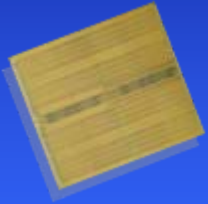


# ***ELPIDA***

## **3Q-FY2011 Financial Review & Business Update**

**Elpida Memory, Inc.  
February 2, 2012**

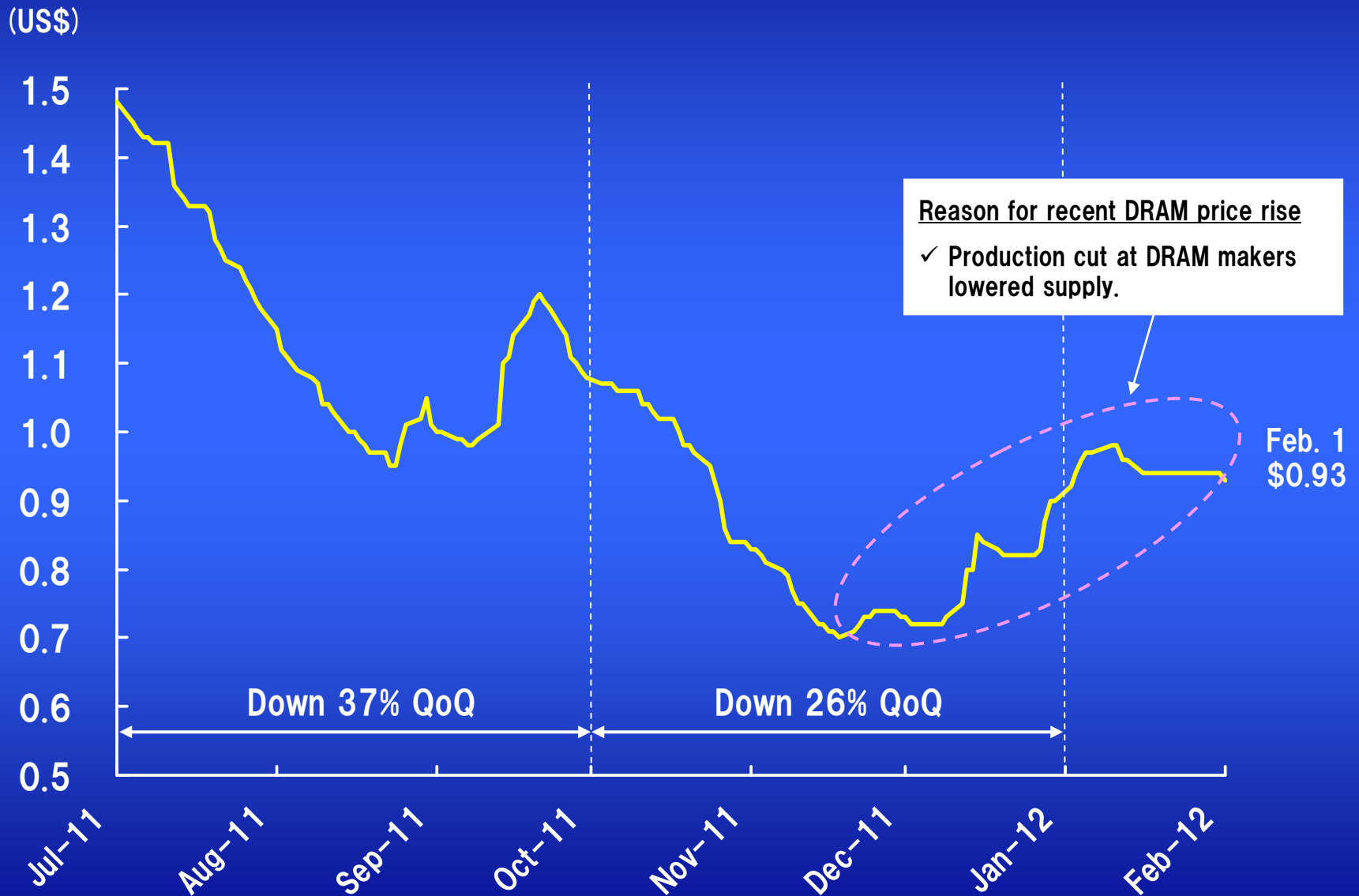


## Financial Review



## Business Updates

# 2-gigabit (Gb) DDR3 SDRAM Spot Price



# 3Q-FY2011 Results

(Billion JPY)	3Q-FY2011		2Q-FY2011		QoQ	3Q-FY2010		YoY
Net sales	59.8	100%	64.1	100%	-4.2	97.1	100%	-37.2
Gross profit (loss)	(28.3)	-47%	(27.5)	-43%	-0.7	(7.7)	-8%	-20.5
Operating income (loss)	(43.8)	-73%	(44.7)	-70%	+0.9	(26.9)	-28%	-16.9
Ordinary income (loss)	(44.9)	-75%	(50.6)	-79%	+5.7	(30.5)	-31%	-14.4
