building up of 65nm process with a view to introduction of 50nm process products) at Hiroshima Plant, and approximately 25 billion yen for investment in Rexchip Electronics Corporation, the Company's equity method affiliate in Taiwan ("**Rexchip**") (for implementation of finer process technologies for manufacturing of 50nm process products (with capacity to manufacture 40,000 wafers per month)). The Company believes that that the capital expenditures for Hiroshima Plant and investment in Rexchip contribute to strengthening cost competitiveness and ensuring high profitability and ultimately to improving the Company's growth potential, through the early establishment of commercial production of 65nm and 50nm process products, the latter being the industry's leading-edge technology.

The Bonds with Stock Acquisition Rights to be issued are designed to facilitate conversion into shares, as the conversion price will be changed as appropriate and it is to be agreed in the Purchase Agreement with a subsidiary company of a securities group in Japan (please see "7. Reason for Selection of Purchaser, etc." below), the Purchaser, that in principle a prescribed amount of the Bonds with Stock Acquisition Rights (five billion yen of the principal amount) will be converted each month, as described in <Merchantability of Bonds with Stock Acquisition Rights> below. Further, the gradual conversion into shares may generate an effect similar to a gradual capital increase through more than one issuance of shares, which would minimize the impact on share price. The Company believes early conversion into shares promotes strengthening of the financial ground to support future growth.

<Merchantability of Bonds with Stock Acquisition Rights>

Upon issuance of the Bonds with Stock Acquisition Rights, a steady capital increase is expected due to (i) the conversion price revision clause, by which the conversion price will be changed each month to the price equivalent to 93% of the then share price, (ii) the agreement with the Purchaser

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of the Bonds with Stock Acquisition Rights, that in principle a prescribed amount of the bonds (five billion yen of the principal amount) will be converted each month, and (iii) the acquisition clause under which in principle all the Bonds with Stock Acquisition Rights outstanding as of the trading day immediately preceding the maturity date will be converted into shares. Since the degree of dilution of shares depends on the share price movement after the issuance (if the share price goes up, the degree of dilution decreases and if the share price goes down, the degree of dilution increases), the Company has a call option to accelerate redemption at its discretion regardless of the share price. This means that the Company can flexibly review capital policy in cases such as when the dilution is expected to proceed at a higher pace than previously forecasted, due to unexpected sharp drop of its share price or other factors.

<Why the Company has chosen the Bonds with Stock Acquisition Rights>

After reviewing various types of financing tool, the Company has concluded that the issuance of the Bonds with Stock Acquisition Rights is currently the best option, in consideration of the following factors:

- (i) third-party allocation would enable flexible and timely financing;
- (ii) gradual and steady capital increase is expected as it is to be agreed with the Purchaser of the Bonds with Stock Acquisition Rights, that in principle a prescribed amount of the bonds (five billion yen of the principal amount) will be converted each month, and also an acquisition clause is attached under which in principle all the Bonds with Stock Acquisition Rights outstanding as of the trading day immediately preceding the maturity date will be converted into shares;
- (iii) timing and price of the conversion will be diversified, which would mitigate the impact on the share price in comparison to the capital increase at market price through issuance of a number of shares at one time;
- (iv) debt cost can be reduced since the coupon of the Bonds with Stock Acquisition Rights is zero;
- (v) if the share price rises after the issuance due to factors such as growing recognition among investors of the Company's competitive advantage, dilution may be slowed and the effect incurred by the existing shareholders would be reduced; and
- (iv) flexibility of the Company's capital policy is deemed to increase as, if the share price declines after the issuance and the Company thinks that its capital policy needs to be changed in light of the situation at that time, the Company can accelerate redemption at its own discretion.

## 2. Amount and Use of Proceeds

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(1) Amount of proceeds (estimated net proceeds)  
49,978,000,000 yen

(2) Actual use of proceeds

Out of the estimated proceeds of 49,978,000,000 yen, the Company intends to appropriate 25 billion yen for capital expenditures for implementation of finer process technologies in the manufacturing process of semiconductors (for building up of 65nm process with a view to introduction of 50nm process products) at Hiroshima Plant, and 24,978 million for investment in Rexchip (for implementation of finer process technologies for manufacturing of 50nm process products (with capacity to manufacture 40,000 wafers per month)).

By building up the process of manufacturing 65nm products at Hiroshima Plant, the Company can improve functionality and reduce cost of DRAM products for use in mobile devices and digital consumer electronics, which are the Company's main products. At the same time, the shrunken version of 65nm process products for use in servers and PCs may deliver 20% more chips from a single 300mm wafer than the conventional 65nm process products (and approximately 60% more chips compared with wafers for 70nm process products of the former generation). Accordingly, the Company believes that the chip cost competitiveness of this shrunken version of 65nm process products is no weaker than the 50nm process products that were recently announced in the industry, in light of expected increase of capital expenditures and other cost per wafer for the next generation 50nm process.

In addition, higher performance and lower cost can be achieved with the proprietary 50nm process products to be manufactured at Rexchip Electronics Corporation, as their chip size will be less than 40mm<sup>2</sup> and productivity is expected to further increase, by approximately 50% more than the shrunken version of 65nm process products.

These investments would increase the possibility of significant cost reduction and high functionality that outperform the competitors, which would secure the Company's leading position in the industry.

(3) Timing of expenditure of proceeds

investment in Rexchip: targeted around the first half of the year ending March 2010

capital expenditures at Hiroshima Plant: the second half of the year ending March 2010

The Company will manage the proceeds in an appropriate timing and manner with low risk, until appropriation for the above purposes.

(4) The Company's view on rationality of use of proceeds

The purpose of this finance is to use the proceeds for capital expenditures and investment towards

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building up of 65nm process and commercial production of 50nm process DRAM. Based on the expectation that such manufacturing and production would strengthen its profit structure through cost reduction and enhance its corporate value to ensure survival in the competition in the current difficult business environment, the Company concluded it is appropriate to raise the necessary funds through equity finance, which would also contribute to enhancement of shareholder value in the long term.

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3. Results and Equity Finance over the Past Three Years

(1) Results over the past three years (consolidated basis) (Unit: million yen)

Accounting period	Year ended March 2006	Year ended March 2007	Year ended March 2008
Net sales	241,554	490,039	405,481
Operating profit	144	68,420	▲24,940
Ordinary profit	▲3,076	63,636	▲39,623
Net profit	▲4,708	52,943	▲23,542
Net profit per share (in yen)	▲48.81	444.00	▲181.58
Dividend per share (in yen)	-	-	-
Net assets per share (in yen)	1,977.69	2,930.92	2,679.57

(2) Current number of issued and outstanding shares and potential shares (as of October 14, 2008)

Type	Number of shares	Ratio to number of issued and outstanding shares
Total number of issued and outstanding shares	129,813,600 shares	100%
Total number of potential shares under the current conversion price (exercise price)	3,165,600 shares	2.4%
Total number of potential shares under the minimum conversion price (exercise price)	-	-
Total number of potential shares under the maximum conversion price (exercise price)	-	-

(Note) The number of potential shares above is the number of the underlying shares of the Company's stock option programme. The exercise price of the stock options has been fixed.

