



## News Release

### FOR IMMEDIATE RELEASE

#### Notice Regarding Issuance of New Shares

TOKYO, JAPAN, September 1, 2009 - Elpida Memory, Inc. (the "Company") hereby announces that its board of directors has today resolved certain matters relating to the issuance of its new shares, as set forth below.

Within the DRAM industry, based on expectations of increasing DRAM demand due to an increase in sales of personal computers and in the amount of DRAM utilized per personal computer, DRAM manufacturers in 2006 and 2007 made major capital investments to increase manufacturing capacity, and as a result, DRAM supply greatly exceeded demand and DRAM prices began to rapidly decline from the beginning of 2007. Thereafter, the imbalance between supply and demand continued and, combined with a further significant decrease in DRAM prices due to a decline in demand for products using DRAM as a result of the global economic downturn that began in the fall of 2008, we experienced a significant worsening of our financial condition and results of operations in the fiscal year ended March 31, 2009 as compared to the previous fiscal year. Against this backdrop, based on our reputation as a top class DRAM developer with advanced technological capabilities and with the aim of continuing our leadership in these areas and improving our productivity, we received approval on June 30, 2009 from the Japanese Ministry of Economy, Trade and Industry ("METI") for our business restructuring plan (the "Plan") under the Act on Special Measures for Industrial Revitalization and Innovation of Industrial Activities (the "Act").

Based on the Plan, we will continue to undertake leading-edge research and development related to our specialty "Premier DRAM" products and make capital investments related to improving the productivity of our leading-edge manufacturing facilities as well as capitalizing on our strength in product designs related to fine process technologies while increasing our outsourcing of commodity DRAM products to cost-efficient Taiwan and creating and improving relationships with Taiwanese DRAM manufacturers in order to further increase our market share by maintaining our advanced technological capabilities and improving productivity.

Under the Plan, we issued preferred shares to the Development Bank of Japan Inc. (the "DBJ") under a third-party allotment on August 31, 2009 whereby we received proceeds of approximately 30 billion yen and improved our capital position. However, as there are now signs that the imbalance between DRAM supply and demand may be correcting, we see this as the appropriate time to further improve our financial condition and we have therefore decided to undertake this offering of new shares of our common stock to maintain our leading position in the DRAM industry and to steadily advance our Plan. Through this issuance of new shares by way of offering, we intend to obtain funds to strengthen our financial condition, fund research and development and capital expenditures in accordance with our Plan, and repay interest-bearing liabilities as they become due.

Regarding the issuance of new shares by third-party allotment to Taiwan Memory Corporation ("TMC") as contemplated under the Plan, we are currently in negotiations and making arrangements with TMC regarding its intended purchase of up to 10% of our common stock based on the number of shares outstanding upon completion of such purchase in an effort to reach agreement and complete the transaction by March 31, 2010. However, no concrete terms or timing regarding this investment have yet been determined.

Note: This press release does not constitute an offer of any securities for sale. This press release has been prepared for the sole purpose of publicly announcing that Elpida Memory, Inc. has resolved matters relating to the issuance of its new shares, and not for the purpose of soliciting investment or engaging in any other similar activities within or outside Japan. Investors should carefully review a prospectus and supplements or amendments thereto (if any) prepared by the Company prior to making any investment decisions. This press release is not an offer of securities for sale in the United States. The securities referred to above have not been, and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"). The securities may not be offered or sold in the United States absent registration or an exemption from registration under the Securities Act. If any public offering of securities is made in the United States, it will be by means of a prospectus that may be obtained from the Company or any selling security holder that will contain detailed information about the Company and management, as well as financial statements. The securities referred to above will not be publicly offered or sold in the United States.

