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Announcement on the Issuance of the Convertible Bonds
(bonds with stock acquisition rights, *tenkan shasaigata shinkabu yoyakuken-tsuki shasai*)

TOKYO, JAPAN, October 8, 2010 – Elpida Memory, Inc. (Tokyo: 6665), Japan’s leading global supplier of Dynamic Random Access Memory (DRAM) (the “Company”), today announced that it resolved at its board of directors’ meeting held on October 8, 2010, to conduct the issuance of convertible bonds (bonds with stock acquisition rights, *tenkan shasaigata shinkabu yoyakuken-tsuki shasai*) (the “Bonds with Stock Acquisition Rights”). The Bonds with Stock Acquisition Rights will be issued through public offering at a price (the issue price, being 102.5 yen for 100 yen of the amount of each of the Bond) different from the payment amount of the Bonds (100 yen for 100 yen of the amount of each of the Bond).

[Background for the issuance of the Bonds with Stock Acquisition Rights]

In the DRAM industry, in the latter half of year 2009, demand for DRAM grew rapidly thanks to an increase in the number of sales of personal computers (PC) accompanied to recovery of business recession. However, as the supply was hanging back due to control in the capital investments of the DRAM manufacturers during the prolonged recession, the supply was suppressed, and the prices were moving at a high level until the end of the first half of this year. As a result, the Company was able to achieve a record-high sales and operating profit in the first quarter of fiscal year 2010.

The current DRAM market has come to realize the weakening demand for PC DRAM products, as the PC manufacturers’ sales forecasts not being strong due to stagnation in the macro economy and the PC manufactures not increasing the DRAM capacity on their PCs with an intention of reducing costs. On the other hand, demand for high value-added DRAM products used in mobile devices such as smart phones and tablet PCs, the market of which is expanding is rising at a rapid pace. The Company is increasing its manufacturing capacity by converting its capacity for PC DRAM to those of the DRAM for mobile devices.

In this context, by migrating to advanced process technology, especially with the manufacturing of the “Premier DRAM” used in mobile devices and digital consumer electronics at the Hiroshima Plant, the Company is not only reducing costs but also expanding production of Mobile RAMTM that have higher density, faster speeds, lower power consumption, which shall work as a high entry barrier, and thus the Company is focusing on further strengthening its business competitiveness in this area and actively pursuing broadening of its business area, such as moving into new area of graphics memory and NAND flash memory products used in mobile devices.

Under these circumstances, the Company believes that, by appropriating the funds raised by the issuance of the Bonds with Stock Acquisition Rights mainly for the capital expenditures to raise the production ratio for Mobile RAMTM based on 40nm and below process and for the research and development investments, etc., concerning the manufacturing of DRAM products using 30nm generation, and thus improving profitability and securing the leading technology position, the Company is able to further strengthen its competitiveness.

Furthermore, because the issuance of these Bonds with Stock Acquisition Right enables a fund raised at a lower interest rate than those by an ordinary interest-bearing debt, the Company can reduce its interest cost by appropriating a portion of the funds for the repayments and redemptions of its bonds and borrowings. This will contribute to improve the financial balance of the Company, while enabling it to inhibit the dilution of profit per share at the moment and to expect an increase in capital

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upon the exercise of the Stock Acquisition Rights in the future. Therefore, the Company believes that the issuance of these Bonds with Stock Acquisition Rights will contribute to the enhancement of the Company's financial condition, which will support to intensify the Company's competitiveness.

1. Name of the Bonds

Elpida Memory, Inc. 130% Call Option Attached Unsecured Convertible Type Bonds with Stock Acquisition Rights (2nd Series) (with Right of Early Redemption Requests and inter-bond pari passu clause only applicable among convertible bond-type bonds with stock acquisition rights) (hereinafter referred to as the "Bonds with Stock Acquisition Rights", of which the bonds, excluding stock acquisition rights, and stock acquisition rights are to be hereinafter referred to as the "Bonds", and the "Stock Acquisition Rights" respectively.)

2. Aggregate amount of the bonds

60 billion Yen

3. Amount of each bond

1 million Yen

4. Application of the Book-Entry Transfer Law

The Bonds with Stock Acquisition Rights shall be subject to the Law Concerning Book-Entry Transfer of Company Bonds, Shares, etc. (the "the Book-Entry Transfer Law") and shall be handled pursuant to the business rules and other rules relating to the book-entry transfer of corporate bonds, etc. established by the Book-Entry Transfer Institution (as defined in paragraph 32, the same shall apply hereinafter). Certificates for the Bonds with Stock Acquisition Rights shall not be issued except in cases where the holders of the Bonds with Stock Acquisition Rights (the "Bondholders") make a request for the issue of certificates pursuant to the Book-Entry Transfer Law. In the event that certificates for the Bonds with Stock Acquisition Rights are issued pursuant to the Book-Entry Transfer Law, such certificates shall be in bearer form, and the Bondholder may not request that the certificates for the Bonds with Stock Acquisition Rights be exchanged for those in registered form.

5. Interest rate of the bond

0.5% per annum

6. Payment amount for the bond

100 Yen for the amount of 100 Yen in each bond

7. Issue price of the Bonds

102.5 Yen for the amount of 100 Yen in each bond

8. Redemption amount of the Bonds

100 Yen for the amount of 100 Yen in each bond

However, in case of a redemption due to an Early Redemption Request (as defined below) the amount of redemption shall be as set forth in paragraph 12, item (3), and in case of an advance redemption, the amount of redemption shall be as set forth in paragraph 12, items (4) through (6).

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9. Transfer of stock acquisition rights or bonds
Pursuant to the provisions of the main clause of Article 254, paragraphs 2 and 3 of the Companies Act, the Stock Acquisition Rights and the Bonds shall not be transferred separately.
10. Existence of security or guarantee
There are no securities or guarantees on the Bonds with Stock Acquisition Rights, and there are no assets especially withheld for the Bonds with Stock Acquisition Rights.
11. Bond Manager
Aozora Bank, Ltd.
12. Manner and Date of Redemption of the bonds
 - (1) The aggregate amount of the Bonds shall be redeemed on October 26, 2015. However, redemption of the Bonds due to an Early Redemption Request shall be as set forth in paragraph 12, item (3), advance redemption shall be as set forth in paragraph 12, items (4) through (6), and purchase and cancellation shall be as set forth in paragraph 12, item (8).
 - (2) If the date of redemption of the Bonds (including the redemption date of which notification is given pursuant to a redemption of the Bonds due to an Early Redemption Request pursuant to the provisions of item (3) of paragraph 12, or an advance redemption of the Bonds pursuant to the provisions of items (4) through (6) of paragraph 12; hereinafter referred to as the “Redemption Date”) falls on a bank holiday in Tokyo, Japan, the payment therefore shall be made on the preceding bank business day.
 - (3) Redemption due to Early Redemption Request
 - (i) Right to make an Early Redemption Request
The Bondholder may make a request to redeem the Bonds (an “Early Redemption Request”) during the period from August 19, 2013 until August 30, 2013 (the “Early Redemption Request Period”). In such event, the Company shall redeem the total amount of the Bonds subject to the Early Redemption Request on September 30, 2013 (the “Early Redemption Date”) at 100 Yen for 100 Yen of the amount of each bond. However, in the event that the Company redeems all of the Bonds then outstanding pursuant to the provisions of paragraph 12, items (4) through (6) and the Company makes public the matters necessary for the redemption on or before August 18, 2013 pursuant to the provisions of paragraph 12, items (4) through (6), the right to make an Early Redemption Request shall be extinguished.
 - (ii) Method of Early Redemption Request
A Bondholder who intends to conduct an Early Redemption Request shall, during the Early Redemption Request Period, notify the Paying Agent under paragraph 34 of its intent to conduct an Early Redemption Request, by way of the Nearest Upper Institution (Book-Entry Transfer Institution (furikae kikan) or account management institution (kouza kanri kikan) in which an account has been opened in order for the Bondholders to conduct book-entry transfers

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of the Bonds with Stock Acquisition Rights). Bondholders who have notified the Paying Agent of the required matters in relation to an Early Redemption Request may not withdraw such notice thereafter.

(iii) Effect of Early Redemption Request

An Early Redemption Request for the Bonds shall come into effect on the date the notice of the required matters in relation to the Early Redemption Request arrives at the Paying Agent under paragraph 34.

(4) Advance redemption for reasons of Organizational Restructuring Acts

- (i) If the shareholders' meeting (if approval of the shareholders meeting is not required, then the board of directors meeting) of the Company approves any Organizational Restructuring Acts (as defined in sub-item (v) below) and the Company delivers to the Bond Manager before the date of such approval (hereinafter referred to as the "Approval Date for Organizational Restructuring Acts") a certificate signed and executed by the Company's representative which states that the Company has no reason to anticipate that the Succeeding Company, etc. (as defined in sub-item (vi) below) will be a company listed on a financial instrument exchange in Japan as of the effective date of the Organizational Restructuring Act, the Company will redeem all (and no portion less than all) of the Bonds then outstanding at the amount which will be determined pursuant to sub-items (ii) through (iv) of this item (hereinafter the "Organizational Restructuring Acts Redemption Amount"), after giving public notice of necessary matters no later than thirty (30) days before the relevant Redemption Date (effective date of the Organizational Restructuring Acts or any day prior to the effective date thereof; provided, however, that if the effective date of Organizational Restructuring Acts falls within 30 days from the Approval Date for Organizational Restructuring Acts, such day shall be no earlier than thirty (30) days from the day of public notification in this sub-item (i)).
- (ii) "Organizational Restructuring Acts Redemption Amount" shall be calculated by multiplying the amount of each Bond by the applicable rate (in percentage; hereinafter referred to as "Organizational Restructuring Acts Redemption Amount Rate") set forth in the following chart, in accordance with the relevant Reference Parity (as defined in item (4), sub-item (iii)) and the relevant Redemption Date. The Organizational Restructuring Acts Redemption Amount Rate shall be determined in accordance with item (4), sub-item (vi) below.