(3) Number of issued and outstanding shares and potential shares after this equity finance

Type	Number of shares	Ratio to number of issued and o u t s t a n d i n g s h a r e s
Total number of issued and outstanding shares (as of October 14, 2008)	129,813,600 shares	100%
Total number of potential shares under the initial conversion price	-	-

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Total number of potential shares under the minimum conversion price	–	–
Total number of potential shares under the maximum conversion price	–	–

(Note) The “Total number of potential shares” and the “Ratio to number of issued and outstanding shares” are not shown because the initial conversion price, minimum conversion price or maximum conversion price is not fixed as of October 14, 2008.

(4) Recent share price

(i) Share price range in the past three years

	Year ended March 2007	Year ended March 2008	Year ending March 2009
Start	4,370 yen	4,830 yen	3,410 yen
High	6,660 yen	5,870 yen	4,430 yen
Low	4,090 yen	2,715 yen	1,121 yen
End	4,570 yen	3,320 yen	1,383 yen

(Note) The prices shown for the year ending March 2009 are as of October 14, 2008.

(ii) Share price range in the past six months

	May	June	July	August	September	October
Start	3,760 yen	3,920 yen	3,420 yen	3,020 yen	2,340 yen	1,980 yen
High	4,200 yen	4,430 yen	3,510 yen	3,240 yen	2,420 yen	2,015 yen
Low	3,630 yen	3,380 yen	2,970 yen	2,285 yen	1,736 yen	1,121 yen
End	3,890 yen	3,400 yen	3,090 yen	2,380 yen	1,919 yen	1,383 yen

(Note) The prices shown for October are as of October 14, 2008.

(iii) Share price on the resolution date

	(as of October 14, 2008)
Open	1,330 yen
High	1,383 yen
Low	1,282 yen
Close	1,383 yen

(5) Outline of this equity finance

- Issuance of the 1st series unsecured convertible bond type bonds with stock acquisition rights (with conversion price revision clause) to be offered by third-party allocation

Issue date	November 4, 2008
Amount of proceeds	49,978,000,000 yen (estimated net proceeds)
Number of issued and outstanding shares at the time of offering	129,813,600 shares
Number of potential shares created by the offering	–
Purchaser	a subsidiary company of a securities group in Japan

(Note) The “Number of potential shares created by the offering” is not shown because the initial conversion

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price, minimum conversion price or maximum conversion price is not fixed as of October 14, 2008.

(6) Equity finance in the past three years

▪ Capital increase by public offering (offering to general public)

Issue date	July 19, 2006
Amount of proceeds	124,214,000,000 yen (issue price: 4,154.2 yen) (estimated net proceeds)
Number of issued and outstanding shares at the time of offering	96,627,400 shares
Number of shares issued through offering	30,000,000 shares
Initial use of proceeds	capital expenditures for purposes including purchase of E300 fabrication facility of semiconductors at Hiroshima Elpida Memory, Inc.
Expected timing of expenditure	year ended March 2007 and year ended March 2008
Current status of appropriation	used for capital expenditures for purposes including purchase of E300 fabrication facility of semiconductors at Hiroshima Elpida Memory, Inc.

▪ Capital increase by third-party allocation (allocation for secondary offering through over-allotment)

Issue date	August 15, 2006
Amount of proceeds	9,539,160,000 yen (issue price: 4,154.2 yen) (estimated net proceeds)
Number of issued and outstanding shares at the time of offering	126,643,800 shares
Number of shares issued through the offering	2,300,000 shares
Purchaser	Nomura Securities Co., Ltd.
Initial use of proceeds	Capital expenditures for purposes including purchase of E300 fabrication facility of semiconductors at Hiroshima Elpida Memory, Inc.
Expected timing of expenditure	year ended March 2007 and year ended March 2008
Current status of appropriation	used for capital expenditures for purposes including purchase of E300 fabrication facility of semiconductors at Hiroshima Elpida Memory, Inc.

4. Large Shareholders and Shareholding Ratios

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Before the offering (as of March 31, 2008)	
The Master Trust Bank of Japan, Ltd. (trust account)	12.76%
Japan Trustee Services Bank, Ltd. (trust account)	12.29%
Mizuho Trust Retirement Benefit Account on behalf of Hitachi, Ltd. with Sub-trustee of Trust & Custody Services Bank, Ltd.	9.86%
NEC Corporation	5.96%
Japan Trustee Services Bank, Ltd. (trust account 4)	3.20%
Chuo Mitsui Asset Trust and Banking Company, Limited as trustee of independently designated money trust (one account)	2.20%
Trust & Custody Services Bank, Ltd. (trust Y account)	2.00%
Trust & Custody Services Bank, Ltd. (specified money trust account for pension fund)	1.97%
Canon Inc.	1.39%
JPMorgan Chase Bank 380055	1.37%

Please note that “Large Shareholders and Shareholding Ratios” list that reflects the potential shares created by this offering is not shown because the long-term holding is not agreed with the Purchaser.

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5. Outlook of Effect on Results

The Company believes the use of proceeds of this offering for the purposes described in 2. (2) above will improve its profitability as well as financial structure.

6. Rationality of Issue Terms, etc.

(1) Basis for judgment that the issue terms are rational

With the Bonds with Stock Acquisition Rights, the Company can expect the economic effect similar to gradual capital increase through more than one issuance of shares, because (i) it is to be agreed with the Purchaser that in principle a prescribed amount of the Bonds with Stock Acquisition Rights (five billion yen of the principal amount) will be converted each month, and also an acquisition clause is attached under which in principle all the Bonds with Stock Acquisition Rights outstanding as of the trading day immediately preceding the maturity date will be converted into shares, and (ii) due to regular revision of the conversion price, the probability of conversion is higher than other bonds with stock acquisition rights regardless of share price movement after the issuance, while ensuring frequent capital increase by public offering with diversified timing. In addition to such effect, with this scheme the total proceeds of the bonds will be paid to the Company at the time of issuance.

Based on the above characteristics of the Bonds with Stock Acquisition Rights, the Company concluded that the issue terms of the stock acquisition rights attached thereto (discount ratio to the share price at the time of revision of the conversion price, maturity, interest rate, etc.) are rational, in consideration of the factors such as the adequate level of issue spread (spread between issue price and market price of the pricing date) that can be assumed for a similar size of capital increase by public offering of shares, and the credit cost to be incurred by the bondholders.