Net income (loss)	(42.1)	-70%	(48.9)	-76%	+6.7	(29.6)	-30%	-12.6
EBITDA <sup>(1)</sup>	(12.1)	-20%	(16.8)	-26%	+4.7	6.2	6%	-18.3
Bit shipment growth	—		—		-4%	—		+36%
ASP <sup>(2)</sup> change	—		—		-4%	—		-51%
Average exchange rate to USD	Y77.1/\$		Y79.1/\$		Yen 3% stronger	Y83.0/\$		Yen 7% stronger
Quarter-end exchange rate to USD	Y77.7/\$		Y76.7/\$		Yen 1% weaker	Y81.5/\$		Yen 5% stronger

<sup>(1)</sup> EBITDA = Income before income taxes + interest expense + depreciation and amortization

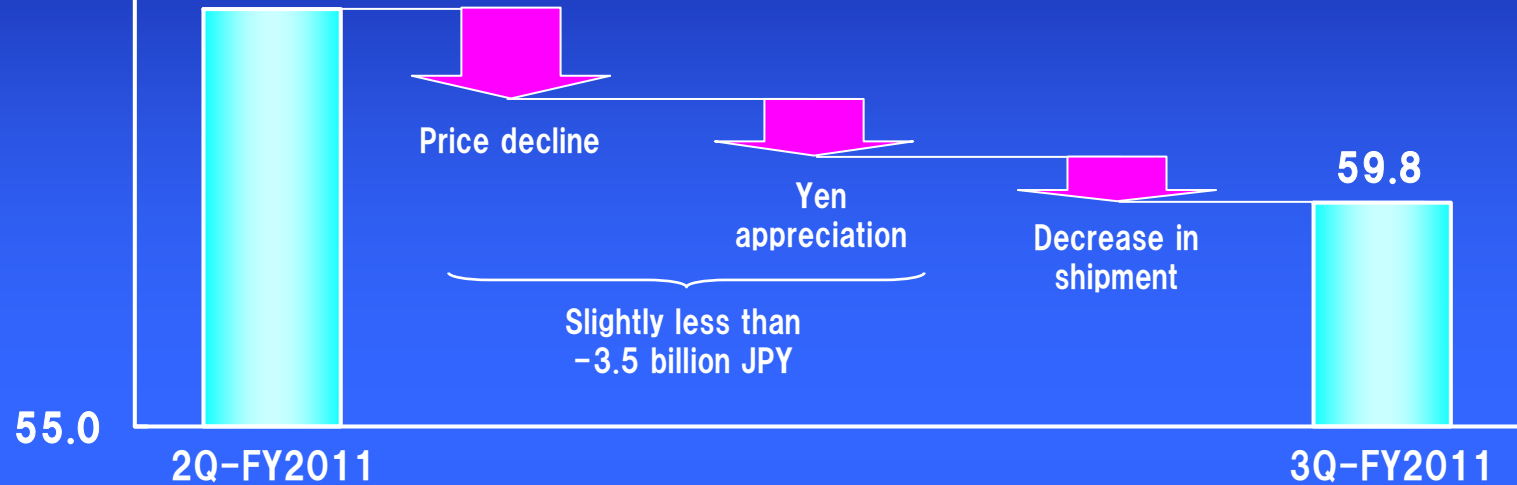
<sup>(2)</sup> ASP: Average Selling Price

# Net Sales & Operating Income Analysis (QoQ)

(Billion JPY)