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Organizational Restructuring Acts Redemption Amount Rate (%)

| Redemption Date | Reference Parity | | | | | | | | | | |
|--------------------|------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | 70 | 80 | 90 | 100 | 110 | 120 | 130 | 140 | 150 | 160 | 170 |
| October 28, 2010 | 100.79 | 104.75 | 109.50 | 114.97 | 121.13 | 127.92 | 135.30 | 143.23 | 151.70 | 160.66 | 170.00 |
| April 1, 2011 | 101.02 | 104.85 | 109.50 | 114.91 | 121.03 | 127.80 | 135.18 | 143.13 | 151.62 | 160.59 | 170.00 |
| April 1, 2012 | 101.31 | 104.77 | 109.15 | 114.41 | 120.45 | 127.22 | 134.65 | 142.69 | 151.28 | 160.37 | 170.00 |
| April 1, 2013 | 101.03 | 103.92 | 108.02 | 113.20 | 119.30 | 126.20 | 133.80 | 142.03 | 150.82 | 160.09 | 170.00 |
| September 30, 2013 | 100.00 | 102.85 | 107.20 | 112.50 | 118.67 | 125.63 | 133.32 | 141.66 | 150.57 | 160.00 | 170.00 |
| October 1, 2013 | 99.49 | 102.85 | 107.20 | 112.49 | 118.66 | 125.63 | 133.32 | 141.66 | 150.57 | 160.00 | 170.00 |
| April 1, 2014 | 99.41 | 102.42 | 106.51 | 111.66 | 117.81 | 124.84 | 132.66 | 141.17 | 150.26 | 160.00 | 170.00 |
| April 1, 2015 | 99.20 | 100.76 | 103.73 | 108.33 | 114.50 | 122.03 | 130.61 | 140.00 | 150.00 | 160.00 | 170.00 |
| October 23, 2015 | 100.00 | 100.00 | 100.00 | 100.00 | 110.00 | 120.00 | 130.00 | 140.00 | 150.00 | 160.00 | 170.00 |

(Note) The figures in the above chart are expected figures as of October 4, 2010 (Monday), and shall be finally determined on any day between October 19, 2010 (Tuesday) and October 21, 2010 (Thursday) (hereinafter the “Conversion Price, etc., Determination Date”) so that the redemption amount will reflect the value of the Bonds with Stock Acquisition Rights as of the Conversion Price, etc., Determination Date, based on the interest rate on the Conversion Price, etc., Determination Date, market price and volatility of the common shares of the company, and other market developments.

(iii) “Reference Parity” means:

- (a) if the consideration payable to the holders of common shares of the Company in connection with the relevant Organizational Restructuring Acts consists of cash only, the figure obtained by dividing the amount of such cash payable per share by the Conversion Price (as defined in paragraph 14, item (6), sub-item (iii), hereinafter the same) in effect on the Approval Date for Organizational Restructuring Acts, provided that each resulting figure shall be calculated up to five decimal places and rounded to the nearest four decimal places, and shall be expressed as a percentage; and
- (b) in all cases other than (a) above, the figure to be obtained by dividing the average of the closing prices (excluding the quotation bid and asked prices) of the regular trading of common shares of the Company at the Tokyo Stock Exchange, Inc. on the five (5) consecutive trading days commencing on the trading day immediately following the day on which the terms and conditions of the relevant Organizational Restructuring Acts (including the consideration payable or deliverable to holders of the common shares of the Company in connection therewith) are approved at the meeting of the board of directors of the Company pursuant to the Company Law (or, if the terms and conditions of the relevant Organizational Restructuring Acts are announced to the public later than that date, the date of such public announcement), by the Conversion Price in effect on the last day of such five consecutive trading day period; provided that each resulting figure shall be

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calculated up to five decimal places and rounded to the nearest four decimal places, and shall be expressed as a percentage. If any Conversion Price adjustment event provided in paragraph 14, items (9) through (12) occurs during such five consecutive trading day period, the relevant average of the closing prices of the regular trading of common shares of the Company on the five (5) consecutive trading days shall be reasonably adjusted upon consultation with the Bond Manager.

“Trading day(s)” as used in this sub-item (iii) and paragraph 14, item (5), sub-item (ii) shall mean a day when the Tokyo Stock Exchange, Inc. is open for business but shall not include days on which no such closing price for the regular trading of common shares of the Company is announced.

- (iv) If the Reference Parity or Redemption Date does not appear in the table in item (4), sub-item (ii) above, the Organizational Restructuring Acts Redemption Amount Rate shall be calculated in accordance with the following method.
 - (a) If the Reference Parity falls between two numbers in the first line of the table in item (4), sub-item (ii) above and/or the Redemption Date falls between two dates in such table, then the Redemption Date shall be determined by straight-line interpolation between such two numbers and/or two dates by using the figure in such table corresponding to such two numbers or two dates, on the basis of a 365-day term between such two dates being calculated; provided that each resulting figure shall be calculated up to five decimal places and rounded up to the nearest four decimal places, and shall be expressed as a percentage;
 - (b) if the Reference Parity is higher than the number in the far right column in the first line of the table in item (4), sub-item (ii) above, the Reference Parity shall be deemed to be equal to such number; and
 - (c) if the Reference Parity is less than the number in the far left column in the first line of the table in item (4), sub-item (ii) above, the Reference Parity shall be deemed to be equal to such number.

The Organizational Restructuring Acts Redemption Amount Rate shall be no more than 170% of the amount of each Bond, and if the Organizational Restructuring Acts Redemption Amount Rate, as determined by reference to the table in item (4), sub-item (ii) above and in accordance with the above provisions under this sub-item (iv), sub-sub-items (a) to (c), is more than 170%, the Organizational Restructuring Acts Redemption Amount Rate shall be 170% of the amount of each Bond. Also, the Organizational Restructuring Acts Redemption Amount Rate shall be no less than 100% of the amount of each bond, and if the Organizational Restructuring Acts Redemption Amount Rate, as determined by reference to the table in item (4), sub-item (ii) above and in accordance with the above provisions under this sub-item (iv), sub-sub-items (a) to (c), is less than 100%, the Organizational Restructuring Acts Redemption Amount Rate shall be 100% of the amount of each bond.

- (v) “Organizational Restructuring Acts” means, collectively, a merger in which the Company will be the absorbed company, an absorption-type company split or incorporation-type company split in which the Company will be the splitting company (limited to those acts where the Succeeding Company, etc.

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assumes the Company's duties based on the Bonds and delivers new stock acquisition rights in place of the Stock Acquisition Rights), a share exchange or share transfer in which the Company will be the wholly owned subsidiary of another joint stock company(ies), and other corporate reorganization proceedings under the laws of Japan under which proceedings the Company's obligations under the Bonds will be assumed by another joint stock company(ies).

- (vi) "Succeeding Company, etc." means joint stock company (kabushiki kaisha) (under the relevant definition in the Companies Act) set forth in the relevant items of sub-sub-items (a) through (f) below:
 - (a) Merger (limited to those where the Company will be absorbed by merger): Stock company surviving absorption-type merger or stock company incorporated through consolidation-type merger
 - (b) Absorption-type company split: The succeeding stock company in absorption-type company split
 - (c) Incorporation-type company split: Stock company incorporated through incorporation-type company split
 - (d) Share exchange: Wholly owning parent stock company in share exchange
 - (e) Share transfer: Wholly owning parent stock company incorporated through share transfer
 - (f) Company reorganization proceedings under Japanese law other than sub-sub-items (a) through (e) above: The joint stock company (kabushiki kaisha) to assume the obligations of the Company under the Bonds.
 - (vii) After the public notice under item (4), sub-item (i) above, the Company shall not cancel the early redemption in relation to the relevant notice or public notice.
- (5) Advanced redemption due to delisting, etc.
- (i) If (a) any offer is made to the holders of common shares of the Company by a party or parties (the "Offeror") other than the Company in accordance with the Financial Instruments and Exchange Law to acquire all or a portion of the Shares of the Company's common stock by a tender offer, (b) the Company expresses its support of such offer, (c) the Company or the Offeror publicly announces or acknowledges that the common shares of the Company may cease to be listed as a result of the acquisition of the common shares of the Company by the Offeror pursuant to the offer (unless the Company or the Offeror publicly expresses its intention to use its best endeavors to continue such listing after such acquisition), and (d) if the Offeror acquires any of the common shares of the Company pursuant to the offer, then the Company shall, after having given public notice of the necessary matters within fifteen (15) days after the date of the acquisition of the Company's common shares by the relevant tender offer (such date shall mean the commencement date of settlement of those Shares pursuant to the tender offer; hereinafter the same), redeem all (and not less than all), of the Bonds then outstanding at the redemption amount (the "Delisting, etc., Redemption Amount") determined in accordance with item (5), sub-item (ii) on the Redemption Date specified in

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such public notice (which shall not be earlier than thirty (30) days, nor later than sixty (60) days, from the date of such notice).

- (ii) The Delisting, etc., Redemption Amount shall be calculated using the same calculation method for the Organizational Restructuring Redemption Amount set forth in item (4), sub-item (ii). However, Reference Parity shall be as follows:
 - (a) if the consideration payable to the holders of common shares of the Company in connection with the relevant tender offer is cash only, the figure obtained by dividing the amount of the tender offer price in effect as of the last day of the tender offer period by the Conversion Price in effect on such day; provided that each resulting figure shall be calculated up to five decimal places and rounded up to the nearest four decimal places, and shall be expressed as a percentage; or
 - (b) in all cases other than (a) above, the figure obtained by dividing the average of the closing prices of the regular transactions of common shares of the Company at the Tokyo Stock Exchange, Inc. on the five (5) consecutive trading days ending on the last day of the tender offer period by the Conversion Price in effect on the last day of such last day of the tender offer period; provided that each resulting figure shall be calculated up to five decimal places and rounded up to the nearest four decimal places, and shall be expressed as a percentage. If any Conversion Price adjustment event provided in paragraph 14, items (9) through (12) occurs during such five consecutive trading day period, the relevant average of the closing prices of the regular transactions of common shares of the Company in respect of the five (5) consecutive trading days shall be reasonably adjusted upon consultation with the Bond Manager.
- (iii) Notwithstanding item (5), sub-item (i) above, if the Company or the Offeror publicly announces, before the last day of the tender offer period regarding such tender offer, that it plans to conduct Organizational Restructuring Acts after the date of the acquisition of the common shares of the Company, the provisions of item (5), sub-item (i) shall not apply. However, if the Approval Date for Organizational Restructuring Acts in relation to such Organizational Restructuring Act is not within sixty (60) days after the relevant date of acquisition, the Company shall give public notice of the necessary matters within fifteen (15) days after the last day of such 60-day period, and then shall redeem all (and not less than all) of the Bonds then outstanding at the Delisting, etc. Redemption Amount on the Redemption Date specified in such public notice (which shall not be earlier than thirty (30) days, nor later than sixty (60) days, from the date of such notice).
- (iv) If the Company becomes obligated to redeem the Bonds in accordance with both of the provisions in paragraph 12, item (4) and either sub-item (i) or (iii) of item (5), then the procedure in paragraph 12, item (4) shall apply. However, if the public notice under item (5), sub-items (i) or (iii) is given before the Company's or the Offeror's announcement of its plan to conduct Organizational Restructuring Acts provided in paragraph 12 item (4), the provisions of this item (5) shall apply.