(2) Basis for judgment that the issue amount and extent of dilution are rational

The Company judged that the issue amount of the Bonds with Stock Acquisition Rights is not too large to affect the market excessively, because the Company's shares have had an average daily turnover of 5,800 million yen in the past year as compared to the total issue amount of 50,000 million yen of the Bonds with Stock Acquisition Rights, and the Bonds with Stock Acquisition Rights are callable at the option of the Company.

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7. Reason for Selection of Purchaser, etc.

(1) Description of the Purchaser (as of March 31, 2008)

(i)	Trade name			
(ii)	Business	investment in securities		
(iii)	Incorporation date	December 21, 1993		
(iv)	Location of headquarters	Cayman Islands		
(v)	Title and name of representative person			
(vi)	Amount of capital	171,461,500 yen		
(vii)	Number of issued and outstanding shares	1,600,000 shares		
(viii)	Net assets	2,212 million yen		
(ix)	Total assets	2,213 million yen		
(x)	Accounting date	March 31		
(xi)	Number of employees	0		
(xii)	Main trade counterparty			
(xiii)	Large Shareholders and Shareholding Ratios	wholly owned subsidiary of holding company for a securities group in Japan: 100%		
(xiv)	Main bank	not applicable		
(xv)	Relationship, etc. between the listed company and the Purchaser	c a p i t a l relationship	number of the Company's shares held by the Purchaser: nil number of the Purchaser's shares held by the Company: nil	
		T r a d i n g relationship	not applicable	
		P e r s o n n e l relationship	not applicable	
		r e l e v a n t situation in relation to the related p a r t i e s	not applicable	
(xvi)	Results in the past three years			
	Accounting period	Year ended March 2006	Year ended March 2007	Year ended March 2008
	Operating Income (in million yen)	93	▲ 2	90
	Operating profit (in million yen)	▲ 60	▲ 25	90
	Ordinary profit (in million yen)	▲ 60	▲ 25	80

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Net profit (in million yen)	▲ 60	▲ 25	80
Net profit per share (in yen)	▲ 33	▲ 16	50
Dividend per share (in yen)	0	0	0
Net assets per share (in yen)	1,348	1,333	1,383

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(2) Reason for Selection of Purchaser

The Purchaser is, as described in above 7. Reason for Selection of Purchaser, etc. (1) Description of the Purchaser, a subsidiary company of a securities group in Japan which has (i) a large investor base in Japan and overseas, (ii) significant experience in similar type of finance transactions and (iii) a high capability to develop products and make proposals to offer the schemes that satisfy the needs of issuers of securities. Accordingly, the Company is planning to allot the Bonds with Stock Acquisition Rights to the Purchaser, on the expectation that the stock acquisition rights attached to the Bonds with Stock Acquisition Rights can be smoothly exercised in accordance with various demands of institutional and other investors for the Company's shares, and capital increase can be achieved with consideration to the possible impact on the share price.

This allotment is to be made on assumption of purchase by the Purchaser, whose group company members include a member of Japan Securities Dealers Association, and this offering is to be made in accordance with "Regulations Concerning Dealing with MSCB, etc. by Members" of Japan Securities Dealers Association.

(3) Purchaser's holding policy and restrictions on conversion (exercise)

The Company intends to enter into agreement with the Purchaser, with provisions including that (i) the Purchaser will exercise a prescribed amount of stock acquisition rights attached to the Bonds with Stock Acquisition Rights (equivalent of five billion yen of the principal amount of the bonds) each month except for the cases such as when the Determination Price specified in Clause 15 (6) of the attached Terms and Conditions (the "**Conditions**") falls below the Minimum Conversion Price specified in the same Clause (please see (5) below for details), and (ii) the Purchaser will not transfer the Bonds with Stock Acquisition Rights to a third party without consent of the Company by board resolution, except transfer to a specified affiliate or to a trust bank for the specified affiliate to set up a trust to manage and dispose of the securities including the Bonds with Stock Acquisition Rights, on conditions such as compliance with the undertakings the Purchaser is required to make (please see (6) below for details). The Purchaser and the specified affiliate intend to sell the Company's shares to be delivered as a result of exercise or as consideration of acquisition of the stock acquisition rights attached to the Bonds with Stock Acquisition Rights, in an appropriate timing and manner.

As a restrictive measure on conversion or exercise by purchasers of MSCB, etc. pursuant to Article 435, paragraph 2 of the Listing Regulations of the Tokyo Stock Exchange and Article 436, paragraphs 1 through 5 of the enforcement rules thereof, the Company will, following the "Regulations Concerning Dealing with MSCB, etc. by Members" of Japan Securities Dealers Association, ensure that the Purchaser will not make exercise of stock acquisition rights as a result of which the number of shares to be acquired during the calendar month of the exercise would exceed

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10% of the number of the Company's listed shares as of the payment date of the Bonds with Stock Acquisition Rights (the "**Excessive Exercise**") unless the prescribed exemption provision applies, and will agree with the Purchaser not to make the Excessive Exercise.

(4) Agreement on stock lending

There is no plan to execute a stock lending agreement with respect to this transaction, between a Special Interested Party (as defined in Article 1, paragraph 1, item 31 (a) of the Cabinet Office Ordinance Concerning Disclosure of Business Enterprise's Conditions and Other Matters) and the Purchaser.

The Company intends to agree with the Purchaser that it will not borrow shares to carry out short selling in relation to this purchase transaction, for purposes other than to sell the shares of the issuer's common stock received as a result of exercise or as consideration of acquisition of the stock acquisition rights attached to the Bonds with Stock Acquisition Rights.

(5) Obligation of Purchaser to exercise the stock acquisition rights

The Company intends to agree with the Purchaser on the following matters.

- The Purchaser shall exercise at least five stock acquisition rights (or, if the number of the outstanding stock acquisition rights as of the first date of the Agreed Exercise Period defined below is less than five, the outstanding number thereof) attached to the Bonds with Stock Acquisition Rights (the "**Stock Acquisition Rights**"), for each period (the "**Agreed Exercise Period**") starting from the fourth trading day after the Determination Date specified in Clause 15 (6) of the Conditions (the "**Determination Date**") (inclusive) and ending on the third trading day (inclusive; the "**Exercise Date**") after the following Determination Date (the "**Exercise Base Date**"), to the extent it does not breach the restrictions related to the Excessive Exercise. However, if all or a part of the Bonds with Stock Acquisition Rights are transferred, the Stock Acquisition Rights exercised by the transferee shall be deemed as having been exercised by the Purchaser, in relation to its obligation under this Clause 7. (5). The Purchaser may decide at its discretion how many Stock Acquisition Rights it exercises on which date, as long as it exercises the number of Stock Acquisition Rights as provided above during each Agreed Exercise Period. However, in any of the following cases, the Purchaser is not obliged to exercise the above number of Stock Acquisition Rights, for the relevant Agreed Exercise Periods for the Exercise Date or the Exercise Dates after the relevant date, as the case may be:
  - (i) if the amount equal to 93% of the average daily closing price of normal trading of the shares of the Company's common stock on the Tokyo Stock Exchange, Inc. of any consecutive five trading days to the Exercise Base Date for the