65.0

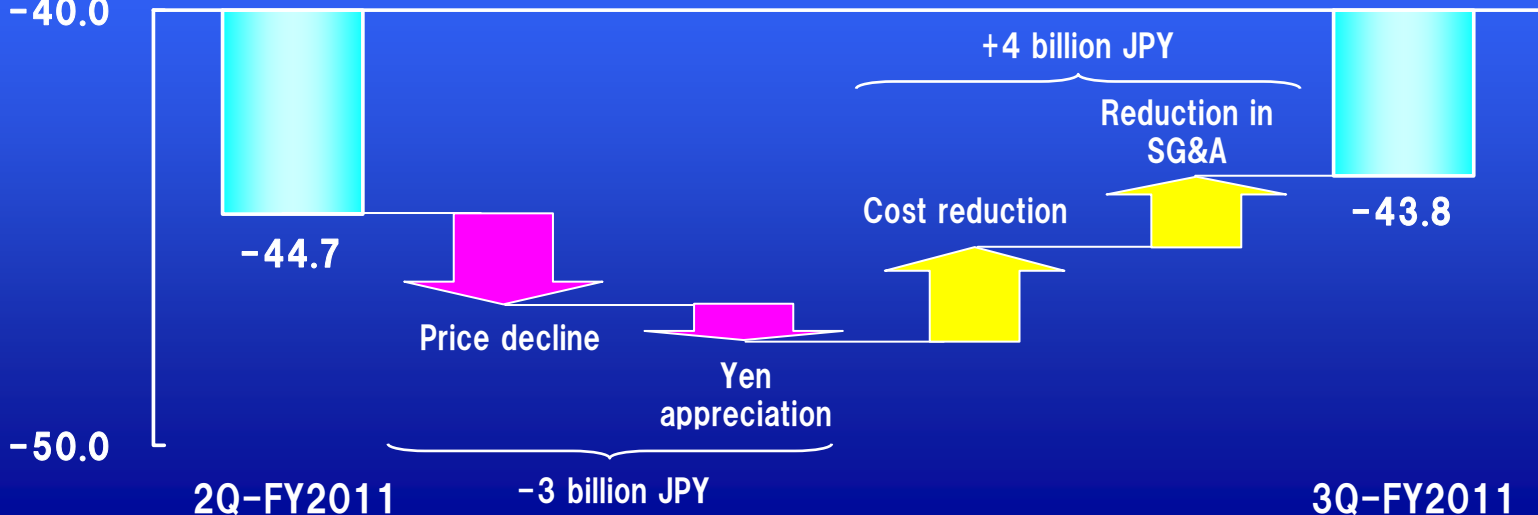
## Net sales



(Billion JPY)

-40.0

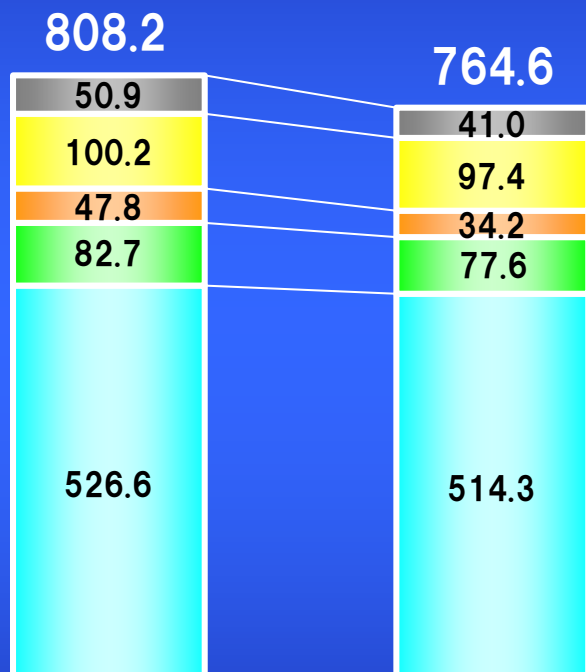
## Operating income



# Financial Position

## Assets

(Billion JPY)



