



News Release

FOR IMMEDIATE RELEASE

Elpida and Powerchip have reached an understanding that Elpida will Purchase all of Powerchip's PC DRAM Products

Powerchip to become PC DRAM foundry for Elpida

Tokyo, Japan, January 31, 2011 – Elpida Memory, Inc. and Powerchip Technology Corporation today announced that they have reached a non-binding understanding that Elpida will purchase all DRAM products that Powerchip will manufacture, including the current portion which Powerchip has been selling as Powerchip branded products. Elpida will sell those products as Elpida's house brand products. Further consultations between both companies will be held to reach an early final agreement.

Elpida currently has a foundry agreement with Powerchip for PC DRAMs and purchases half of what Powerchip manufactures at their fabs in Hsinchu, Taiwan. Powerchip currently has 80,000 wafers per month capacity for commodity DRAM production and licenses from Elpida the right to distribute the other half of the products as their own branded products. Powerchip also has a right to purchase approximately 30,000 DRAM wafers fabricated at Rexchip Electronics Corporation, a joint venture between the two companies, and sell those DRAMs to their customers as their own branded products.

When a final agreement is reached, Powerchip will phase out the sales of own branded DRAMs and Elpida will purchase all PC DRAMs from Powerchip to sell them as its own branded products. In other words, the new agreement will enable Elpida to expand its production capacity without capital expenditures. The technology migration at Powerchip's fabs for DRAM production, which will be conducted by Powerchip, will require relatively small capital spending as those fabs use Elpida's efficient process technologies.

Furthermore, demand for power-saving Mobile DRAMs used in smartphones and tablet PCs has been increasing rapidly, forcing Elpida's Hiroshima Fab to allocate its capacity for these products and less to PC DRAMs. Elpida can compensate a declining portion of PC DRAM production at Hiroshima by increasing procurement from its foundry partner to maintain and improve its presence in the DRAM industry.

Powerchip plans to shift towards a Foundry Model by expanding its foundry production portion to Elpida as well as other semiconductor products and customers. Furthermore Powerchip and Elpida also intend to work together to continue support for Powerchip's existing customers.

Both companies are pleased with this win-win situation which will improve each company's business. This will also allow both companies to focus on their core competencies; Elpida's sales and marketing and technology development strengths and Powerchip's manufacturing efficiency and process technology strengths. Both Elpida and Powerchip will further cooperate together to improve customer satisfaction.

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>.

About Powerchip Technology

Established in December 1994 in Taiwan Hsinchu Science Park, Powerchip Technology Corp. (5346.TWO), specializes in the production and marketing of DRAM (Dynamic Random Access Memory) products, Flash Memories and providing Foundry Services. As of 2011, Powerchip has three 12" (300mm) fabs and over 4,300 employees. Powerchip also has a Joint-Venture with Japan's Elpida, Rexchip Electronics. For more information, please visit <http://www.powerchip.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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