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relevant Exercise Date (inclusive) (excluding the days when the closing price (including the indicative price) is not available, and if the Exercise Base Date is not a trading day, consecutive five trading days to the trading day immediately before the Exercise Base Date) (the amount shall be calculated to the first decimal place and rounded up to the nearest yen) falls below the Minimum Conversion Price (the “**Minimum Conversion Price**”) specified in Clause 15 (6) of the Conditions, the Agreed Exercise Period for the relevant Exercise Date;

- (ii) if the issuer adopts a resolution at its general meeting of shareholders to approve the Organisational Restructuring specified in Clause 13 (2) of the Conditions, the Agreed Exercise Periods for the Exercise Dates on or after the date when the above resolution is adopted; or
- (iii) if the daily closing prices of normal trading of the shares of the issuer's common stock fall below the Minimum Conversion Price as specified in Clause 13 (5) (i) of the Conditions, the Agreed Exercise Periods for the Exercise Dates on or after the date when the above event occurs.

(6) Restrictions on transfer and assumption of obligations by the Purchaser and purchasers

The Company intends to agree with the Purchaser on the following matters:

- (i) the Purchaser shall not transfer the Bonds with Stock Acquisition Rights to a third party (other than a specified affiliate) without consent of the Company by board resolution;
- (ii) the Purchaser may transfer the Bonds with Stock Acquisition Rights to a specified affiliate of the Purchaser without restriction; however, in such case, the specified affiliate of the Purchaser (a) shall not transfer the Bonds with Stock Acquisition Rights to a third party (other than the trustee of the trust for management and disposal of securities (if it is set up)) without consent of the Company, (b) shall comply with the obligations under Clauses 7. (3), (5) and (6)(i) above and, if it sets up a trust for management and disposal of securities, shall procure the trustee of the trust comply with the above Clauses and shall not transfer the beneficial interest to a third party; and
- (iii) if the Purchaser transfers the Bonds with Stock Acquisition Rights to a third party with consent of the Company under Clause 7. (6) (i) above, the Purchaser shall make the transferee to undertake to comply with the obligations under Clauses 7. (3), (5) and (6)(i) above; and if the transferee further transfers the Bonds with Stock Acquisition Rights to another third party, the transferee shall make the new transferee to undertake to comply with the similar obligations.

The effectiveness of Clauses 7.(3) and (5) to be agreed with the Purchaser will be ensured through these provisions.

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The Company will also have a third party that receives the Bonds with Stock Acquisition Rights from the Purchaser (other than the specified affiliate and the trustee specified in Clause 7. (6) (ii) above) undertake to comply with the obligations under Clauses 7. (3), (5) above and this Clause 7. (6).

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November 4, 2008

11. Allotment Date of the Stock Acquisition Rights

November 4, 2008

12. Subscription Period

November 4, 2008

13. Redemption Method and Due Date

- (1) All the Bonds shall be redeemed at 100 yen per face value of 100 yen on November 4, 2009.
- (2) If the Company adopts a resolution at its general meeting of shareholders to approve its merger with another company in which the Company will be the merging company or a share-for-share exchange or a stock transfer in which the Company will be a wholly owned subsidiary (the “**Organisational Restructuring**”) after the issuance of the Bonds with Stock Acquisition Rights, the Company shall accelerate the redemption of all (but not some only) of the outstanding Bonds at 100 yen per face value of 100 yen on or before the effective date of the Organisational Restructuring. In such case, the Company shall notify the bondholders of the Bonds with Stock Acquisition Rights at least one month prior to the redemption date.
- (3) If the Company adopts a resolution at its general meeting of shareholders (or, if approval of a general meeting of shareholders is not required, its Board of Directors) to approve an absorption-type corporate split or an incorporation-type corporate split after the issuance of the Bonds with Stock Acquisition Rights, the bondholders of the Bonds with Stock Acquisition Rights shall, at their discretion, have a right to request the Company to accelerate the redemption of all or part of the Bonds held at 100 yen per face value of 100 yen by giving prior notice to the Company on or before the day two weeks prior to the effective date of the absorption-type corporate split or the incorporation-type corporate split and delivering the certificates of the Bonds with Stock Acquisition Rights to the Redemption Money Payment Office specified in Clause 20 (the “**Redemption Money Payment Office**”).
- (4) After the issuance of the Bonds with Stock Acquisition Rights, the Company may, at its discretion, accelerate the redemption of all (but not some only) of the outstanding Bonds by giving prior notice to the bondholders of the Bonds with Stock Acquisition Rights on or before the third Friday in every month (if the third Friday falls on a banking holiday, the immediately preceding banking day) at 101 yen per face value of 100 yen on the first Friday in the following month.
- (5) (i) If the closing prices of normal trading of shares of the Company’s common stock (the “**Shares**”) on the Tokyo Stock Exchange, Inc. for any consecutive 20 trading days (excluding the days when the closing price (including the indicative price; hereinafter the same) is not available) after the issuance of the Bonds with Stock Acquisition Rights including and until October 2, 2009 fall below the Minimum Conversion Price specified in Clause 15 (6), the Company shall accelerate the redemption of all (but not some only) of the outstanding Bonds

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at 100 yen per face value of 100 yen on the 30th day from the trading day immediately following the last day of the relevant consecutive 20 trading days (the “**Early Redemption Date**”) by giving prior notice to the bondholders of the Bonds with Stock Acquisition Rights on or before the third trading day from the trading day immediately following the last day of the relevant consecutive 20 trading days (the “**Notice Date**”).