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- (v) After having given the public notice set forth in item (5) sub-item (i) or (iii) in relation to the advance redemption, the Company may not withdraw such public notice thereafter.
- (6) 130% Call Option Clause
- (i) In the event that the closing prices of the common shares of the Company in the regular trading on the Tokyo Stock Exchange, Inc. on each day for a period of twenty (20) consecutive trading days (“trading day” shall mean a day when regular trading on the Tokyo Stock Exchange of the common shares of the Company is conducted; hereinafter the same) have been 130% or more of the conversion price that is in effect on each such trading day, then the Company may, on and after December 3, 2012, upon giving public notification of the necessary matters within fifteen (15) days from the last day of such twenty (20) consecutive trading days, redeem all (and not less than all) of the Bonds then outstanding on the Redemption Date specified in such public notice (which shall not be earlier than thirty (30) days, nor later than sixty (60) days, from the date of such notice), at 100 Yen for 100 Yen of the amount of each bond. In the case where the Company conducts a stock-split of the common shares of the Company or an allotment of common shares without contribution to the common shares of the Company (hereinafter a “Stock-Split, etc.”), with respect to the application of these provisions during a period of three (3) trading days (including the record date of the Stock-Split, etc.) starting from the day that is two (2) trading days before the record date (or, if no record date is established, the day preceding the effective date of the Stock-Split, etc.) to the relevant record date, notwithstanding the provisions of paragraph 14, item (9), (ii), the conversion price in effect on each of the trading day shall be the conversion price calculated by the Conversion Price Adjustment Formula set forth in paragraph 14, item (8), and within such formula the number of the Company’s issued and outstanding common shares on the corresponding day one (1) month prior to each date of trading (or, if there is no corresponding day, the last day of the month preceding the month in which the date of trading falls) minus the number of common shares held by the Company as of such date is used for the Number of shares outstanding and the shares to be delivered due to the Stock-Split, etc. is used for the Number of shares to be delivered.
 - (ii) If the Company becomes obligated to redeem the Bonds in accordance with both the provisions of paragraph 12, item (4) or (5), and this item (6), then the procedure in paragraph 12, item (4) or (5) shall apply. However, if the public notice under this item (6), sub-item (i) is given prior to the Company’s or the Offeror’s announcement of its plan to conduct Organizational Restructuring Acts or the delisting, etc. provided in paragraph 12, items (4) or (5), the provisions of item (6) shall apply.
 - (iii) After having given the public notice set forth in item (6), sub-item (i) in relation to the advance redemption, the Company may not withdraw such public notice thereafter.
- (7) In the event of advance redemption of the Bonds pursuant to the provisions of paragraph 12, items (3) through (6), all of the Stock Acquisition Rights attached to the Bonds to be redeemed shall be extinguished as a result of the Stock Acquisition Rights

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becoming no longer exercisable pursuant to paragraph 14, item (4) due to the redemption of the Bonds.

- (8) The Company may, except where the Book-Entry Transfer Institution provides otherwise, purchase the Bonds with Stock Acquisition Rights on or after the day immediately following the Payment Date (as defined in paragraph 31). In the event of such purchase, the Bonds shall be cancelled, and the Stock Acquisition Rights attached to the Bonds in such case shall be extinguished as a result of the Stock Acquisition Rights becoming no longer exercisable pursuant to paragraph 14, item (5).

13. Method and Date of Payment of Interest

- (1) Interest on the Bonds shall accrue from the day following the Payment Date until the Redemption Date, payable semi-annually in arrears on March 31 and September 30, except that the first payment shall be made on March 31, 2011 (the date for payment of the interest of the Bonds shall be hereinafter referred to as the "Interest Payment Date").
- (2) If the Interest Payment Date is not a banking business day, it will be moved to the banking business day immediately preceding such date.
- (3) Interest for any period of less than a half-year shall be payable for the actual number of days included in such period.
- (4) Interest will not accrue after the Redemption Date.
- (5) In the case where the Stock Acquisition Rights of the Bonds have been exercised and become effective before the first Interest Payment Date, interest will not accrue.
- (6) In the case where the Stock Acquisition Rights of the Bonds have been exercised and become effective after the first Interest Payment Date, the interest will cease to accrue as of the Interest Payment Date immediately before the date on which the Stock Acquisition Rights have become effective.

14. Features of the Stock Acquisition Rights

- (1) The number of Stock Acquisition Rights attached to the Bonds
The number of Stock Acquisition Rights attached to each of the Bonds shall be one (1), and a total of sixty-thousand (60,000) Stock Acquisition Rights shall be issued.
- (2) Necessity of Payment of Monies in exchange for the Stock Acquisition Rights
The person subscribing for the Stock Acquisition Rights shall not be required to make a payment of monies in exchange for the Stock Acquisition Rights.
- (3) The type of shares subject to the Stock Acquisition Rights and the method of calculation of the number thereof
The type of shares subject to the Stock Acquisition Rights shall be common shares of the Company, and the number of common shares of the Company to be delivered by the Company upon the request to exercise the Stock Acquisition Rights (hereinafter referred to as the "Exercise Request") shall be the amount obtained by dividing the

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total amount to be paid in for the Bonds with Stock Acquisition Rights regarding the Exercise Request by the Conversion Price applicable to the date of the Exercise Request. Any fractions falling short of one (1) share in such event shall be rounded down and no adjustment in cash shall be made.

(4) Exercise Request Period

The holders of the Stock Acquisition Rights (the “Stock Acquisition Rights Holders”) may conduct Exercise Requests at any time during the period from December 1, 2010 up to October 22, 2015 (hereinafter referred to as the “Exercise Request Period”). However, Exercise Requests may not be conducted on any of the days below.

- (i) Date for confirmation of the shareholders regarding the Company’s common shares and the immediately preceding business day (“business day” means any day other than the holidays, etc. of JASDEC).
- (ii) The business day immediately preceding the date when the payment of the interest on the Bonds is made.
- (iii) Any day determined necessary by JASDEC.
- (iv) In the case of redemption of the Bonds due to an Early Redemption Request under paragraph 12, item (3), on and after the day on which the notice has been made, by way of the Nearest Upper Institution (the Book-Entry Transfer Institution (furikae kikan) or the account management institution (kouza kanri kikan) in which an account has been opened in order for the Stock Acquisition Rights Holders to conduct book-entry transfers of the Bonds with Stock Acquisition Rights), to the Paying Agent as set out in paragraph 34.
- (v) In the case of advance redemption of the Bonds on and prior to October 22, 2015 pursuant to the provisions of paragraph 12, item (4) through (6), on and after the business day preceding the date of payment of the principal regarding the redemption.
- (vi) Where the Bonds have become immediately due and payable pursuant to the provisions of paragraph 19, on and after the business day on which the Bonds have become immediately due and payable.
- (vii) Where delivery of the stock acquisition rights of the Succeeding Company, etc. in the Organizational Restructuring Acts and suspension of the Exercise Request for the Stock Acquisition Rights are necessary, the period of suspension of the Exercise Request (the relevant period shall not exceed one (1) month) provided that the Company has given public notice of such period and other necessary matters no later than one (1) month prior to the commencement date of such period.

(5) Other terms of the exercise of the Stock Acquisition Rights

In the event that the Company purchases the Bonds with Stock Acquisition Rights and cancels the Bonds, the Stock Acquisition Rights attached to the Bonds may not be exercised. None of the Stock Acquisition Rights may be exercised in part.

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- (6) Description of the property to be contributed upon the exercise of the Stock Acquisition Rights and the amount thereof
- (i) Upon the exercise of each of the Stock Acquisition Rights, the Bonds with each Stock Acquisition Right shall be contributed.
 - (ii) The amount of the property to be contributed upon the exercise of each Stock Acquisition Right shall be the same amount as the payment amount for each Bond with Stock Acquisition Rights.
 - (iii) The Conversion Price is undetermined initially. The Conversion Price may be adjusted pursuant to the provisions of paragraph 14, items (8) to (12). The “Conversion Price” shall mean the price per one (1) share to be used in the calculation of the number of the Company’s common shares to be delivered by the exercise of the Stock Acquisition Rights (however, in paragraph 14, item (20), the “Conversion Price” shall mean the price used in the calculation of the number of common shares of the Succeeding Company, etc. delivered by the exercise of the Succeeding Stock Acquisition Rights).
- The initial Conversion Price shall be the amount calculated by multiplying the closing price of the Company’s common shares in the regular trading at the Tokyo Stock Exchange, Inc. on any day from October 19, 2010 (Tuesday) up to October 21, 2010 (Thursday) (the “Conversion Price, etc., Determination Date”) (if no closing price is quoted, the closing price of a day immediately preceding such day) by an amount in the range between 129%-134%, and then taking market demand and other factors into account, in accordance with the method stated in Article 25 of the Regulations Concerning Underwriting of Securities, etc. established by the Japan Securities Dealers Association. Any fractions falling short of one (1) yen as a result of such calculation shall be rounded down. If the Conversion Price obtained by the above calculation is lower than 759 yen, the issuance of the Bonds with Stock Acquisition Rights shall be canceled.
- (7) Matters related to the stated capital and the capital reserve to be increased in the event of the issuance of shares by the exercise of the Stock Acquisition Rights
- (i) The amount of the stated capital to be increased in the event of the issuance of shares by the exercise of the Stock Acquisition Rights shall be one half of the maximum amount of increases of the stated capital, etc. calculated pursuant to Article 17 of the Companies Accounting Regulations. Any fractions falling short of one (1) yen as a result of such calculation shall be rounded up.
 - (ii) The amount of capital reserve to be increased shall be the amount obtained by deducting the amount of the stated capital to be increased as described in item (7), sub-item (i) from the maximum amount of increases of the stated capital, etc. as described in item (7), sub-item (i).

