News Release

FOR IMMEDIATE RELEASE

Elpida Announces Reduction in Additional Paid-In Capital and Appropriation of Retained Earnings

TOKYO, JAPAN, May 18, 2010 – Elpida Memory, Inc. (TOKYO: 6665), Japan's leading global supplier of Dynamic Random Access Memory (DRAM), today announced that Elpida's board of directors decided at a meeting held today to propose a reduction in additional paid-in capital and to make an appropriation to retained earnings at the next annual general shareholders meeting scheduled for June 25, 2010.
Details appear below.

1. Reason for the reduction in additional paid-in capital and the appropriation to retaining earnings

In June 2009 Elpida submitted a business restructuring plan based on the Act on Special Measures for Industrial Revitalization and Innovation of Industrial Activities to Japan's Ministry of Economy, Trade and Industry (METI). METI approved the plan that same month.

The business restructuring plan included a third party allotment of preferred shares to the Development Bank of Japan Inc. (the DBJ). After the plan was approved by METI Elpida and the DBJ concluded an investment agreement concerning the third party allotment on August 7, 2009. Based on this agreement Elpida implemented the issuance of the preferred shares of Type 1 and Type 2 by way of a third party allotment having the DBJ as the allotted party.

As Elpida announced at the time the investment agreement was concluded, Elpida has assumed the following obligation with respect to the DBJ:

*At the General Shareholders Meeting for the 11th term (scheduled to be held in June 2010), we will seek approval for a reduction in capital to reduce the capital by the lesser amount of (i) the sum of the amount of our capital reserves as of March 31, 2009 and ¥15 billion (the amount equivalent to the amount to be allocated to capital reserves in connection with the investment from the Development Bank of Japan) and (ii) the amount of deficit as defined in Article 449, Clause 1, 2 of the Companies Ac*t.

Thereupon, in accordance with the investment agreement additional paid-in capital will be reduced and the total amount of the reduction will be transferred to other capital surplus.

At the same time, in the interest of eliminating accumulated losses brought forward and improving Elpida's financial position, the other capital surplus that will be created once the above-described reduction of additional paid-in capital takes effect will be used to offset losses in retained earnings brought forward.

2. Method for reducing additional paid-in capital

In accordance with Article 448 Section 1 of the Companies Act, additional paid-in capital in the amount of 214,902,269,366 yen as of March 31, 2010 will be reduced by 143,516,484,899 yen* and the amount of the reduction will be transferred to other capital surplus.

*The amount of loss calculated is based on the method stipulated in Article 449 Section 1 Paragraph 2 of the Companies Act.

3. Method for appropriating retained earnings

In accordance with Article 452 of the Companies Act, 143,511,798,326 yen from the amount of other capital surplus will be transferred to retained earnings brought forward to offset losses.

4. Schedule for the reduction in additional paid-in capital and the appropriation to retained earnings

(1)	Proposal decided by the board of directors:	May 18, 2010
(2)	Approval at the general shareholders meeting:	June 25, 2010 (planned)
(3)	Effective date:	June 25, 2010 (planned)

5. Impact on Elpida's finances

Since the reduction in additional paid-in capital and the appropriation to retained earnings represent a transfer between accounts within net assets, the value of Elpida's net assets will remain unchanged. Also, in the event of a continuous stream of earnings, Elpida plans to make a dividend payment on preferred shares of Type 1 and Type 2 according to the investment agreement with the DBJ.

About Elpida

Elpida Memory, Inc. (Tokyo: 6665) is a leading manufacturer of Dynamic Random Access Memory (DRAM) integrated circuits. The company’s design, manufacturing and sales operations are backed by world class technological expertise. Its 300mm manufacturing facilities, consisting of its Hiroshima Plant and a Taiwan-based joint venture, Rexchip Electronics, utilize the most advanced manufacturing technologies available. Elpida’s portfolio features such characteristics as high-density, high-speed, low power and small packaging profiles. The company provides DRAM solutions across a wide range of applications, including high-end servers, mobile phones and digital consumer electronics. More information can be found at http://www.elpida.com.

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

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