- (ii) Notwithstanding (i) above, if the Company notifies the bondholders of the Bonds with Stock Acquisition Rights that it does not wish to accelerate the redemption on or before the Notice Date and obtains written approval from all the bondholders on or before the day two weeks prior to the Early Redemption Date, it shall not be required to conduct the early redemption.
  - (6) If any date of redemption set forth in this Clause falls on a banking holiday, the date of redemption shall be advanced to the immediately preceding banking day.
  - (7) The Company may acquire the Bonds with Stock Acquisition Rights at any time after the issuance of the Bonds with Stock Acquisition Rights; provided that it may not acquire either the Bonds or the Stock Acquisition Rights only.
14. Number of the Stock Acquisition Rights Attached to the Bonds
- The number of the Stock Acquisition Rights attached to each Bond shall be one, and a total of 50 Stock Acquisition Rights shall be issued.
15. Terms and Conditions of the Stock Acquisition Rights
- (1) Type and calculation method of the number of shares underlying the Stock Acquisition Rights
- The type of shares underlying the Stock Acquisition Rights shall be the Shares and the number of Shares to be delivered by the Company upon Exercise Request (as defined in Clause 15 (2)) (the “**Number of Delivered Shares**”) shall be the largest integral number obtained by dividing the total issue price of the Bonds with respect to the Stock Acquisition Rights for which an Exercise Request is made by the conversion price as specified in Clause 15 (5) (as revised or adjusted pursuant to Clauses 15 (6) through (10)).
- (2) Exercise period of the Stock Acquisition Rights
- The holders of the Stock Acquisition Rights may exercise (the “**Exercise Request**”) the Stock Acquisition Rights at any time from November 5, 2008 to November 2, 2009 (the “**Exercise Period**”); provided that the Exercise Period shall be (i) if the Company accelerates the redemption of the Bonds pursuant to Clause 13 (2), (4) or (5), up to the banking day immediately prior to the redemption date and (ii) if the Bonds become immediately due and payable pursuant to Clause 17, then up to the time when the Bonds become so due and payable. In any case, the holders may not exercise the Stock Acquisition Rights after November 2, 2009.
- (3) Conditions for exercise of Stock Acquisition Rights
- Partial exercise of the Stock Acquisition Rights shall not be permitted.
- (4) Description of assets to be contributed upon exercise of the Stock Acquisition Rights and value

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thereof

The assets to be contributed upon exercise of the Stock Acquisition Rights shall be the Bonds with respect to the relevant Stock Acquisition Rights and the value of the Bonds shall be equal to its issue price; provided that if the product of the Number of Delivered Shares multiplied by the conversion price as specified in Clause 15 (5) (as revised or adjusted pursuant to Clauses 15 (6) through (10)) falls below the total issue price of the Bonds with respect to the Stock Acquisition Rights for which an Exercise Request is made, the assets to be contributed upon exercise of the Stock Acquisition Rights shall be the Bonds excluding the difference and the value of the Bonds shall be the amount calculated by deducting the difference from the issue price of the Bonds. In the case of the proviso above, the difference shall be paid as redemption proceeds of the Bonds.

(5) Conversion Price

The conversion price shall initially be the average daily closing price (including the indicative price if the closing price is not available) of normal trading of the Shares on the Tokyo Stock Exchange, Inc. for three trading days from October 15, 2008 to October 17, 2008 (excluding any day on which the closing price is not available; the average shall be calculated to the first decimal place and rounded up to the nearest yen; the “**Initial Conversion Price**”), which is determined by the Board of Directors to be held on October 17, 2008.

(6) Revision of Conversion Price

After the issuance of the Bonds with Stock Acquisition Rights, on and after the trading day following the second Friday in each month (the “**Determination Date**”), the conversion price shall be revised to the amount equal to 93% of the average daily closing price of normal trading of the Shares on the Tokyo Stock Exchange, Inc. for five consecutive trading days including and until the Determination Date (excluding any day on which the closing price is not available and if the Determination Date is not a trading day, five consecutive trading days up to the trading day immediately preceding the Determination Date; the “**Market Value Calculation Period**”) (the amount shall be calculated to the first decimal place and rounded up to the nearest yen; the “**Determination Price**”). If the Determination Price is adjusted as provided for in Clause 15 (8) or (10) during the Market Value Calculation Period, the revised conversion price shall be adjusted to such price as the Company deems as appropriate pursuant to the terms and conditions of the Bonds with Stock Acquisition Rights. Notwithstanding the foregoing, if the Determination Price falls below the amount equal to 50% of the Initial Conversion Price (the amount shall be calculated to the first decimal place and rounded up to the nearest yen) (subject to adjustment under Clauses 15 (7) through (10); the “**Minimum Conversion Price**”) as a result of such calculation, the revised conversion price shall be the Minimum Conversion Price, and if the Determination Price exceeds the amount equal to 200% of the Initial Conversion Price (subject to adjustment under Clauses 15 (7) through (10); the “**Maximum Conversion Price**”) as a result of such calculation, the revised conversion price shall

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be the Maximum Conversion Price.

(7) Adjustment of Conversion Price

If there is or may be a change in the number of Shares after the issue of the Bonds with Stock Acquisition Rights due to any of the events set forth in Clause 15 (8), the Company shall adjust the conversion price by the following formula (the “**Adjustment Formula**”):

$$\begin{array}{rcl}
 \text{Adjusted Conversion Price} & = & \frac{\text{Number of Issued Shares} + \frac{\text{Number of Shares to be Delivered} \times \text{Purchase Amount per Share}}{\text{Market Price}}}{\text{Number of Issued Shares} + \text{Number of Shares to be Delivered}} \\
 \text{Conversion Price before Adjustment} & & 
 \end{array}$$

“Number of Issued Shares” means the number of issued and outstanding Shares less the number of Shares held by the Company plus the number of Shares that are deemed to be included in the “Number of Shares to be Delivered” pursuant to Clauses 15 (8) or (10) prior to the adjustment of the conversion price but that are not delivered, as of the record date, if fixed, to entitle the holders of Shares (the “**Shareholders**”) to receive allotment, or if such record date is not fixed, as of the day that is one month before the day on which the adjusted conversion price is applied. If a stock split of the Shares is to be made, the Number of Shares to be Delivered for use in the Adjustment Formula does not include the number by which the Shares held by the Company as of the record date increase.

(8) The events requiring the adjustment of the conversion price of the Bonds with Stock Acquisition Rights by the Adjustment Formula and the timing of application of the adjusted conversion price shall be as follows:

- (i) When a Share is delivered at a purchase amount lower than the market price provided for in Clause 15 (9) (ii) (unless it is delivered in exchange for acquisition of shares with call options exercisable by the issuer (*shutoku joukou tsuki kabushiki*), shares with put options exercisable by the shareholders (*shutoku seikyuuken tsuki kabushiki*) or stock acquisition rights with call options exercisable by the issuer (*shutoku joukou tsuki shinkabu yoyaku ken*) (including those attached to bonds with stock acquisition rights) or delivered upon conversion, exchange or exercise of stock acquisition rights (including those attached to bonds with stock acquisition rights) or other securities or rights by which delivery of the Shares may be requested):

The adjusted conversion price shall be applied on and after the day immediately following the payment date (or, if there is a payment period for the issue, the last day of such payment period; hereinafter the same) or, if there is a record date to entitle the Shareholders to receive allotment of shares, it shall be applied on and after the day immediately following such record date;

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- (ii) When a stock split or a gratis allotment of a Shares is made:

The adjusted conversion price shall be applied on and after the day immediately following the record date for the stock split of the Shares or the day immediately following the effective date of the gratis allotment of the Shares; provided that if a record date is fixed to entitle the Shareholders to receive gratis allotment of the Shares, it shall be applied on and after the day immediately following such record date;