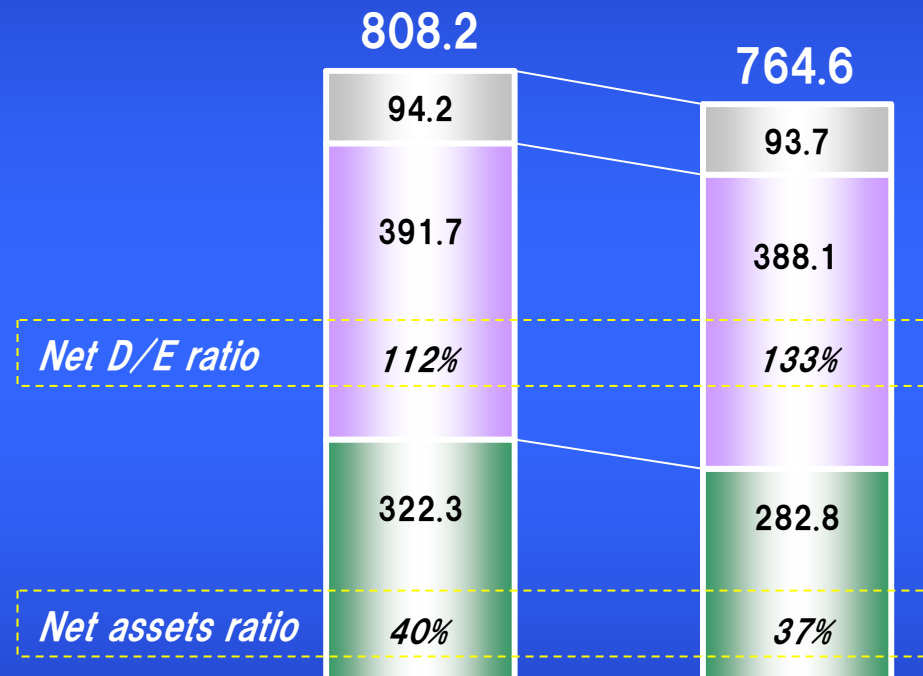
Sept. 30, 2011

Dec. 31, 2011

- Other assets
- Cash and time deposits
- Note and accounts receivable, trade
- Inventories
- Property, plant and equipment, net

## Liabilities/Net assets

(Billion JPY)



Sept. 30, 2011

Dec. 31, 2011

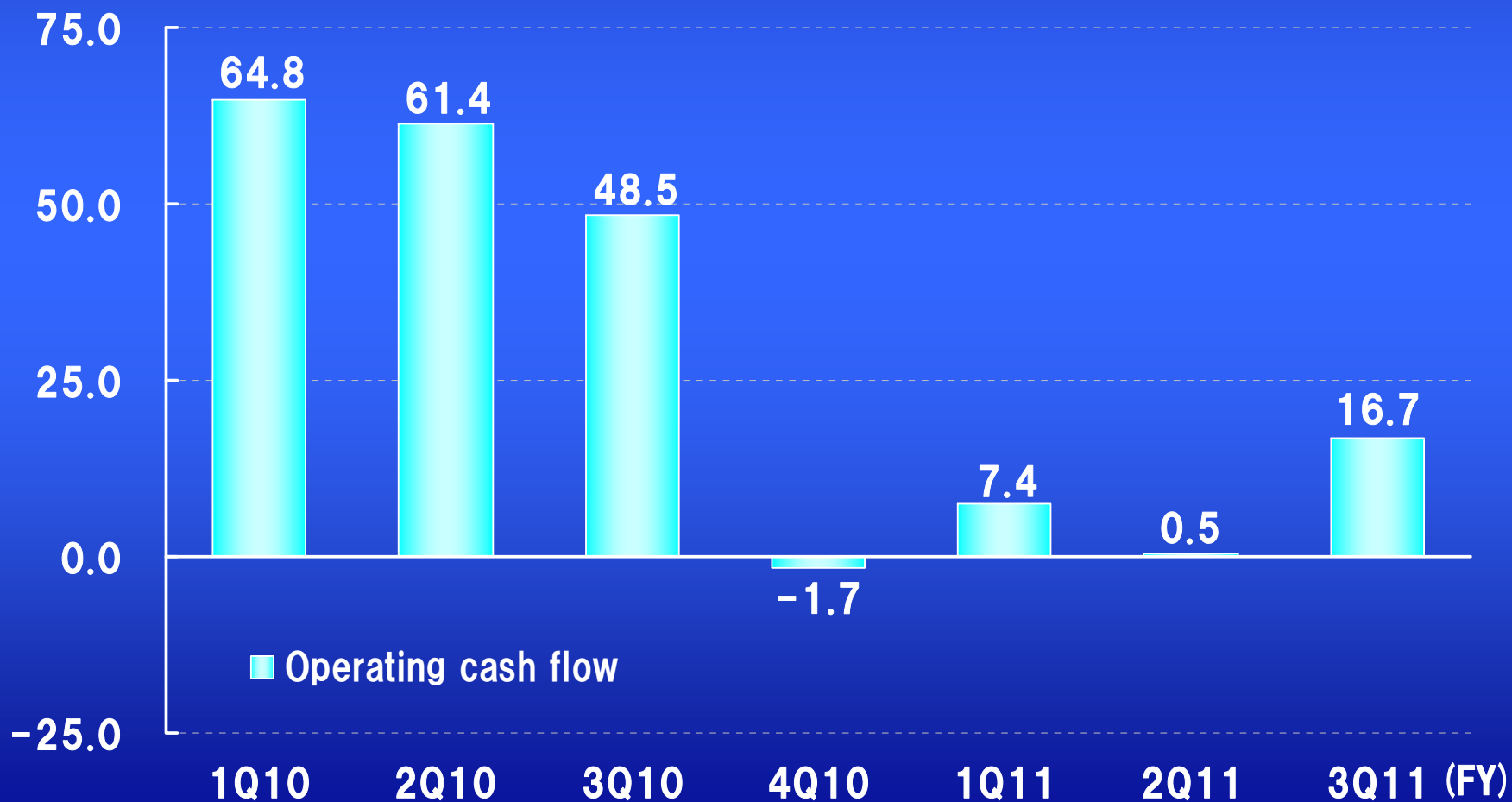
- Other liabilities
- Interest-bearing debt
- Net assets