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- (8) After the Payment Date of the Bonds with Stock Acquisition Rights, if there is a change in the number of common shares of the Company or the possibility thereof due to each of the events set forth in paragraph 14, item (9) below, the Company shall adjust the Conversion Price using the calculation formula set forth below (the “Conversion Price Adjustment Formula”):

$$\text{Conversion price after adjustment} = \text{Conversion price before adjustment} \times \frac{\text{Number of shares outstanding}}{\text{Number of shares outstanding} + \frac{\text{Number of shares to be delivered} \times \text{Payment amount per share}}{\text{Current market price}}}$$

- (9) In the case of the adjustment of the Conversion Price by the Conversion Price Adjustment Formula, the applicable period for Conversion Price after adjustment shall be as set forth below:

- (i) In the case of a disposition of common shares of the Company with a payment amount which falls short of the current market price set forth in paragraph 14, item (11), sub-item (ii) or solicitation of persons to subscribe for the common shares of the Company owned by the Company

The Conversion Price after adjustment shall be applied on and after the date immediately following the Payment Date or if there is a payment period upon solicitation, the last day of such payment period, or, when granting the right to receive an allotment of shares to shareholders in such solicitation, the Conversion Price after adjustment shall be applied on and after the date immediately following the record date for determining the shareholders to whom the allotment of shares shall be made.

- (ii) In the case of a stock-split, etc.

The Conversion Price after adjustment shall be applied on and after the date immediately following the record date for determining the shareholders who will acquire the shares after a Stock-Split, etc. (if no record date is established, the effective date of the Stock-Split, etc.).

- (iii) In the case of a delivery of securities or rights with a put option or securities or rights subject to a call option, with the provisions of delivery of common shares or stock acquisition rights or other securities or rights which may request the delivery of common shares, for considerations which fall short of the current market price set forth in item (11) sub-item (ii) below in exchange for the acquisition thereof ; or in the case of a delivery of stock acquisition rights or other securities or rights (including those in the bonds with stock acquisition rights) which may request the delivery of common shares for a consideration which falls below the current market price set forth in (11) sub-item (ii) below (including the case of an allotment without contribution, in which case (including the case of an allotment without contribution of bonds with stock acquisition rights) this sub-item (iii) shall be applied as if the stock acquisition rights are issued without any consideration)

The Conversion Price after adjustment shall be calculated by the mutatis mutandis application of the Conversion Price Adjustment Formula by regarding all of the issued securities or rights or stock acquisition rights (including stock acquisition rights delivered in consideration for securities or rights with a put option or securities or rights subject to a call option, with the

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provisions of delivery of stock acquisition rights) (the “Shares With Put Option”) as acquired, converted, exchanged or exercised, and the common shares as delivered at the initial Conversion Price. The Conversion Price after adjustment shall be applied on and after the day immediately following the date of delivery or the effective date of the allotment without contribution of the Shares With Put Option.

If the Company notifies the Bond Manager to the effect that the issuance of securities or rights or stock acquisition rights (including the case of an allotment without contribution of stock acquisition rights) is for the purpose of defense against hostile corporate takeovers, the Conversion Price after adjustment shall be calculated by the *mutatis mutandis* application of the Conversion Price Adjustment Formula by regarding all of the issued Shares With Put Option as acquired, converted, exchanged or exercised, and the common shares as delivered as of the date on which such acquisition, conversion, exchange or exercise and delivery of the common shares becomes possible according to the terms and conditions thereof (the “Commencement Date of Conversion and Exercise”). The Conversion Price after adjustment shall be applied on and after the day immediately following the Commencement Date of Conversion and Exercise.

- (iv) In the cases of item (9), sub-items (i) through (iii), if the record date for granting the right to receive an allotment of shares has been established and the effectuation thereof is subject to the approval of the shareholders’ meeting or the board of directors on and after the record dates, irrespective of the provisions of item (9), sub-items (i) through (iii), the Conversion Price after adjustment shall be applied on and after the date immediately following the date of such approval. In such cases, to the Stock Acquisition Rights Holders who exercised the Stock Acquisition Rights during the period from the day immediately following the record date up to the date of the approval of the transactions, the Company’s common shares shall be delivered using the following calculation method (provided that with regard to the delivery of the Company’s common shares, paragraph 14, item (17) shall be applied *mutatis mutandis*):

$$\text{Number of shares} = \frac{(\text{Conversion Price before adjustment} - \text{Conversion Price after adjustment}) \times \text{Number of shares delivered during the relevant period subject to the Conversion Price before adjustment}}{\text{Conversion Price after adjustment}}$$

In such cases, any fraction falling short of one (1) share shall be rounded down and no adjustment in cash shall be made.

- (10) In case the variance between the Conversion Price after adjustment calculated by the Conversion Price Adjustment Formula and the Conversion Price before adjustment falls short of one (1) yen, the adjustment of the Conversion Price shall not be made. However, if an event necessitating the adjustment of the Conversion Price occurs subsequently and when calculating the Conversion Price therein, the Conversion Price before adjustment after the deduction of the variance shall be used in the Conversion Price Adjustment Formula in lieu of the Conversion Price before adjustment.

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- (11)
 - (i) In the calculation of the Conversion Price Adjustment Formula, an amount falling short of one (1) yen shall be calculated to two decimal places of the yen and rounded up to the nearest one decimal place.
 - (ii) The current market price used in the Conversion Price Adjustment Formula shall be the average of the daily closing price (including the quotation bid and asked price) of common shares of the Company in regular trading at the Tokyo Stock Exchange, Inc. during 30 business days (excluding days without closing prices) commencing on the 45th business day preceding the date of the application of the Conversion Price after adjustment (however, in the case of paragraph 14, item (9), sub-item (iv), the record date); provided however, that, in the calculation of the average, an amount falling short of one (1) yen shall be calculated to two decimal places of the yen and rounded up to the nearest one decimal place.
 - (iii) The “Number of shares outstanding” used in the Conversion Price Adjustment Formula, in the case where shareholders are granted the right to receive an allotment of shares, shall be the number of the Company’s issued and outstanding common shares as of the record date, and in cases other than the foregoing, as of the corresponding day one (1) month prior to the date of the application of the Conversion Price after adjustment (or, if there is no corresponding day, the last day in the previous month of the date of each relevant transaction), adjusted by deducting the number of common shares held by the Company as of the relevant date, and by adding the number of the undelivered common shares of the Company out of the common shares of the Company deemed to be the “Number of shares to be delivered” pursuant to paragraph 14, items (9) through (12) prior to the adjustment of the Conversion Price. Furthermore, in the case where a stock-split of the common shares of the Company is conducted, the “Number of shares to be delivered” used in the Conversion Price Adjustment Formula shall not include the number of common shares allotted to the common shares held by the Company as of the record date.
 - (vi) The “Payment amount per share” used in the Conversion Price Adjustment Formula shall be the amount of properties that were paid in or contributed set forth in Article 445, paragraph 1 of the Companies Act.
- (12) Other than in the case where the adjustment of the Conversion Price set forth in paragraph 14, item (9) is necessary, the Company shall conduct a necessary adjustment of the Conversion Price in case of the following events, upon consultation with the Bond Manager and after obtaining their approval thereof:
 - (i) In case the adjustment of the Conversion Price is necessary for consolidation of the common shares, merger, company split or Share exchange;
 - (ii) Other than (i) above, in case the adjustment of the Conversion Price is necessary due to a change in the number of shares of the Company’s issued and outstanding common shares or events with the possibility of such changes;
 - (iii) In the case where the adjustment of the Conversion Price is necessary due to an allotment without contribution of any class shares to the shareholders of the common shares of the Company; or

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- (vi) In case of the occurrence of two (2) or more proximate events requiring the adjustment of the Conversion Price requiring the consideration of the effects by one event on the current market price to be used in the calculation of the Conversion Price after adjustment based on other event(s).
- (13) In case of the adjustment of the Conversion Price in accordance with the provisions of paragraph 14, items (8) through (12) above, the Company shall give prior written notice to the Bond Manager of the adjustment of the Conversion Price and the grounds therefor, the Conversion Price before adjustment, the Conversion Price after adjustment, and the date of the application of the adjustment and other necessary matters and shall publicly notice the necessary matters up to the day preceding the date of application. However, in the event of an inability to give the aforementioned public notice up to the day preceding the date of such application, such public notice shall be conducted promptly on or after such date of application. The method of public notice in such case, shall be as set forth in paragraph 27.
- (14) The administration for the acceptance of the request for the exercise of the Stock Acquisition Rights shall be handled at the place designated for the acceptance of exercise requests (hereinafter referred to as the “Place for Acceptance of Exercise Requests”) as set forth in paragraph 35.
- (15)
 - (i) The Stock Acquisition Rights Holders who intend to request exercise of the Stock Acquisition Rights must notify the Place for Acceptance of Exercise Requests of its intent to request the exercise thereof by way of the Nearest Upper Institution (the Book-Entry Transfer Institution (furikae kikan) or the account management institution (kouza kanri kikan) with which an account has been opened in order for the Stock Acquisition Rights Holders to conduct book-entry transfers of the Bonds with Stock Acquisition Rights).
 - (ii) The person who notified the Place for Acceptance of Exercise Requests of the matters required in an Exercise Request may not withdraw such notice thereafter.
- (16) The effect of the Exercise Requests for the Stock Acquisition Rights shall come into force on the date the notice of the matters requiring Exercise Requests arrive at the Place for Acceptance of Exercise Requests. If the effect of the exercise of the Stock Acquisition Rights comes into force, the Bonds relating to such Stock Acquisition Rights shall become due and payable.
- (17) Upon the effectuation of the Exercise Requests for the Stock Acquisition Rights, the Company shall deliver the shares to the Stock Acquisition Rights Holders in relation to the conducted Exercise Requests by conducting an increase entry to the holding column in the book-entry transfer account registered at the Nearest Upper Institution (the Book-Entry Transfer Institution (furikae kikan) or the account management institution (kouza kanri kikan) with which an account has been opened in order for the Stock Acquisition Rights Holders to conduct book-entry transfers of the Bonds with Stock Acquisition Rights)