- (iii) When the Company issues shares with put options exercisable by the shareholders which provide that, in exchange for the acquisition of such shares, the Shares will be delivered at a consideration lower than the market price provided for in Clause 15 (9) (ii) (including gratis allotment thereof), or the Company issues stock acquisition rights (including those attached to bonds with stock acquisition rights) or other securities or rights by which the delivery of the Share may be requested at a consideration lower than the market price provided for in Clause 15 (9) (ii) (including gratis allotment thereof):

The adjusted conversion price shall be calculated by applying the Adjustment Formula on an assumption that the Share has been delivered upon conversion, exchange or exercise of all the shares with put options exercisable by the shareholders, stock acquisition rights (including those attached to bonds with stock acquisition rights) and other securities and rights to be issued (collectively, the “**Shares and Rights**” ) in accordance with the initial conditions, and shall be applied on and after the day immediately following the payment date (or the allotment date in the case of stock acquisition rights and bonds with stock acquisition rights) or the effective date of gratis allotment; provided that if a record date is fixed to entitle the Shareholders to receive allotment, it shall be applied on and after the day immediately following such record date;

Notwithstanding the above, if the consideration of the Shares to be delivered upon conversion, exchange or exercise is not fixed at the time of issuance of the Shares and Rights, the adjusted conversion price shall be calculated by applying the Adjustment Formula on an assumption that all the Shares and Rights in issue at the time of fixing of the consideration have been converted, exchanged or exercised in accordance with the conditions valid at the time of fixing of the consideration and the Share have been delivered, and it shall be applied on and after the day immediately following the day on which such consideration is fixed;

- (iv) When a Share is delivered at a consideration lower than the market price provided for in Clause 15 (9) (ii) in exchange for acquisition of shares with call options exercisable by the issuer or stock acquisition rights with call options exercisable by the issuer (including those attached to bonds with stock acquisition rights) that are issued by the Company:

The adjusted conversion price shall be applied on and after the day immediately following

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the date of acquisition.

Notwithstanding the above, if the conversion price has already been adjusted under Clause 15 (8) (iii) or (v) before the relevant adjustment with respect to the above shares with call options exercisable by the issuer or the stock acquisition rights with call options exercisable by the issuer (including those attached to bonds with stock acquisition rights), (a) only if the number of fully diluted Shares provided for in Clause 15 (9) (iii) after the above delivery exceeds the number of issued Shares immediately before such delivery, the adjusted conversion price shall be calculated using the Adjustment Formula in which the number of such excess shall be used as the “Number of Shares to be Delivered”, or (b) if the above number does not exceed the number of issued Shares immediately before such delivery, no adjustment under this Clause 15 (8) (iv) shall be made.

(v) When a downward revision is made to the consideration of a Share (the “**Acquisition Price**” in this Clause 15 (8) (v)) in accordance with the issue terms of the Shares and Rights (excluding the adjustment pursuant to an anti-dilution clause similar to Clause 15 (8) or (10)) and the Acquisition Price after the relevant downward revision falls below the market price provided for in Clause 15 (9) (ii) on the day on which the relevant revision is made (the “**Revision Date**”):

- (a) Regarding the relevant Shares and Rights, if the adjustment of the conversion price under Clause 15 (8) (iii) is not made prior to the Revision Date, the adjusted conversion price shall be calculated by applying the provision of Clause 15 (8) (iii) on an assumption that all the Shares and Rights outstanding as of the Revision Date are converted, exchanged or exercised in accordance with the conditions valid as of the Revision Date and the Shares are delivered, and it shall be applied on and after the day immediately following the Revision Date;
- (b) Regarding the relevant Shares and Rights, when the adjustment of the conversion price under Clause 15 (8) (iii) or the above (a) is made before the Revision Date and if the number of fully diluted Shares provided for in Clause 15 (9) (iii) exceeds, when assuming that all the Shares and Rights outstanding as of the Revision Date are converted, exchanged or exercised in accordance with the conditions valid as of the Revision Date and the Shares are delivered, the number of issued Shares in the case where such revision is not made, the adjusted conversion price shall be calculated using the Adjustment Formula in which the number of such excess shall be used as the “Number of Shares to be Delivered”, and it shall be applied on and after the day immediately following the Revision Date. If more than one revision of the Acquisition Price is made in one month, the adjusted conversion price shall be calculated using the Adjustment Formula with respect to the lowest revised Acquisition Price, and it shall be

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applied on and after the day immediately following the end of the relevant month.

- (vi) The consideration under Clauses 15 (8) (iii) through (v) means the amount of payment for issue of such shares or stock acquisition rights (including those attached to bonds with stock acquisition rights) (in case of stock acquisition rights (including those attached to bonds with stock acquisition rights) under Clause 15 (8) (iii), that amount plus the value of the properties contributed upon exercise thereof) less the amount of cash or other properties to be delivered to the holders of those shares or stock acquisition rights upon acquisition or exercise thereof, divided by the number of Shares to be delivered upon acquisition or exercise thereof.
- (vii) If, with respect to each transaction under Clauses 15 (8) (i) through (iii), the record date to entitle the Shareholders to receive allotment is fixed and the effect of such transaction is subject to approval of a shareholders' meeting, a meeting of the Board of Directors or other decision making body of the Company given on or after such record date, the adjusted conversion price shall be applied on and after the day immediately following the day on which such approval is given, notwithstanding Clauses 15 (8) (i) through (iii).  
In such case, the Shares to be delivered to those who exercised their Stock Acquisition Rights during the period from the day immediately following the relevant record date to the day on which the relevant approval is given shall be calculated in accordance with the following formula; provided that Clause 15 (17) shall apply to the delivery of share certificates:

$$\begin{array}{r}
 \text{Number of} \\
 \text{Shares}
 \end{array}
 =
 \frac{
 \begin{array}{r}
 \text{(Conversion Price before adjustment} \\
 \text{– Adjusted Conversion Price)}
 \end{array}
 \times
 \begin{array}{r}
 \text{Number of Shares delivered during} \\
 \text{the relevant period at the} \\
 \text{unadjusted Conversion Price}
 \end{array}
 }{
 \text{Adjusted Conversion Price}
 }$$

Any resulting fraction of less than one share shall be disregarded and such fraction multiplied by the adjusted conversion price shall be returned.

