



News Release

FOR IMMEDIATE RELEASE

Elpida Announces Reduction in Additional Paid-in Capital

TOKYO, JAPAN, May 20, 2011 – Elpida Memory Inc. (“Elpida”) announced that Elpida’s board of directors decided at a meeting held on May 20, 2011 to propose a reduction in additional paid-in capital at the 12th annual general shareholders meeting scheduled for June 28, 2011.

1. Reason for the reduction in additional paid-in capital

In June 2009, Elpida submitted a business restructuring plan (the “Business Restructuring Plan”) based on the Act on Special Measures for Industrial Revitalization and Innovation of Industrial Activities to Japan’s Ministry of Economy, Trade and Industry (“METI”), which was approved by METI. (The Business Restructuring Plan is scheduled to terminate on March 31, 2012.)

The Business Restructuring Plan included a third party allotment of preferred shares to the Development Bank of Japan Inc. (the “DBJ”). In accordance with the Business Restructuring Plan, in August 2009, Elpida implemented the issuance of Type 1 and Type 2 preferred shares (collectively, the “Preferred Shares”) by way of a third party allotment having the DBJ as the allotted party.

As announced at the time of implementing the third party allotment of the Preferred Shares as mentioned above, the Preferred Shares carry, as a right of the holders of the Preferred Shares, a right to request that Elpida acquire their shares with cash consideration (the “Put Option with Cash Consideration”). If a holder of the Preferred Shares exercises the Put Option with Cash Consideration, Elpida shall acquire the Preferred Shares that are subject to the Put Option with Cash Consideration within the limit of the distributable amount stipulated in Article 461, Section 2 of the Companies Act as of the date of such Put Option with Cash Consideration to the extent permitted by laws and regulations. In exchange for the acquisition, Elpida shall deliver to the holders of the Preferred Shares the amount paid in for each Preferred Share (10,000 yen per share), plus the amount equal to the unpaid dividends for the Preferred Shares (for details of the calculation of the amount, see Elpida’s press release dated August 7, 2009 and the Articles of Incorporation of Elpida). The investment agreement between Elpida and the DBJ (the “Investment Agreement”) prescribes that the exercise period of the Put Option with Cash Consideration shall commence, in principal, from the earlier of (i) April 1, 2012, or (ii) the day immediately following the day on which the performance period of the Business Restructuring Plan ends (if such earlier day is not a business day, the business day immediately following such day; the “Put Option with Cash Consideration Exercisable Date”).

In order that Elpida can provide a sufficient distributable amount in an effort to acquire all the Preferred Shares that are subject to the Put Option with Cash Consideration in the cases where the holders of the Preferred Shares exercise their Put Options with Cash Consideration with respect to the Preferred Shares that are likely to be outstanding on the Put Option with Cash Consideration Exercisable Date, Elpida would like to ask its shareholders to approve that the additional paid-in capital be reduced pursuant to Article 448, Section 1 of the Companies Act as described below, and the amount of the reduction be transferred to other capital surplus.

The Preferred Shares also carry, as a right of the holders of the Preferred Shares, a right to request that Elpida acquire their shares with common shares of Elpida as consideration (the “Put Option with Common Shares”). Under the Investment Agreement, the Put Options with Common Shares are

exercisable gradually on or after February 1, 2011 and they were exercised with respect to a part of the Preferred Shares. The number of the Preferred Shares (excluding treasury shares) as of May 20, 2011 is as follows:

Type 1 preferred shares:	1,000,000 shares; and
Type 2 preferred shares:	1,838,967 shares.

2. Method for reducing additional paid-in capital

In accordance with Article 448, Section 1 of the Companies Act, additional paid-in capital in the amount of 83,189,139,967 yen as of March 31, 2011 will be reduced by 60,000,000,000 yen* and the amount of the reduction will be transferred to other capital surplus.

* 56,738,662,733 yen consists of (1) the assumed purchase price of the outstanding Preferred Shares (excluding treasury shares) in the amount of 30,959,219,032 yen, and (2) the amount which is calculated in a manner prescribed by the applicable Ordinance of the Ministry of Justice as the amount of deficit as of March 31, 2011 in the amount of 25,779,443,701 yen.

3. Schedule for the reduction in additional paid-in capital

(1)	Proposal decided by the board of directors:	May 20, 2011
(2)	Approval at the general shareholders meeting:	June 28, 2011 (planned)
(3)	Effective date:	July 11, 2011 (planned)

4. Impact on Elpida's finances

Since the reduction in additional paid-in capital represents a transfer between accounts within net assets, the value of Elpida's net assets will remain unchanged.

About Elpida

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

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

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