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- (18) The Company and the Bond Manager shall, after consultation, implement the necessary procedures, in the case where replacement of the terms in this terms and condition or other necessary measures is necessary, such as in case where the Company abolishes the unit share system.
- (19) Call option attached to the Stock Acquisition Rights
There is no call option attached to the Stock Acquisition Rights.
- (20) If the Company conducts Organizational Restructuring Acts, the Company shall, except where the Company will carry out advanced redemption pursuant to paragraph 12, item (4), deliver to the Stock Acquisition Rights Holders of the Stock Acquisition Rights outstanding immediately preceding the effective date of the Organizational Restructuring Acts, stock acquisition rights of the Succeeding Company, etc. with the content set forth in this item (20), sub-items (i) through (vii) for each case specified respectively (the “Succeeding Stock Acquisition Rights”) in lieu of the Stock Acquisition Rights held by such holders. In such case, as of the effective date of the Organizational Restructuring Acts, the Stock Acquisition Rights shall be extinguished and the obligations regarding the Bonds shall be succeeded by Succeeding Company, etc. , and the Stock Acquisition Rights Holders shall be the stock acquisition rights holders of the Succeeding Stock Acquisition Rights . The provisions regarding the Stock Acquisition Rights of these terms and conditions shall be applied *mutatis mutandis* to the Succeeding Stock Acquisition Rights. However, in the case of an absorption-type company split or incorporation-type company split, the above shall only apply to cases where the Company delivers to the Stock Acquisition Rights Holders of the Stock Acquisition Rights outstanding immediately preceding the effective date of the Organizational Restructuring Acts, stock acquisition rights of the Succeeding Company, etc. in lieu of the Stock Acquisition Rights held by such holders, and where it is stipulated in the absorption-type company split plan or incorporation-type company split plan that the Succeeding Company etc. will assume the duties of the Company based on the Bonds, in accordance with the below conditions:
- (i) The number of Succeeding Stock Acquisition Rights to be delivered
A number equivalent to the number of the Stock Acquisition Rights that are outstanding immediately preceding the effective date of the Organizational Restructuring Acts shall be delivered.
- (ii) The type of shares subject to the Succeeding Stock Acquisition Rights
Common shares of Succeeding Company, etc.
- (iii) Calculation method of the number of shares subject to the Succeeding Stock Acquisition Rights
The Conversion Price of the Succeeded Bonds with Stock Acquisition Rights (meaning the Bonds succeeded by the Succeeding Company, etc. with Succeeding Stock Acquisition Rights, hereinafter the same) shall be stipulated so that those who exercise the Succeeding Stock Acquisition Rights immediately after the effective date of the Organizational Restructuring Acts shall be able to accept the economic value equivalent to those obtained by the Stock Acquisition Rights Holders who exercise the Stock Acquisition Rights immediately preceding the effective date of the Organizational Restructuring

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Acts and determined in compliance with paragraph 14, item (3). The Conversion Price of the Succeeding Bonds with Stock Acquisition Rights on and after the effective date of the Organizational Restructuring Acts shall be adjusted in compliance with paragraph 14, items (8) through (12).

- (iv) Content and the price of the property to be contributed upon the exercise of the Succeeding Stock Acquisition Rights

Upon the exercise of each Succeeding Stock Acquisition Right to be delivered, the Bonds in relation to each Succeeding Stock Acquisition Right shall be contributed and the price for the property to be contributed upon the exercise of each Succeeding Stock Acquisition Right shall be the same amount as the payment amount of each of the Bonds with Stock Acquisition Rights.

- (v) Exercise period of the Succeeding Stock Acquisition Rights

Period from the effective date of the Organizational Restructuring Acts (if the Company sets forth the period provided in paragraph 14, item (4), sub-item (vii), the later of either the effective date of the Organizational Restructuring Acts or the immediately following bank business day for the last day in such period) up to the last day of the Exercise Request Period of the Stock Acquisition Rights set forth in paragraph 14, item (4).

- (vi) Conditions of exercising the Succeeding Stock Acquisition Rights and the call option attached thereto

To be determined pursuant to paragraph 14, items (5) and (19)

- (vii) Stated capital and the capital reserve to be increased in the event of the issuance of shares by the exercise of the Succeeding Stock Acquisition Rights

To be determined pursuant to paragraph 14, item (7).

15. Negative pledge

- (1) So long as any of the Bonds remain outstanding, if the Company creates a security interest in respect of other convertible-type bonds with stock acquisition rights that were, or will be, issued by the Company in Japan on or after the Payment Date of the Bonds with Stock Acquisition Rights, the Company shall create, pursuant to the Securities Debenture Trust Law, a security interest in respect of the Bonds with Stock Acquisition Rights with the same priority as the said security interest. Convertible-type bonds with stock acquisition rights shall mean a bond with stock acquisition rights as defined in Article 2, item 22 of the Companies Act, the content of which is stipulated in compliance with the provisions of Article 236, paragraph 1, item 3 of the Companies Act that the /the bonds to which such Stock Acquisition Right is attached shall be property subject to contribution when a stock acquisition right is exercised.
- (2) If the security interest created pursuant to the preceding item is insufficient to secure the Bonds, the Company shall create, for the benefit of the Bonds, such security interest as the Bond Manager deems appropriate pursuant to the Secured Bond Trust Act.
- (3) Item (1) of this paragraph shall not apply in the case of succeeding convertible-type bonds with stock acquisition rights for which security interests are created from a

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Merging Corporation in Absorption-type Merger, a Split Company in Absorption-type company split or a Wholly Owned Subsidiary Company in Share Exchange due to an Absorption-type Merger as defined in Article 2, item 27 of the Companies Act, an Absorption-type company split as defined in Article 2, item 29 of the Companies Act, or a Share Exchange as defined in Article 2, item 31 of the Companies Act, respectively.

16. Conversion of the Bonds into secured bonds

- (1) The Company may, at any time after consulting with the Bond Manager create, for the benefit of the Bonds with Stock Acquisition Rights, such security interest as the Bond Manager deems appropriate pursuant to the Secured Bond Trust Act.
- (2) In the case of the creation of a security interest for the benefit of the Bonds with Stock Acquisition Rights pursuant to paragraph 15 or the preceding item, the Company shall immediately complete the procedures for registration of such security interest or other necessary procedures, if any, and give public notice of the completion of such procedures in a manner analogous to that set forth in Article 77 of the Secured Bond Trust Act.

17. Reservation of specified assets

- (1) The Company may, at any time after consulting with the Bond Manager, agree that it shall not furnish the Company's specified assets (the "Reserved Assets") as security for any obligations other than the Bonds with Stock Acquisition Rights and may reserve the said assets for the benefit of the Bond with Stock Acquisition Rights. In such case, the Company shall enter into a special agreement concerning such reservation of assets with the Bond Manager.
- (2) In the case of the preceding item, the Company shall also enter into a special agreement with the Bond Manager for sub-items (i) through (vi) below:
 - (i) the Company guarantees that, with respect to the Reserved Assets, there shall be no mortgage, pledge or any other rights or forward agreement, etc., to establish mortgage, pledge or any other rights that might adversely affect the benefit of the Bondholders of the Bonds to such effect;
 - (ii) the Company shall not assign or lease any of the Reserved Assets to any third party without the written approval of the Bond Manager;
 - (iii) if the total value of the Reserved Assets has for any reason decreased significantly, the Company shall immediately notify the Bond Manager in writing of such decrease;
 - (iv) the Company shall immediately add such assets as designated by the Bond Manager to the Reserved Assets if the Bond Manager deems it necessary to preserve the rights under the Bonds with Stock Acquisition Rights and the Company requests that such be done;
 - (v) in the case of a decline in the total amount of Bonds outstanding or any unavoidable circumstances, the Company may, with the written approval of the Bond Manager, replace all or any part of the Reserved Assets with other such assets as the Bond Manager deems appropriate or exclude any part of the Reserved Assets from the Reserved Assets; and

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- (vi) the Company shall immediately create a security interest in respect of the Bonds with Stock Acquisition Rights over the Reserved Assets pursuant to the Secured Bond Trust Act, if the Bond Manager deems it necessary to preserve the Bonds with Stock Acquisition Rights and the Company requests that such be done.
- (3) In the case of this paragraph 17, item (1), the Bond Manager may request that the Company take such measures as the Bond Manager deems necessary for the protection of the Bondholders.

18. Cancellation of negative pledge

If the Company creates security interests for the Bonds with Stock Acquisition Rights in accordance with this paragraph 15 or paragraph 16, item (1) or if the Company reserves Reserved Assets for the Bonds with Stock Acquisition Rights in accordance with paragraph 17, and the Bond Manager approves such creation or reservation, the provisions of paragraph 15 and paragraph 21, item (2) shall not be applied thereafter.

19. Event of default

The Bonds shall be accelerated if any of the following events occur (the Stock Acquisition Rights shall not be exercisable thereafter). However, in cases where the Company creates, for the benefit of the Bonds, such security interest as the Bond Manager deems appropriate pursuant to the Secured Bond Trust Act pursuant to paragraph 15 or paragraph 16 item (1), the Bond shall not be accelerated even if the events provided in item (2) or (4) below have occurred.