- (viii) When the securities or rights similar to those set forth in Clauses 15 (8) (i) through (v) are delivered, the adjusted conversion price shall be calculated pursuant to any of the provisions in Clauses 15 (8) (i) through (vii) that is applicable to securities or rights similar to the relevant securities or rights.
- (9) (i) The Adjustment Formula shall be calculated to the first decimal place and rounded up to the nearest yen.
- (ii) The market price to be used in the Adjustment Formula shall be the average daily closing price of normal trading of the Shares on the Tokyo Stock Exchange for 30 trading days (excluding the number of days when the closing price is not available) starting on the day that

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is 45 trading days before the day on which the adjusted conversion price becomes applicable (or, in the case of Clause 15 (8) (vii), the record date). In this case, the average shall be calculated to the first decimal place and rounded up to the nearest yen.

- (iii) The number of fully diluted Shares shall be the number of issued Shares as of the day that is one month prior to the date on which the adjusted conversion price becomes applicable, less the number of the Shares held by the Company as of the same day, plus the number of Shares that are deemed to be the “Number of Shares to be Delivered” pursuant to Clause 15 (8) or (10) but that are not yet delivered before the adjustment of the relevant conversion price (including the number of Shares that are regarded as the “Number of Shares to be Delivered” pursuant to Clause 15 (8) or (10) in the adjustment of the relevant conversion price).
- (10) In addition to the cases where the adjustment of the conversion price is required as provided for in Clause 15 (8), the Company shall make necessary adjustment to the conversion price in any of the following cases:
- (i) when the adjustment of the conversion price becomes necessary due to consolidation of shares, capital decrease, merger by which the Company will be the surviving company, assumption of all or part of rights and obligations of another company due to a corporate split carried out by such company (*kyuushuu bunkatsu*) or acquisition of all the issued shares of another company by share-for-share exchange made by such company (*kabushiki koukan*);
  - (ii) when the adjustment of the conversion price becomes necessary due to gratis allotment of other class shares to the Shareholders;
  - (iii) when the adjustment of the conversion price becomes necessary due to an occurrence of any event that causes or may cause changes in the number of Shares; or
  - (iv) when more than one event requiring adjustment of the conversion price occurs concurrently or close by and it becomes necessary to consider the effect of other events with respect to the market price to be used to calculate the adjusted conversion price due to one of the events.
- (11) When the conversion price is to be revised or adjusted pursuant to Clauses 15 (6) through (10), the Company shall give prior written notice of the above together with the relevant event, the conversion price before the revision or adjustment, the revised or adjusted conversion price, the date of application thereof and any other necessary matters, to bondholders of the Bonds with Stock Acquisition Rights. If the Company cannot give the notice referred to above on or before the day immediately preceding the date of application in the case of Clause 15 (8) (vii) or otherwise, it shall give the notice on or immediately after the date of application.
- (12) Capital and capital reserve to be increased when shares are issued upon exercise of the Stock Acquisition Rights:
- The amount of capital to be increased when shares are issued upon exercise of the Stock Acquisition Rights shall be the maximum amount of increase of capital or other amount (*shihon*

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- tou zouka gendo gaku*) calculated pursuant to Article 40 of the Corporate Accounting Regulations (*kaisha keisan kisoku*) multiplied by 0.5 with any resulting amount of less than one yen being rounded up to the nearest yen. The amount of capital reserve to be increased shall be the maximum amount of increase of capital or other amount less the amount of capital to be increased.
- (13) Receipt of Exercise Requests shall be handled at the exercise request receiving office specified in Clause 21 (the “**Exercise Request Receiving Office**”).
- (14) (i) In making an Exercise Request for the Stock Acquisition Rights, the applicant shall specify the Bonds with Stock Acquisition Rights with respect to the Stock Acquisition Rights subject to the Exercise Request on an exercise request form designated by the Company (the “**Exercise Request Form**”), fill in the description and the number of the Stock Acquisition Rights to be exercised and the date of exercise, etc., affix its name and seal thereon, and submit the Exercise Request Form to the Exercise Request Receiving Office during the Exercise Period together with the certificate of Bonds with Stock Acquisition Rights.
- (ii) If the certificates of Bonds with Stock Acquisition Rights are deposited with Japan Securities Depository Center, Inc. (“**JASDEC**”), the applicant shall specify the Bonds with Stock Acquisition Rights with respect to the Stock Acquisition Rights subject to the Exercise Request in a Exercise Request Form, fill in the date of request therefore, affix its name and seal, and submit the Exercise Request Form through JASDEC to the Exercise Request Receiving Office during the Exercise Period.
- (iii) An applicant may not withdraw any documents required for an Exercise Request once submitted to the Exercise Request Receiving Office.
- (15) An Exercise Request for the Stock Acquisition Rights shall become effective on the day on which the Stock Acquisition Rights are exercised (as defined below). For the purpose of the Stock Acquisition Rights, the “**day on which the Stock Acquisition Rights are exercised**” means (i) if the Exercise Request Form arrives at the Exercise Request Receiving Office and the Bonds to be contributed upon exercise of the Stock Acquisition Rights are delivered on or before the day which is specified in the Exercise Request Form as the exercise day of the Stock Acquisition Rights, that day and (ii) in the case other than (i), the later of the day on which the Exercise Request Form arrives at the Exercise Request Receiving Office and the day on which the Bonds to be contributed upon exercise of the Stock Acquisition Rights are delivered.
- (16) Acquisition event of the Bonds with Stock Acquisition Rights
- (i) The Company shall, at least one month prior to November 2, 2009 (the “**Acquisition Date**”), give public notice and notice to the bondholders of the Bonds with Stock Acquisition Rights, acquire all the outstanding Bonds with Stock Acquisition Rights with respect to the Stock Acquisition Rights as of the Acquisition Date and deliver such number of Shares calculated below to the bondholders of the Bonds with Stock Acquisition Rights in exchange for the

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acquisition of the Bonds with Stock Acquisition Rights; provided that the acquisition shall not be made in the case of Clause 13 (5) (i) or (ii), or provided that the Determination Price with October 9, 2009 as the Determination Date falls below the Minimum Conversion Price.

Number of shares to be delivered

The largest integral number obtained by dividing the total issue price of the Bonds with Stock Acquisition Rights to be acquired by the Determination Price with October 9, 2009 as the Determination Date (any resulting fraction of less than one share shall be disregarded and no cash adjustment shall be made). If the Determination Price is adjusted as provided for in Clause 15 (8) or (10) during the Market Value Calculation Period of the Determination Price and the period on and from October 10, 2009 to the Acquisition Date, the Determination Price shall be adjusted to such price as the Company deems as appropriate pursuant to the terms and conditions of the Bonds with Stock Acquisition Rights.