## PARTICULARS

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| 1. Class and Number of Shares to be Offered                                | Total of (i), (ii) and (iii) below, 55,000,000 shares of common stock of the Company<br>(i) As stated in 4. (i) below, 5,000,000 shares of common stock of the Company to be underwritten and purchased by the Japanese Underwriter in the Japanese Public Offering.<br>(ii) As stated in 4. (ii) below, 43,000,000 shares of common stock of the Company to be underwritten and purchased by the International Underwriters in the International Offering.<br>(iii) As stated in 4. (ii) below, up to 7,000,000 shares of common stock of the Company to be additionally issued and purchased by certain international underwriters (the “International Underwriters”) in the International Offering upon exercise of the option they have been granted.  |
| 2. Method of Determination of the Purchase Price                           | The purchase price will be determined on any day in the period from September 14, 2009 (Mon.) to September 16, 2009 (Wed.) (such date, the “Pricing Date”) in accordance with the method stated in Article 25 of the Regulations concerning Underwriting of Securities, etc. of the Japan Securities Dealers Association (“JSDA”).   |
| 3. Amount of Stated Capital and Additional Paid-in Capital to be Increased | The amount of stated capital to be increased shall be half of the maximum increased amount of stated capital, as calculated in accordance with the provisions of Article 14, Paragraph 1 of the Rules of Account Settlement of Corporations with any fraction less than one yen resulting from the calculation being rounded up to the nearest one yen. The amount of the additional paid-in capital to be increased shall be the amount obtainable by subtracting the said amount of stated capital to be increased from the said maximum amount of stated capital increase.  |
| 4. Method of Offering  | (i) Japanese Public Offering:<br>In the offering to be made in Japan (the “Japanese Public Offering”), a certain Japanese underwriter (the “Japanese Underwriter”) shall underwrite and purchase all of the new shares with respect to the Japanese Public Offering.<br>(ii) International Offering:<br>In the offering to be made mainly in Europe (with the offering in the United States restricted to sales to Qualified Institutional Buyers under Rule 144A of the U.S. Securities Act of 1933) (the “International Offering”), the aggregate number of shares shall be purchased, severally and not jointly, by the International Underwriters. The International Underwriters have also been granted an option to purchase additional newly issued shares of common stock, as stated in 1. (iii) above.<br><br>With regard to the number of shares to be offered in (i) and (ii) above, the number of shares to be issued is planned to be 5,000,000 shares for the Japanese Public Offering and 50,000,000 shares for the International Offering. However, the final breakdown shall be determined on the Pricing Date by taking into account market demand and other conditions.<br><br>The offer price with regard to each of the Japanese Public Offering and the International Offering shall be determined in accordance with the method stated in Article 25 of the Regulations concerning Underwriting of Securities, etc. of the JSDA, on the Pricing Date based on the preliminary pricing terms calculated by multiplying the closing price in regular trading of the shares on the First Section of the Tokyo Stock Exchange, Inc. on the Pricing Date (or, if no closing price is quoted, the closing price of the immediately preceding date) by 0.90-1.00 (with any fraction less than one yen being rounded down), taking into account market demand and other conditions. |
| 5. Consideration for the Underwriters                                      | The Company shall not pay any underwriting commissions to the underwriters in the Japanese Public Offering and the International Offering, but rather the aggregate amount of the difference between the offer price in each offering and the purchase price paid to the Company by the underwriters shall be allocated to the underwriters as underwriting fees.  |
| 6. Subscription Period (in Japanese Public Offering)                       | The subscription period shall be from the business day immediately following the Pricing Date to the second business day following the Pricing Date.   |
| 7. Payment Date  | The payment date shall be any day in the period from September 24, 2009 (Thurs.) to September 28, 2009 (Mon.); provided, however, that such day shall be the fifth business day immediately following the Pricing Date.  |
| 8. Subscription Unit   | 100 shares.  |

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9. Any additional matters necessary for the issuance of the new shares shall be determined at the discretion of the Representative Director of the Company.
10. The Japanese Public Offering shall be subject to the effectiveness of registration under the Financial Instruments and Exchange Act of Japan.

<Reference>

1. Change in the number of issued shares as a result of this issuance of new shares by way of offering

Total number of issued shares at present (as of August 31, 2009):	Total	144,601,419 shares (Note 1)
	Common Stock	141,601,419 shares
	Type 1 Preferred Stock	1,000,000 shares
	Type 2 Preferred Stock	2,000,000 shares
Increase in number of shares as a result of the issuance of new shares by way of offering:	Common Stock	55,000,000 shares (Note 1)
Total number of issued shares after issuance of new shares by way of offering:	Total	199,601,419 shares (Notes 1 and 2)
	Common Stock	196,601,419 shares (Notes 1 and 2)
	Type 1 Preferred Stock	1,000,000 shares
	Type 2 Preferred Stock	2,000,000 shares

- Notes:
1. "Issuance of new shares by way of offering" means the Japanese Public Offering and the International Offering (including any additional shares of common stock to be issued to the International Underwriters pursuant to their option to purchase additional shares).
  2. The Company has issued stock options. However, any increase in the number of shares outstanding by exercises of stock options on or after August 1, 2009 is not included.
  3. These figures are based on the assumption that the International Underwriters will exercise their option to purchase all of the additional shares set forth in 1. "Class and Number of Shares to be Offered" (iii) above.