- (1) the Company breaches the provisions of paragraph 12 or 13;
- (2) the Company breaches the provisions of paragraph 15;
- (3) the Company breaches the provisions or conditions of paragraph 14, items (8) through (13), paragraph 16, item (2), paragraph 20, paragraph 21, paragraph 22, item (2), paragraph 23 or paragraph 27 and fails to remedy such breach within the period designated by the Bond Manager;

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- (4) (i) so long as any of the Bonds remain outstanding, in the case where the ordinary income/loss stated in the Company's audited consolidated profit and loss statement (as defined in the Regulations Concerning Terminology, Forms and Method of Preparation of Consolidated Financial Statements) for each business year records a loss for three (3) consecutive accounting periods after the Payment Date of the Bonds with Stock Acquisition Rights, four (4) months have elapsed from the end of the most recent business year (the "most recent business year"); provided, however, that this provision shall not apply if the amount of ordinary loss for the most recent business year is lower than that of the immediately preceding business year, and the accumulated ordinary loss for the said three (3) accounting periods is not more than 30% of the net assets stated in the Company's audited consolidated profit and loss statement (as defined in the Regulations Concerning Terminology, Forms and Method of Preparation of Consolidated Financial Statements) as of the last day of the immediately preceding accounting period of the first accounting period out of the said periods that the consecutive ordinary loss has occurred;
 - (ii) in the case under the proviso in (i) above, the ordinary income/loss in the immediately following business year of the most recent business year records a loss and four (4) months have elapsed from the end of the said business year.
 - (5) the Company loses the benefit of time in respect of any bonds other than the Bonds (including the bonds issued outside of Japan and the bonds shall not be limited to those that are subject to the Companies Act) or is not able to make payments in respect of such bonds when they become due and payable;
 - (6) the Company loses the benefit of time in respect of any borrowing obligations, other than its obligations under the Bonds, or is unable to perform its obligation due and payable to guarantee bonds issued by, or other borrowing obligations of, a company other than the Company, unless the total aggregate amount of such obligations does not exceed 500 million yen (after conversion into Japanese yen);
 - (7) the Company files a motion for commencement of bankruptcy proceedings, civil rehabilitation proceedings or corporate reorganization proceedings, or it is resolved by a board of directors' meeting to submit a proposal for dissolution (other than due to merger) to the shareholders' meeting;
 - (8) the Company is subject to a decision for the commencement of bankruptcy proceedings, civil rehabilitation proceedings or corporate reorganization proceedings, or the commencement of special liquidation is ordered; or
 - (9) an application for seizure or auction (including public auction by the tax authority) is filed against the assets of the Company which are indispensable to its business, or the Company is subject to a disposition of tax delinquency, or the Bond Manager determines it inappropriate to maintain and continue the Bonds.
20. Regular reports to the bond managers
- (1) The Company shall report to the Bond Manager an outline of its business on a regular basis, and submit business reports, balance sheet statements and profit and loss statements without delay after the end of each business year and notify the Bond

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Manager in writing of the financial results for each fiscal period and the dividend of surplus (including the interim dividend specified in Article 454 paragraph 5 of the Companies Act). This provision shall also apply to the case where the Company closes its accounts for a temporary period on a certain day specified in Article 441, paragraph 1 of the Companies Act.

- (2) The Company shall furnish to the Bond Manager a copy of the securities report and other exhibits attached thereto prepared pursuant to the Financial Instruments and Exchange Law within three (3) months after the end of each business year, and a copy of the quarterly securities report within forty five (45) days after the end of each quarterly period. The confirmation letter specified in Article 24-4-2 of the Financial Instruments and Exchange Act and the internal control report specified in Article 24-4-4 of the Financial Instruments and Exchange Act shall be handled in a manner analogous to the foregoing documents. If the Company files an extraordinary report or an amendment report thereof with the Director-General of the Kanto Local Finance Bureau, the Company shall without delay submit a copy of the same to the Bond Manager.
- (3) With respect to the reports and confirmation letters in the preceding item, if the securities report, quarterly securities report or the extraordinary report and the amendment reports thereto (including exhibits attached thereto) are filed through the electronic disclosure procedures as specified in Article 27-30-3 of the Financial Instruments and Exchange Act, the Company may omit the delivery of the documents specified in this paragraph 20, items (1) and (2) by notifying the Bond Manager of the filing of such documents through electronic disclosure procedures.

21. Notification to the bond managers

- (1) In the case where, after the Payment Date of the Bonds with Stock Acquisition Rights, a matter to be stated in the bond register has occurred or there has been a change to a statement in the bond register, the Company shall without delay make a statement in the bond register to that effect and notify the Bond Manager by a writing to which the Representative Director's name and seal is affixed.
- (2) If the Company is to create a security interest in respect of other convertible-type bonds with stock acquisition rights that were, or will be, issued by the Company in Japan on or after the Payment Date of the Bonds with Stock Acquisition Rights, the Company shall notify the Bond Manager in advance and in writing to that effect and the grounds therefor, the content of the obligation, the security interest and any other necessary matters.
- (3) The Company shall notify the Bond Manager in advance and in writing in the following events:
 - (i) the Company is to assign or lease assets that are indispensable for its business;
 - (ii) the Company is to modify all of its business or discontinue or wind up a significant portion of its business;
 - (iii) the Company is to decrease its capital or capital reserve, or its retained earnings reserve;

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- (iv) the Company is to conduct an entity conversion as specified in Article 2, item 26 of the Companies Act;
 - (v) the Company is to conduct an absorption-type merger as specified in Article 2, item 27 of the Companies Act or incorporation-type merger as specified in Article 2, item 28 of the Companies Act;
 - (vi) the Company is to conduct an absorption-type stock-split as specified in Article 2, item 29 of the Companies Act or incorporation-type stock-split as specified in Article 2, item 30 of the Companies Act;
 - (vii) the Company is to conduct a share exchange as specified in Article 2, item 31 of the Companies Act or a share transfer as specified in Article 2, item 32 of the Companies Act;
 - (viii) the Company is to seek dissolution; or
 - (ix) the Company is to announce a fact in relation to paragraph 12, items (4) and (5).
- (4) The Company shall notify the Bond Manager immediately in writing in the following events:
- (i) the Company has suspended payments or received a disposition to suspend transactions with a clearinghouse;
 - (ii) the Company is unable to pay for the borrowing obligations other than the bonds which have become due and payable;
 - (iii) a compulsory execution, provisional seizure or execution of provisional disposition has been carried out or a motion for an auction (including public auctions by the tax authority) for exercise of a security interest is filed or the Company has received a disposition of tax delinquency against the Company's assets which are indispensable for its business;
 - (iv) the Company has filed a motion for commencement of bankruptcy proceedings, civil rehabilitation proceedings or corporate reorganization proceedings, or it is resolved by a board of directors' meeting to submit a proposal for dissolution (other than due to merger) to the shareholders' meeting; or
 - (v) the Company has become subject to a ruling for the commencement of bankruptcy proceedings, civil rehabilitation proceedings or corporate reorganization proceedings, or the commencement of special liquidation is ordered.

22. Bond managers authority to investigate

- (1) Where the Bond Manager deems it necessary for the execution of its authority and for the performance of its obligations as prescribed in the Agreement with Bond Manager, it may request that the Company and any of its consolidated subsidiaries and companies to which the equity method is applied submit a written report in connection with the business, accounting, books, documents and other relevant matters or may investigate such matters.

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- (2) In the case of the preceding item, if the Bond Manager investigates the Company and any of its consolidated subsidiaries and companies to which the equity method is applied, the Company shall cooperate with such investigation.

23. Notification and public notice in the event of advanced redemption

- (1) If the Company intends to redeem the Bonds pursuant to the provision of paragraph 12, item (4), the Company shall notify the Bond Manager in writing of the advanced redemption and the amount and date of redemption and any other necessary matters no later than sixty (60) days before the relevant Redemption Date.
- (2) If the Company intends to redeem the Bonds pursuant to the provision of paragraph 12, item (5), the Company shall notify the Bond Manager in writing of the advanced redemption and the date of redemption within seven (7) days from the date of acquisition (but in the case under the proviso of paragraph 12, item (5), sub-item (iii), the last day of the 60-day period) of the common shares of the Company by the takeover bid.
- (3) If the Company intends to redeem the Bonds pursuant to the provisions of paragraph 12, item (6), the Company shall notify the Bond Manager in writing of the advanced redemption and the date of redemption within seven (7) days from the last day of the twenty (20) consecutive trading days (specified in paragraph 12, item (6)).
- (4) The public notice in the event where the Company intends to redeem the Bonds pursuant to the provisions of paragraph 12, item (4) through (6), shall be conducted in the manner set forth in paragraph 27.

24. Bond manager's authority to take part in objection procedures for creditors

The provisions set forth in the main clause of Article 740, paragraph 2 of the Companies Act shall not apply to the Bonds, therefore the Bond Manager shall not raise any objection on behalf of the Bondholders that is not resolved by the Bondholders' meeting during the objection procedures for the creditors set forth in Article 740, paragraph 1 of the Companies Act.

25. Exercise of judicial rights by the Bond Manager

Unless approved by the Bondholders' meeting, the Bond Manager will not perform any procedural acts or any acts belonging to the bankruptcy, rehabilitation, corporate reorganization proceedings or proceedings for special liquidation (excluding such acts as provided in the Agreement with Bond Manager) with respect to all of the Bonds.

26. Resignation of bond manager

- (1) The Bond Manager may, after electing a person to succeed the duties of bond manager, resign in either of the following events or in the case where a justifiable reason exists:
 - (i) when there is or there is the possibility of a conflict of interest between the Bond Manager and the Bondholders; or

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- (ii) when the Bond Manager intends to discontinue or wind up all of its business or a significant portion of its business.
- (2) In each of the cases in above item (1), the Company, the Bond Manager and the person to succeed the duties of the Bond Manager shall take actions that are necessary in accordance with such succession.

27. Public notice to the Bondholders

If public notice is given to the Bondholders in connection with the Bonds with Stock Acquisition Rights, unless otherwise prescribed in any applicable laws and ordinances, such public notice shall be given by electronic method designated in the Articles of Incorporation of the Company. However, if the Company is unable to give notice by electronic method due to accident or for any other unavoidable reasons, it shall be given in the newspaper designated by the Articles of Incorporation of the Company and one or more daily newspapers circulated in Tokyo and Osaka, respectively (provided, that public notice in any newspaper whose circulation overlaps with another newspaper in which public notice has been published may be omitted) or any other method as approved by the Bond Manager. Also, if the public notice is given by the Bond Manager, such public notice shall be given by methods designated by the applicable laws and ordinances, and if the Bond Manager deems it necessary for the benefit of the Bondholders, it shall be given by electronic method designated by the articles of incorporation of the Bond Manager. However, if the Company is unable to give notice by electronic method due to accident or for any other unavoidable reasons, it shall be given in the newspaper designated by the Articles of Incorporation of the Company and one or more daily newspapers circulated in Tokyo and Osaka, respectively (provided, that public notice in any newspaper whose circulation overlaps with another newspaper in which public notice has been published may be omitted).

28. Bondholders' meeting

- (1) The Bondholders' meeting for the Bonds with Stock Acquisition Rights and bonds which have a class (as defined by the Companies Act) identical to those of the Bonds with Stock Acquisition Rights (hereinafter collectively referred to as the "Bonds of the Relevant Class") shall be convened by the Company or the Bond Manager and public notice in respect of the holding of the Bondholders' meeting and the matters designated in Article 719 of the Companies Act shall be given in the method set forth in paragraph 27 at least three weeks prior to the scheduled date of such meeting.
- (2) The Bondholders' meeting for the Bonds of the Relevant Class shall be held in Tokyo.
- (3) The Bondholders who represent one tenth (1/10) or more of the aggregate principal amount of the Bonds of the Relevant Class (excluding bonds that have been redeemed and the total amount of the Bonds of the Relevant Class held by the Company shall not be included) may request that a meeting of Bondholders for the Bonds of the Relevant Class be convened, upon the presentation to the Bond Manager of the notice as stipulated in Article 222, paragraph 3 of the Book-Entry Transfer Law in respect to the Bonds with Stock Acquisition Rights and submission of a notice to the Company or the Bond Manager which states the subject matters of the Bondholders' meeting and the grounds for convocation.