- (ii) The amount of capital to be increased when shares are issued pursuant to (i) above shall be the maximum amount of increase of capital or other amount calculated pursuant to Article 41 of the Corporate Accounting Regulations multiplied by 0.5 with any resulting amount of less than one yen being rounded up to the nearest yen. The amount of capital reserve to be increased shall be the maximum amount of increase of capital or other amount less the amount of capital to be increased.
  - (iii) The Company shall cancel the acquired Bonds with Stock Acquisition Rights promptly after the acquisition.
- (17) The Company shall deliver the certificates (excluding certificates with respect to shares less than one unit) on and after the day on which a Exercise Request for the Stock Acquisition Rights becomes effective or the Acquisition Date on which the Company acquires the Bonds with Stock Acquisition Rights pursuant to Clause 15 (16) without undue delay; provided that if the day on which the Exercise Request becomes effective falls on and after the enforcement date of the Act on Partial Amendments to the Act on Book-Entry Transfer of Corporate Bonds and Other Securities for the Purpose of Streamlining the Settlement of Trades of Shares and Other Securities (Act No. 88 of 2004), the Company shall deliver the shares by way of new entry of book-entry shares or book-entry transfer of treasury stock under the name of the Company pursuant to that Act.
- (18) The Company shall take necessary measures if it becomes necessary to revise the provisions of the terms and conditions of the Bonds with Stock Acquisition Rights or take other measures due to such events as an abolition of unit share system.

16. Restrictions for Security Provision

As long as the Bonds with Stock Acquisition Rights remain outstanding, if the Company elects to provide security on any other convertible bond type bonds with stock acquisition rights to be issued by

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the Company in Japan in the future after the issuance of the Bonds with Stock Acquisition Rights, it shall also provide security on the Bonds with Stock Acquisition Rights ranking *pari passu* pursuant to the Secured Bonds Trust Act. For the avoidance of doubt, the convertible bond type bonds with stock acquisition rights shall be the bonds with stock acquisition rights set forth in Article 2, item 22 of the Companies Act and the terms and conditions of the stock acquisition rights thereof shall provide that the bonds with respect to the Stock Acquisition Rights shall be the subject of the contribution upon exercise of the Stock Acquisition Rights pursuant to the provision of Article 236, paragraph 1, item 3 of the Companies Act.

17. Special Clause concerning Acceleration

In any of the following cases, the Bonds shall become immediately due and payable:

- (1) when the Company breaches any provisions of Clause 13;
- (2) when the Company breaches any provisions of Clauses 15 (6) through (11) or (16) or Clause 16, and fails to perform or cure such breach within 30 days of receipt of notice demanding the cure from the bondholder of the Bonds with Stock Acquisition Rights;
- (3) when the Company's bonds other than the Bonds become immediately due and payable, or the Company fails to perform its obligations when due;
- (4) when the Company's debt obligations other than bonds become immediately due and payable, or the Company fails to perform the obligations when due, or the Company fails to perform its guarantee obligations for bonds or other debt obligations of any other corporation when due, except in a case where the total of such obligations, when converted into yen, does not exceed 500 million yen;
- (5) when the Company, or its director or statutory auditor files a petition for commencement of bankruptcy, civil rehabilitation or corporate reorganisation proceedings or special liquidation, or a resolution is passed by the Board of Directors of the Company to present a proposal for dissolution to a general meeting of shareholders (except in the case of merger); or
- (6) when the Company is subject to a decision for commencement of bankruptcy, civil rehabilitation or corporate reorganisation proceedings, or special liquidation.

18. Loss, etc. of Certificates of the Bonds with Stock Acquisition Rights

- (1) If a bondholder having lost a certificate of the Bonds with Stock Acquisition Rights notifies the Company of the type of the Bond, the serial number indicated on the certificate, reason for the loss and other information and the Company further receives a declaration of invalidity of the lost certificate by the public summons procedure, the Company shall deliver a replacement certificate for such Bonds with Stock Acquisition Rights upon receipt of a request together with a certified copy of the definitive certificate of decision of invalidity.
- (2) If a bondholder has damaged or defaced a certificate of the Bonds with Stock Acquisition Rights, it may request the delivery of replacement certificate for such Bonds with Stock Acquisition

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Rights in exchange for the certificate of Bonds with Stock Acquisition Rights so damaged or defaced. If the authenticity of the damaged or defaced certificate is not discernible, the above procedures in a case of loss shall be applied *mutatis mutandis*.

19. Expenses for Delivery of Replacement Certificate of Bonds with Stock Acquisition Rights  
In delivering a replacement certificate of Bonds with Stock Acquisition Rights, the Company shall collect actual expenses incurred for such delivery (including revenue stamp duties).
20. Redemption Money Payment Handler (Redemption Money Payment Office)  
Head Office, The Nomura Trust and Banking Co., Ltd.
21. Exercise Request Receiving Office  
Transfer Agent, Stock Transfer Agency Department, The Sumitomo Trust & Banking Co., Ltd.
22. Public Notice to the Bondholders of Bonds with Stock Acquisition Rights  
A public notice shall be made to give notice to the bondholders of the Bonds with Stock Acquisition Rights in the manner prescribed in the Company's Articles of Incorporation. However, unless otherwise provided by laws or regulations, the Company may directly notify the bondholders of Bonds with Stock Acquisition Rights in place of the public notice.
23. Fiscal Agent  
The Nomura Trust and Banking Co., Ltd.
24. Transfer to Special Bonds with Stock Acquisition Rights  
The Company shall take necessary measures if it becomes necessary to revise the provisions of these terms and conditions or take other reasonable measures in the case where the Act on Book-Entry Transfer of Corporate Bonds, Shares and Other Securities (Act No. 75 of 2001) applies to the Bonds with Stock Acquisition Rights on any day on and after the enforcement date of the Act on Partial Amendments to the Act on Book-Entry Transfer of Corporate Bonds and Other Securities for the Purpose of Streamlining the Settlement of Trades of Shares and Other Securities (Act No. 88 of 2004).
25. Offering Method  
The total amount shall be allocated to the Purchaser by way of third-party allocation.
26. Reason Why No Payment is Required for Purchase of the Stock Acquisition Rights  
The Company has decided that no such payment is required in consideration of close relationship between the Bonds and the Stock Acquisition Rights as the Stock Acquisition Rights are attached to the convertible bond type bonds with stock acquisition rights, not detachable from the Bonds and exercised by contribution of the Bonds with respect to the Stock Acquisition Rights, and in consideration of the value of Stock Acquisition Rights and the economic value to be obtained by the Company based on the interest rate, early redemption, issue price and other terms and conditions of the Bonds in accordance with the characteristics of the Bonds with Stock Acquisition Rights such as (i) the acquisition clause under which in principle all the bonds with stock acquisition rights outstanding as of the trading day immediately preceding the maturity date will be converted into shares and (ii) the regular revision of

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conversion price regardless of the share price movement after the issuance.

27. Application for Listing    No
28. In addition to the above, the Company's President shall decide matters necessary for the issuance of the Bonds with Stock Acquisition Rights at his discretion.
29. Each of the Clauses above shall be subject to the securities registration under the Financial Instruments and Exchange Act becoming effective.

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