# Cash Flows

## Free cash flow

(Billion JPY)

**35.4**    **35.6**    **13.8**    **-22.4**    **-23.3**    **-20.8**    **8**



# Quarterly & Yearly Guidance

## Quarterly

(Billion JPY)

	FY2011		
	3Q		4Q
	Guidance as of Oct. 27, 2011	Actual	Guidance as of Feb. 2, 2012
QoQ bit shipment growth	Approx. 5%	-4%	0 ± 5%
Depreciation expenses	33.0	32.1	33.0
SG&A expenses	17.0	15.5 <sup>(1)</sup>	16.0

<sup>(1)</sup>Reduction due to cuts in expenses.

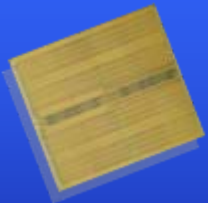
## Full year

(Billion JPY)

	FY2011	
	Guidance as of Oct. 27, 2011	Guidance as of Feb. 2, 2012
YoY bit shipment growth	40-50%	Approx. 40%
Depreciation expenses	135.0	130.0
SG&A expenses	70.0	65.0
CAPEX	80.0	72.0



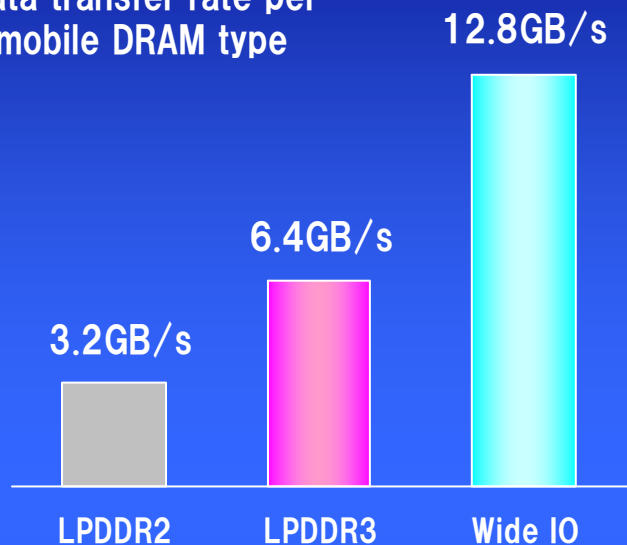
## Financial Review



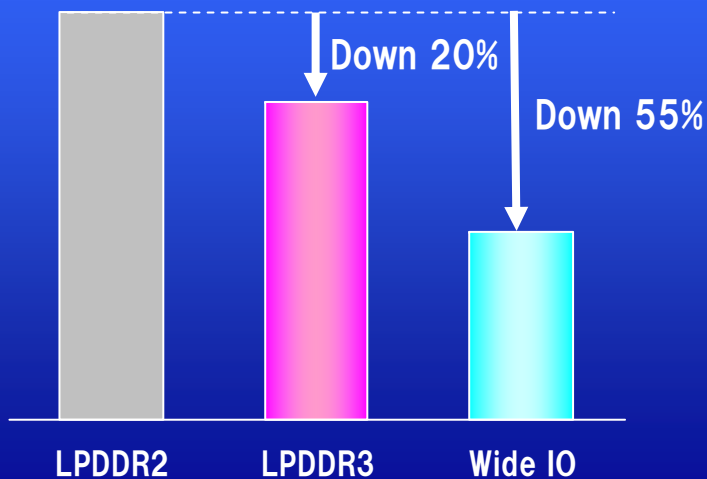
## Business Updates

# High Speed, Low Power Next Gen. Mobile DRAM

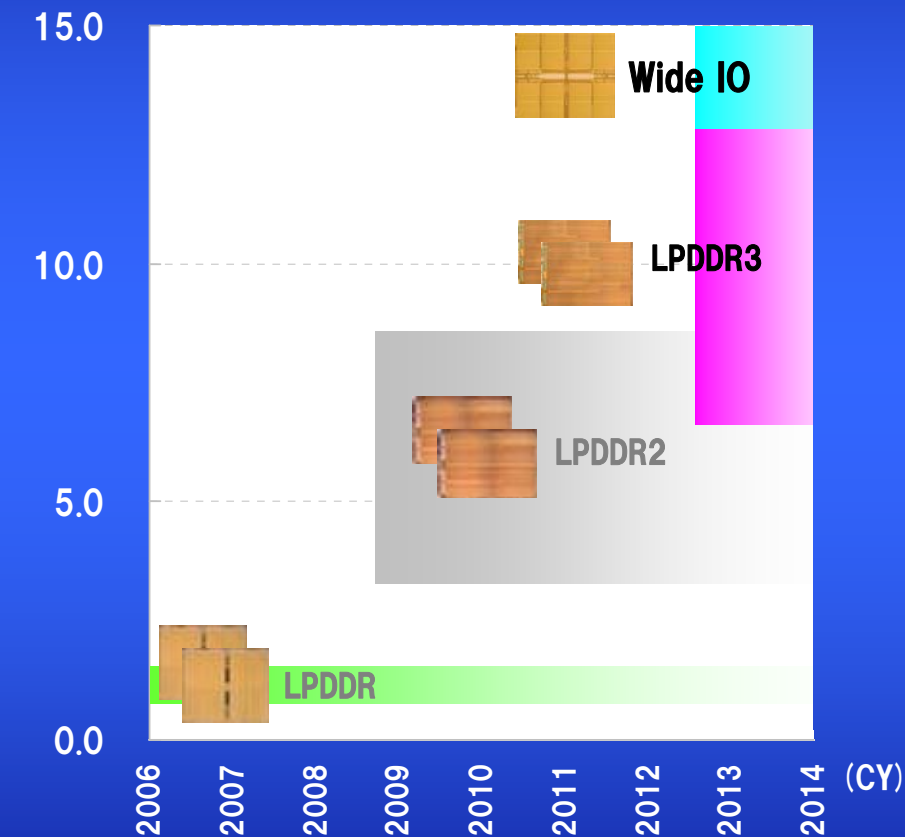
Data transfer rate per mobile DRAM type



Power consumption per GB/s



Data transfer rate required for mobile devices (smartphones etc.)



Note: Upper limit for each range (excl. Wide IO) shows data transfer rate in dual channel mode (using two synchronized identical mobile DRAM chips).  
 GB/s: Giga Byte per Second  
 LPDDR: Low Power Double Data Rate

Source: Elpida

**ReRAM (Resistance Random Access Memory)**  
**= A next-generation memory**

## Features

	<b>DRAM</b>	<b>NAND</b>	<b>ReRAM</b>
<b>Write speed</b>	<b>5 nanoseconds</b>	<b>10 microseconds (=10,000 nanoseconds)</b>	<b>10 nanoseconds</b>
<b>Write endurance</b>	<b>Unlimited</b>	<b>Up to 0.1 million times</b>	<b>More than 1 million times</b>
<b>Volatility</b>	<b>Volatile</b>	<b>Non-volatile</b>	<b>Non-volatile</b>

## Plans

Develops gigabit-class ReRAM using 30nm process.  
Volume manufacturing starts in 2013.