2. Use of proceeds

(1) Use of proceeds from this offering

Regarding the 78,475 million yen in net proceeds we expect to receive from the issuance of new shares by way of offering, we intend to use those proceeds and also the proceeds of 29,802 million yen we received from the issuance of preferred shares to the DBJ on August 31, 2009 following approval on June 30, 2009 from METI for the Plan under the Act, along with, under the Plan, the secured loans we expect to receive from our core banks, the investment from TMC and our own capital, to fund research and development and capital expenditures in accordance with the Plan, and to repay interest-bearing liabilities as they become due. Based on this, we are striving to strengthen our financial condition and improve the Elpida group's profitability.

In respect of the research and development funding referred to above, we plan to maintain and improve the competitiveness of our "Premier DRAM" business through research and development efforts, including through investment in research and development to maintain and strengthen our advanced technological capabilities related to specialized DRAM featuring low voltage and minimal electrical leakage for products requiring DRAM with high-level technological capabilities such as mobile devices and digital televisions. Furthermore, among the capital expenditures referred to above, we plan to reduce our costs of manufacturing DRAM products and improve the Elpida group's profitability through migration to finer process technologies, including by investment in equipment such as immersion lithography devices, photo masks and probe cards.

The capital investments that we intend to make by March 31, 2010 are the following; the estimated 45,000 million yen total is included in the capital expenditures referred to above.

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Company Name:	Location:	Type of equipment:	Estimated investment amount: (millions of yen)	Estimated completion:	Funding method:
Elpida Memory, Inc.	Chuo-ku, Tokyo Sagamihara City, Kanagawa Higashi Hiroshima City, Hiroshima Akita City, Akita	semiconductor manufacturing equipment; research and development equipment; IT-related investments	33,500	March 2010	own capital; borrowings; capital increase
Akita Elpida Memory, Inc.	Akita City, Akita	semiconductor manufacturing equipment	1,500	March 2010	own capital; borrowings; capital increase
Rexchip Electronics Corporation	Taichung, Taiwan	semiconductor manufacturing equipment	10,000	March 2010	own capital; borrowings
Total:			45,000		

(2) Change from previous use of proceeds  
Not applicable.

(3) Expected impact on business results  
The Company believes the proceeds will strengthen its capital base and contribute to improving the Elpida group's profitability.

3. Profit distribution to shareholders, etc.

(1) Basic policy concerning profit distribution

The Company's most important management goal is to improve profit returns to its shareholders and return on equity. The Company's basic dividend policy is to realize dividends that are in line with the Company's business results while balancing profit trends, financial condition and the strengthening of retained earnings for future business development.

(2) View on determination of dividends

As set forth in (1) above.

(3) Use of retained earnings

In order to respond to foreseeable changes of the business environment, the Company will invest in order to further improve cost competitiveness, strengthen its technology and manufacturing development system in response to market requirements, and, beyond these, to develop global strategies.

(4) Dividends for past three fiscal years

	Fiscal year ended March 2007	Fiscal year ended March 2008	Fiscal year ending March 2009
Current net income (loss) per share (JPY) (consolidated basis)	444.00	(181.58)	(1,349.11)
Dividends per share (JPY)	—	—	—
Actual payout ratio	—%	—%	—%
Return on equity (consolidated basis)	18.6%	(6.5%)	(106.9%)

Notes: 1. [Return on equity for each fiscal year (consolidated basis) is a fraction (expressed as a percentage), the numerator of which is net income for the relevant fiscal year; and the denominator of which is shareholders' equity (obtained by taking the average of net assets, as between the beginning and the end of the fiscal year).]  
2. As we have not paid dividends for the past three fiscal years, ratio of dividends/net assets is not provided for those periods.

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4. Other matters
  - (1) Designation of party to receive allocation  
Not applicable.
  - (2) Information on dilutive shares

As discussed under <Reference> “1. Change in the number of issued shares as a result of this issuance of new shares by way of offering”, we issued Type 1 preferred shares and Type 2 preferred shares to the DBJ, either of which type are convertible into shares of our common stock by the DBJ. Under the investment agreement executed between us and the DBJ, in order to avoid sudden dilution of our common stock, it has been agreed that the DBJ may only exercise such conversion right beginning on February 1, 2011 (Please see our press release of August 7, 2009 entitled “Announcement on Issuance of Preferred Shares by Way of Third Party Allotment and Partial Amendments to Articles of Incorporation, etc.” for details). As of August 31, 2009, the conversion price for Type 1 preferred shares was 1,377 yen per share and the conversion price for Type 2 preferred shares was 1,218 yen per share. If all of the preferred shares issued to the DBJ as of August 31, 2009 were converted into shares of our common stock based on the respective conversion prices, 23,682,525 shares of common stock would be issuable. This amount would be equivalent to 12.05% of our issued shares of common stock following issuance of new shares by way of offering (not including any additional shares of common stock issued under our stock option plans on or after August 1, 2009).