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29. **Public Notification of the terms and conditions of the bond and Agreement with the Bond Manager**
The Company and the Bond Manager shall, at its respective head office, keep the certified copies of the terms and conditions of the bonds and Agreement with the Bond Manager prepared, and make them available for public inspection during its business hours.
30. **Period for Application**
From the immediately following business day of the Conversion Price, etc., Determination Date up to two (2) business days following the Conversion Price, etc., Determination Date.
31. **Payment Date (date of allotment of the Stock Acquisition Rights)**
Any day during the period from October 26, 2010, up to October 28, 2010; provided, however, that such day shall not be earlier than five (5) business days after the Conversion Price, etc., Determination Date.
32. **Book-Entry Transfer Institution**
Japan Securities Depository Center Inc.
33. **Payment of principal and interest**
Payment of the principle of and the interest on the Bonds shall be paid in accordance with the Book-Entry Transfer Law and the business regulation and other rules relating to the book-entry transfer of corporate bonds, etc.
34. **Issuing and Paying Agent**
Aozora Bank, Ltd.
35. **Place for acceptance of exercise request**
Administrator of shareholder registry The Sumitomo Trust and Banking Co., Ltd. Stock Transfer Agency Department.
36. **Method of the offering**
Public offering.
37. **Underwriters**
Underwriter syndicate with Daiwa Securities Capital Markets Co., Ltd. acting as the lead-manager.
38. **Place for acceptance of application**
The head office of the underwriters (financial instruments business operators) and its branch offices in Japan.
39. **Underwriter's fee**
No fee will be paid to the Underwriters, but instead, the total amount of variance between the issue price and amount to be paid in by the underwriters (the payment amount for the Bonds with Stock Acquisition Rights) shall be the underwriter's net proceeds.

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40. Obtained Credit Ratings
BBB (Japan Credit Rating Agency, Ltd.)
41. Whether the Bonds with Stock Acquisition Rights will be listed
Listed (Tokyo Stock Exchange, Inc.)
42. Consent to Book-Entry Transfer Institution
Consent Notice Regarding Book-Entry Transfer System dated October 20, 2008, has been submitted to the Book-Entry Transfer Institution.
43. Other than the matters set forth above, the Company authorizes the Representative Director of the Company to determine any and all matters that are necessary in connection with the issuance of the Bonds with Stock Acquisition Rights.
44. The effectiveness of this terms and conditions is subject to the filing under the Financial Instruments and Exchange Act.

End

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<Reference>

1. Use of Funds to be Raised

(1) Use of Funds to be Raised

Regarding the 59,779 million yen in net proceeds which the Company expects to receive through this fund raising, it plans to use 20,000 million yen for the funds for semiconductor manufacturing equipments with the purpose of moving into the process based on 40nm and below for Mobile RAM™, and 10,000 million yen for the funds for research and development equipments for process under 30nm-generations, located at the Hiroshima Plant, and the remains will be appropriated to funds for repayments and redemptions of outstanding interest-bearing debt (including (a) bonds, (b) borrowings, and (c) lease obligations,) by March 2012.

The breakdown of the funds for semiconductor manufacturing equipments and funds for research and development equipment as mentioned above are stated below:

| Company Name; | Location: | Type of equipment: | Scheduled investment amount: (millions of yen) | Scheduled date of completion: | Funding method: |
|---------------------|---|---|--|-------------------------------|--|
| Elpida Memory, Inc. | Chuo-ku, Tokyo Chuo-ku, Kanagawa Sagamihara-shi, Kanagawa Higashi Hiroshima-shi, Hiroshima Akita-shi, Akita | semiconductor manufacturing equipment; semiconductor research and development equipment; IT related investments | 70,000 | March, 2012 | issuance of convertible bonds; own capital; borrowings |

Note: Each above amount does not include consumption tax, etc.

(2) Changes to the use of fund raised previously

Not Applicable.

(3) Expected impact on the business results

The Company believes that, this fund raising will contribute to improving the Elpida group's profitability and to the enhancement of the Company's financial condition.

2. Profit distribution to shareholders, etc.

(1) The Company's most important management goal is to return its profit to its shareholders and to improve 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.

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(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 2008 | Fiscal year ending March 2009 | Fiscal year ending March 2010 |
|---|---------------------------------|----------------------------------|----------------------------------|
| Current net income (loss) per share (JPY) (consolidated basis) | (181.58) | (1,349.11) | 14.54 |
| Dividends per share (JPY) | — | — | — |
| Actual payout ratio (consolidated basis) | —% | —% | —% |
| Return on equity (consolidated basis) | (6.5)% | (69.5)% | 1.4% |
| Dividend on Equity (consolidated basis) | —% | —% | —% |

- Notes:
- Return on equity for each fiscal year (consolidated basis) is a fraction (expressed as a percentage), the numerator of which is net income (consolidated basis) for the relevant fiscal year; and the denominator of which is shareholders' equity (obtained by taking the average of total amount of net assets (after deducting stock acquisition rights and minority shareholder interest), as between the beginning and the end of the fiscal year).
 - As the Company has not paid dividends for the past three fiscal years, actual dividend payout ratio (consolidated basis) and ratio of dividends/net assets (consolidated basis) are not provided for those periods.

3. Other matters

(1) Designation of party to receive allocation

Not applicable.

(2) Information on dilutive potential shares

As a result of the implementation of this fund raising, ratio of dilutive potential common shares against the recent number of issued common shares is expected to be 40.48%.

- Notes:
- The dilutive potential common share ratio is a fraction, the numerator of which is the number of common shares of the Company to be delivered in the event that; all of the Type 1 Preferred Shares and Type 2 Preferred Shares are requested for acquisition with common shares of the Company as consideration, all of the stock acquisition rights attached to the US Dollar Denominated Convertible Bonds with stock subscription rights due 2013 of Elpida Memory, Inc. that are outstanding as of this day is exercised, all of the stock acquisition rights as stock options issued to directors, executive officers, corporate auditors and employees of the Company and its subsidiaries all exercised, and all of the Stock Acquisition Rights attached to the 130% Call Option Attached Unsecured Convertible Type Bonds with

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Stock Acquisition Rights (2nd Series) to be issued in this offering, and the denominator of which is the recent number of issued common shares (thus, the dilutive share ratio is the ratio calculated on the assumption that all of the shares that is to be issued are newly issued shares)

2. Estimated Conversion Price: 1,177 yen (the amount calculated by multiplying 892yen, the closing price on the Tokyo Stock Exchange on October 7, 2010, by 132%)
3. The Company issued Type 1 Preferred Shares and Type 2 Preferred Shares to the Development Bank of Japan, Inc. (the “DBJ”), either of which type may be requested for acquisition with common shares of the Company as consideration by the DBJ. Under the investment agreement executed between the Company and the DBJ, in order to avoid sudden dilution of the Company’s common stock, it has been agreed that the DBJ may only request such acquisition right beginning on February 1, 2011 (Please see the Company’s 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 October 7, 2010, the conversion price for Type 1 Preferred Shares was 1,323.2 yen per share and the acquisition price for Type 2 Preferred Shares was 1,170.4 yen per share. If all of Type 1 Preferred Shares and Type 2 Preferred Shares were requested for acquisition with common shares of the Company based on the respective acquisition prices as of October 7, 2010, 24,645,610 shares of common stock of the Company would be issuable.
4. The Company has issued stock acquisition rights as stock options to directors, executive officers, corporate auditors and employees of the Company and its subsidiaries.

Status of Issuance of Stock Options (as of August 31, 2010)

| 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 | 90,700 shares | 5,130 yen | 3,448 yen | October 1, 2008 - September 30, 2013 |
| June 28, 2007 | June 28, 2007 | 93,300 shares | 5,222 yen | 3,074 yen | October 1, 2009 - September 30, 2013 |

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| | | | | | |
|---------------|---------------|---------------|-----------|-----------|--------------------------------------|
| June 24, 2008 | June 24, 2008 | 97,400 shares | 2,928 yen | 1,733 yen | October 1, 2010 - September 30, 2013 |
|---------------|---------------|---------------|-----------|-----------|--------------------------------------|

(3) Status of Equity Financing over the Past Three Years, etc

(i) Status of Equity Financing

Issue of the First Unsecured Convertible Bonds with Stock Acquisition Rights through Third Party Allotment

| | |
|--|---|
| Date of issue | November 4, 2008 |
| Amount of raised funds | 49,978,000,000 yen (Estimated amount of net proceeds) |
| Conversion price | 1,017 yen |
| Number of issued shares at the time of the offering | 129,813,600 shares |
| Number of issued shares due to this offering | — |
| Total number of issued shares after the offering | — |
| Allotted party | Nomura Asia Limited |
| Number of potential shares due to this offering | Number of potential shares at the initial conversion price (1,017 yen): 49,164,208 shares Number of potential shares at the upper limit of conversion price (2,034 yen): 24,582,104 shares Number of potential shares at the lower limit of conversion price (509 yen): 98,231,827 shares |
| Status of conversion (Status of exercise) at present | Number of converted shares (number of exercised shares): 11,787,819 shares (Balance: 0 yen, present conversion price (exercise price): 509 yen) |
| Initial purpose of fund use at the time of the issue | Capital expenditures in Hiroshima plant: 25,000 million yen Capital contribution to Rexchip Electronics Corporation: 24,978 million yen |
| Scheduled time of expenditure at the time of the issue | Capital expenditures in Hiroshima plant: Second half of the fiscal year ending March, 2010 Capital contribution to Rexchip Electronics Corporation: Scheduled during the first half of the fiscal year ending March, 2010 |
| Status of appropriation at present | 44,000 million yen out of the financed funds was appropriated for the advanced redemption of these convertible bonds with stock acquisition rights as of January 9, 2009. The remains were appropriated for funds for capital expenditures. |

(Note) Among the aggregate face amount of 50 billion yen, 6 billion yen has been converted and the remaining 44 billion yen was redeemed before maturity on January 9, 2009.