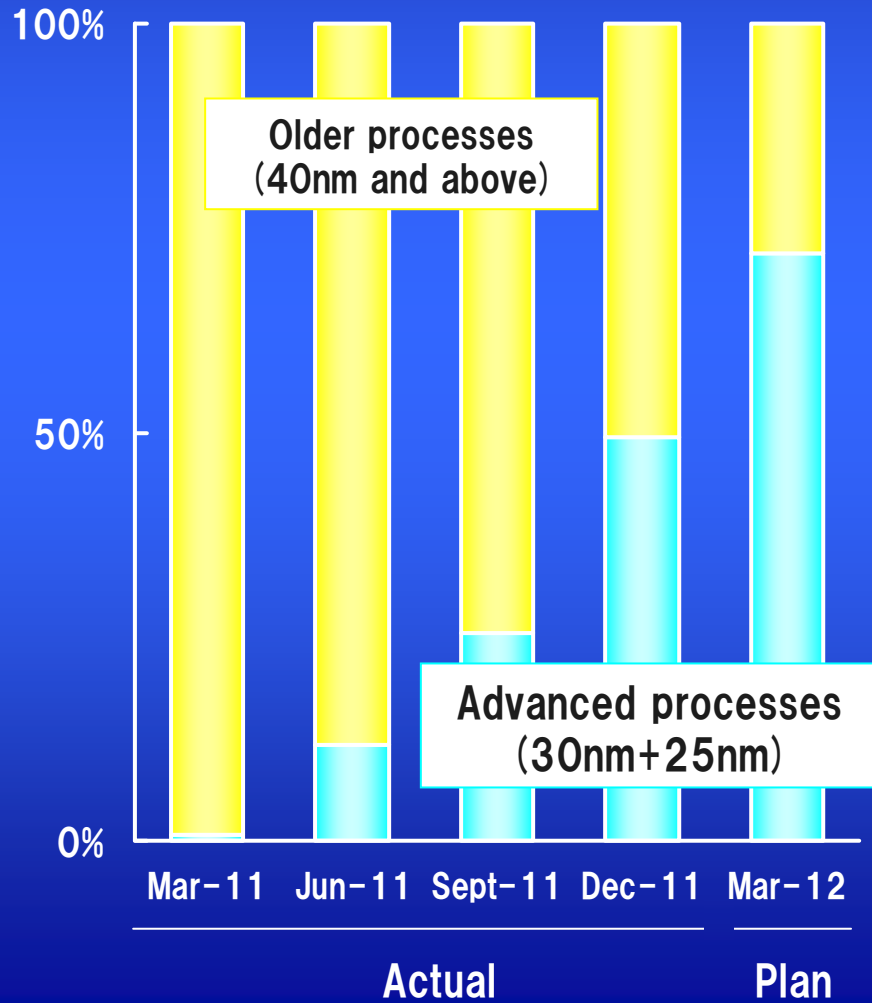
## Target market

Cache memory that fills the speed gap between DRAM running at higher speeds and NAND flash memory at lower speeds

# Elpida & Rexchip Mfg. Plan

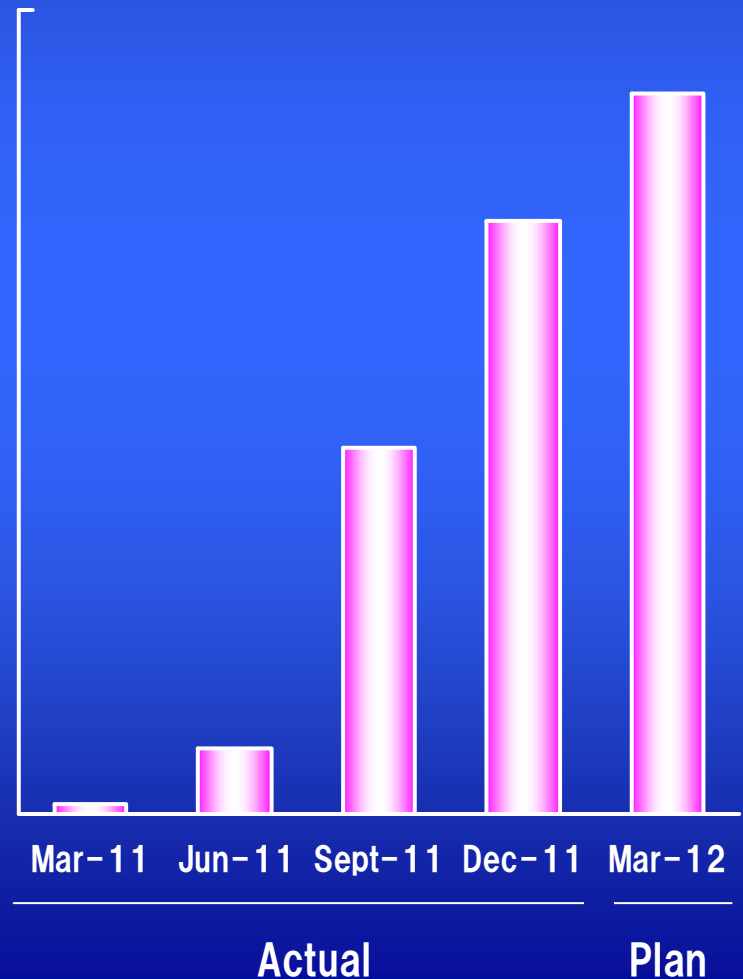
**Wafer input by process**

(Wafer input ratio)