The Company has issued stock acquisition rights as stock options to directors, executive officers, corporate auditors and employees of the Company and its subsidiaries. The ratio of the remaining number of shares to be issued upon exercise of stock options as set forth below to the total number of issued shares after the capital increase is expected to be 1.61%.

Status of Issuance of Stock Options (as of July 31, 2009)

Resolutions of Shareholders	Resolutions of the Board of Directors	Number of shares to be issued upon exercise of the stock options	Purchase price upon exercise	Amount of stated capital to be increased	Exercise period
March 19, 2004	March 19, 2004	2,181,200 shares	2,500 yen	1,250 yen	April 1, 2004 - March 31, 2011
June 28, 2005	August 24, 2005	694,800 shares	3,766 yen	1,883 yen	October 1, 2007 - September 30, 2013
June 27, 2006	August 31, 2006	91,200 shares	5,130 yen	2,565 yen	October 1, 2008 - September 30, 2013
June 28, 2007	June 28, 2007	95,700 shares	5,222 yen	2,611 yen	October 1, 2009 - September 30, 2013
June 24, 2008	June 24, 2008	99,300 shares	2,928 yen	1,464 yen	October 1, 2010 - September 30, 2013

- (3) Change in share prices for past three fiscal years and at the most recent time  
(in JPY, other than the price/earnings ratio)

	Fiscal year ended March 2007	Fiscal year ended March 2008	Fiscal year ended March 2009	Fiscal year ending March 2010
Opening	4,370	4,830	3,410	740
High	6,660	5,870	4,430	1,554
Low	4,090	2,715	305	697
Closing	4,570	3,320	680	1,455
Price/earnings ratio	10.3 times	—	—	—

- Notes:
1. Share prices for the fiscal year ending March 2010 are as of August 31, 2009 (Mon.).
  2. Price/earnings ratio is a fraction, the numerator of which is the share price (closing price) as at the end of each fiscal year; and the denominator of which is the current net income per share for the relevant fiscal year. As we recorded a net loss for the fiscal years ended March 31, 2008 and 2009, respectively, the price to earnings ratio is not provided for those periods.

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(4) Lock-up Agreement

In connection with this issuance of new shares by way of offering, the Company has agreed, for a period beginning the date of execution of the underwriting agreement and ending 180 days after the date the shares are delivered in the global offering of the offerings referred to herein, not to, without the prior written consent of the global coordinator for the offerings, (A)(i) issue, offer, pledge, lend, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, make any short sale or otherwise transfer or dispose of, or permit any entities over which we exercise management control or any persons acting at our direction to issue, offer, pledge, lend, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, make any short sale or otherwise transfer or dispose of, any shares of our common stock or other capital stock or any securities convertible into, or exercisable or exchangeable for, or that represent the right to receive, shares of our common stock or other capital stock or (ii) enter into any derivative transaction or any other transaction that transfers, in whole or in part, directly or indirectly, ownership (or any economic consequences thereof) of shares of our common stock or other capital stock, whether any such derivative or other transaction described in clause (i) or (ii) above is to be settled by delivery of shares of our common stock or such other securities, in cash or otherwise; or (B) authorize any offering or sale by any entities other than us of any shares of our capital stock or any securities convertible into, or exercisable or exchangeable for or representing the right to receive, shares of our common stock or other capital stock if such offering or sale by such person would require any filing with the relevant authorities by us or require any involvement in preparation, or authorization of use, by us of any offering document, such as an offering circular, other than the shares being offered in the offering described herein; except that (i) we may issue shares of up to 10% of our common stock to TMC (based on the number of shares outstanding upon the completion of such issuance), (ii) we may issue shares of our common stock pursuant to any stock split of common stock, (iii) we may issue new shares of common stock pursuant to stock option plans, (iv) we may sell any common stock held by us as a result of purchasing shares of our common stock constituting less than one unit upon request of any holders thereof, and (v) we may issue new shares of common stock to the underwriters as described herein.

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