Capital Increase through Third Party Allotments (Type 1 and Type 2 Preferred Shares)

| | |
|----------------------------|--|
| Date of issue | August 31, 2009 |
| Amount of raised funds | 29,802,000,000 yen (Issue price: 10,000 yen per share) (Estimated amount of net proceeds) |
| Number of issued shares at | Common shares: 141,601,419 shares |

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| | |
|--|--|
| the time of the offering | |
| Number of issued shares due to this offering | Type 1 Preferred Shares: 1,000,000 shares Type 2 Preferred Shares: 2,000,000 shares |
| Total number of issued shares after the offering | Common shares: 141,601,419 shares Type 1 Preferred Shares: 1,000,000 shares Type 2 Preferred Shares: 2,000,000 shares Total: 144,601,419 shares |
| Allotted party | Development Bank of Japan Inc. |
| Initial purpose of fund use at the time of the issue | Funds for capital expenditures and funds for research and development investments, which are intended to introduce the most advanced facilities of high-value added DRAM for cellular phones and digital televisions, etc. to its Hiroshima plant, which are necessary to implement a business restructuring plan under the Act on Special Measures for Industrial Revitalization and Innovation of Industrial Activities (the "Business Restructuring Plan"). |
| Scheduled time of expenditure at the time of the issue | Until March 31, 2012 |
| Status of appropriation at present | Appropriation has been made sequentially for funds for capital expenditures and funds for research and development investments in the Hiroshima Plant as initially scheduled. |

Capital Increase through Public Offering

| | |
|--|---|
| Date of issue | September 24, 2009 |
| Amount of raised funds | 60,390,000,000 yen (Issue price 1,098 yen) |
| Number of issued shares at the time of the offering | 144,601,419 shares |
| Number of issued shares due to this offering | 55,000,000 shares |
| Total number of issued shares after the offering | 199,601,419 shares |
| Initial purpose of fund use at the time of the issue | (i) Funds for research and development investments, (ii) funds for capital expenditures, and (iii) funds for repayments and redemptions of interest-bearing debt (including (a) borrowings, (b) lease obligations, and (c) bonds etc.) necessary to implement the Business Restructuring Plan. |
| Scheduled time of expenditure at the time of the issue | Until March 31, 2012 |
| Status of appropriation at present | Appropriation has been made sequentially for (i) funds for research and development investments, (ii) funds for capital expenditures, and (iii) funds for repayments and redemptions of interest-bearing debt with interests (including (a) borrowings, (b) lease obligations, and (c) bonds, etc.) as initially scheduled. |

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Capital Increase through Third Party Allotments

| | |
|--|--|
| Date of issue | April 20, 2010 |
| Amount of raised funds | 11,603,711,000 yen (Issue price: 1,805 yen per share) |
| Number of issued shares at the time of the offering | 199,601,419 shares |
| Number of issued shares due to this offering | 6,470,200 shares |
| Total number of issued shares after the offering | 206,071,619 shares |
| Allotted party | Kingston Technology Corporation |
| Initial purpose of fund use at the time of the issue | Funds for the purchase of manufacturing equipment with the purpose of converting to the 40nm manufacturing process at the Company's Hiroshima Plant. |
| Scheduled time of expenditure at the time of the issue | April 2010 - March 2012 |
| Status of appropriation at present | Appropriation has been made sequentially for funds for the purchase of manufacturing equipments as initially scheduled. |

Issue of the US Dollar Denominated Convertible Bonds with Stock Subscription Rights due 2013 of Elpida Memory, Inc. through Third Party Allotment

| | |
|--|--|
| Date of issue | April 20, 2010 |
| Amount of raised funds | 75,000,000 US dollars |
| Conversion Price | 2,052 yen |
| Number of issued shares at the time of the offering | Common shares: 199,601,419 shares |
| Number of issued shares due to this offering | — |
| Total number of issued shares after the offering | — |
| Allotted party | Kingston Technology Corporation |
| Number of potential shares due to this offering | 3,414,839 shares (the above figure is obtained by dividing the amount obtained, by translating the amount of raised fund from US dollars to JPY by applying a fix currency transfer rate of 93.43 yen to 1 US dollar, by the initial conversion price which is 2,052 yen) |
| Status of conversion (Status of exercise) at present | — |
| Initial purpose of fund use at the time of the issue | Funds for the purchase of manufacturing equipment with the purpose of converting to the 40nm manufacturing process at the Company's Hiroshima Plant. |
| Scheduled time of expenditure at the time of the issue | April 2010 - March 2012 |
| Status of appropriation at present | Appropriation has been made sequentially for funds for the purchase of manufacturing equipments as initially scheduled. |

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(ii) Status of Share Price over the Past Three Years and as of the Day Immediately Preceding the Resolution for the Issue

| | Year ending March 31, 2008 | Year ending March 31, 2009 | Year ending March 31, 2010 | Year ending March 31, 2011 |
|-------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| Opening price | 4,830 yen | 3,410 yen | 740 yen | 1,860 yen |
| Highest price | 5,870 yen | 4,430 yen | 1,943 yen | 2,189 yen |
| Lowest price | 2,715 yen | 305 yen | 697 yen | 886 yen |
| Closing price | 3,320 yen | 680 yen | 1,841 yen | 892 yen |
| Price/earnings ratio | — times | — times | 126.6 times | — times |

- Notes:
1. Share prices for the fiscal year ending March 2011 are as of October 7, 2010.
 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 the Company 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. As the figures for the fiscal year ended March 31, 2010 is unfixed, the price to earnings ratio is not provided for this period.

(4) Fund raising plan under consideration

The Company has, in accordance with a business restructuring plan under the “Act on Special Measures for Industrial Revitalization and Innovation of Industrial Activities” that was submitted and approved by the Ministry of Economy, Trade and Industry in June, 2009 (the plan has been partly amended in March, 2010 in relation to how to strengthen the relationship with Taiwanese manufacturers), been promoting new partnerships with Taiwanese manufacturers and thus have proceeded in securing manufacturing capacity and building a framework for the dispersion of risk.

Specifically, examples of the relationship with the Taiwanese manufacturers as mentioned above, are as follows: set up of the R&D center at Rexchip Electronics Corporation, a joint-venture company between the Company and Powerchip Technology Corporation; co-development of 4F² cell based DRAM products at the said center; DRAM foundry agreement with Winbond Electronics Corporation for foundry services of graphics DRAM products; DRAM foundry agreement with ProMOS Technologies Inc. for foundry services of PC DRAM products; and a three-party agreement among Powertech Technology Inc. and United Microelectronics Corporation in relation to the co-development and business alliance concerning TSV (Through Silicon Via) technology.

Under these circumstances, the Company, having an intention to enhance the Company’s presence in Taiwan within not only its business clients but also the local ordinary investors, the purpose of which is to assist the Company to increase opportunity to expand its business in Taiwan, is currently considering the listing of Taiwan Depositary Receipts*, which represent the common shares of the Company, on the Taiwan Stock Exchange together with the issuance and offering of such Taiwan Depositary Receipts in relation to the said listing.

With regards to the timing of the listing, the Company is now preparing with a target of having the Taiwan Depositary Receipts listed within the current fiscal year.

This document is the press release to announce the issuance of Elpida Memory, Inc. 130% Call Option Attached Unsecured Convertible Type Bonds with Stock Acquisition Rights (2nd Series), and has not been prepared for solicitation of investment or to carry out any similar actions. The securities offered have not been and will not be registered under the United States Securities Act of 1933 and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements.

However, because the listing and the issuance and offering of the said Taiwan Depositary Receipts are subject to the approval of the relevant authorities and the completion of necessary procedures pursuant to applicable laws and regulations, at this moment, a specific time of realizing the listing of the Taiwan Depositary Receipts is undetermined. Moreover, as for the listing procedure, there are possibilities for the approval for the listing to be delayed or postponed for any reason. After obtaining the approval for listing etc., the number of common shares of the Company represented by the Taiwan Depositary Receipts that are subject to the listing is expected to be around 10 million shares or so, and this will be met by issuing new shares in the future.

* Taiwan Depositary Receipt

A substitutive security issued by a Depositary Institution in Taiwan with the purpose of distributing the shares of a non-Taiwanese company within Taiwan, the underlying asset of which being the original shares of the said company that are held in custody outside of Taiwan.

(5) Operating policy of the Elpida group

Tera Probe, Inc. a consolidated subsidiary of the Company (“Tera Probe”), is now proceeding with the preparation for listing its shares on the Mothers market established by the Tokyo Stock Exchange, Inc. Although whether and when the approval for listing will be made is undetermined at this moment, when the listing is realized, the Company’s shareholding ratio and the proportion of voting rights on Tera Probe’s shares may decline at a certain level as a result of the issuance of new shares or the distribution of the Tera Probe’s shares held by the Company, and Tera Probe may thus be excluded from the Company’s consolidated subsidiaries. However, the Company believes that the listing of Tera Probe will have limited impact on the Company’s consolidated performance and financial condition.

(6) Lock-up Agreement

In connection with the offering of the Bonds with Stock Acquisition Rights, the Company has agreed with Daiwa Securities Capital Markets Co. Ltd., for a period beginning on the date of Conversion Price etc., Determination Date and ending 90 days after the payment date of the Bonds with Stock Acquisition Rights (the “Lock-up Period”), not to, without the prior written consent of Daiwa Securities Capital Markets Co. Ltd., issue any shares of the Company’s 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 the Company’s common stock or other capital stock, etc.; provided, however, that the issuance of the Bonds with Stock Acquisition Rights, new issuance of common shares pursuant to any stock-split, delivery of the common shares as a result of exercise of any stock acquisition rights under the Company’s stock option plan, etc., selling of any common stock held by us as a result of purchasing shares of the Company’s common stock constituting less than one unit upon request of any holders thereof, and the delivery of any shares of the Company in relation to the listing of the Taiwan Depositary Receipts representing the Company’s shares on the Taiwan Stock Exchange and the issuance of the such Taiwan Depositary Receipts shall be excluded.

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As for the cases referred to above, Daiwa Securities Capital Markets Co. Ltd. reserves the right to terminate the agreement in whole or in part at its discretion even during the Lock-up Period.

End

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