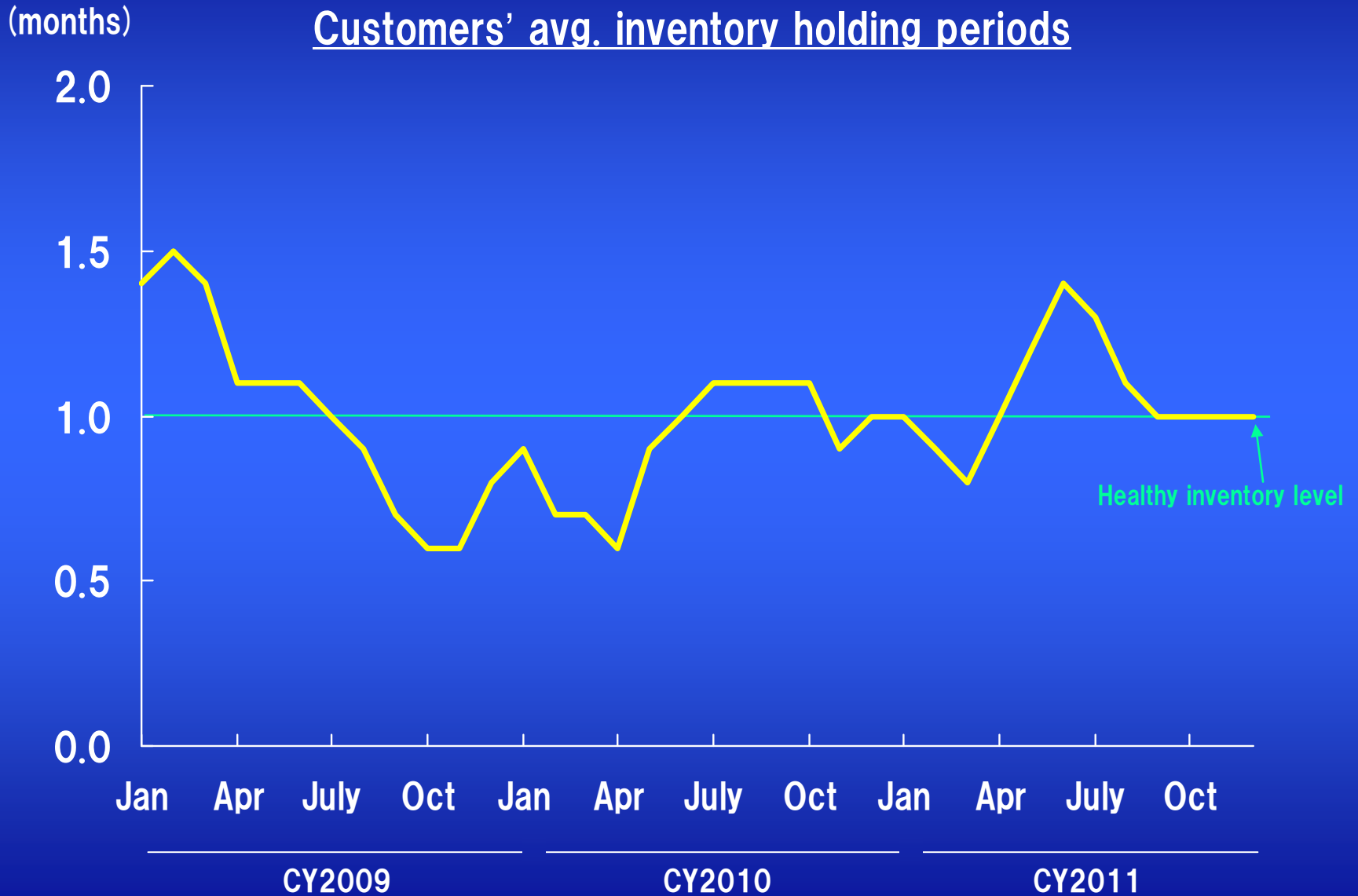


**4Gb DRAM mfg. plan**

(Wafer unit input)



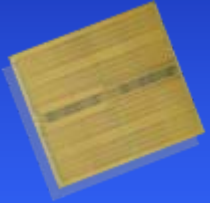
# Major PC Makers' DRAM Inventory Level



Source: Elpida research

\*This information is based on unofficial data received from customers and may differ from actual conditions or results.

	CY2012		
	1H	2H	Expectations
<b>DRAM market outlook by application</b>			
<b>Mobile devices</b>			<ul style="list-style-type: none"> <li>• Anticipate limited 1H demand growth.</li> <li>• Expect release of new Android OS smartphones &amp; Windows8 tablet PCs, each with higher DRAM density, to expand demand.</li> </ul>
<b>Digital consumer electronics</b>			<ul style="list-style-type: none"> <li>• Anticipate weak demand throughout CY2012.</li> </ul>
<b>PCs</b>			<ul style="list-style-type: none"> <li>• In 2H expect demand increase due to Ultrabook™ market expansion &amp; Windows8 PC release.</li> </ul>
<b>Servers</b>			<ul style="list-style-type: none"> <li>• As in CY2011 expect solid cloud computing-related demand in CY2012.</li> </ul>



# Appendix

# Historical Performance

(Billion JPY)	FY2010				FY2011					
	3Q		4Q		1Q		2Q		3Q	
		%		%		%		%		
<b>Net sales</b>	<b>97.1</b>	100	<b>92.1</b>	100	<b>95.7</b>	100	<b>64.1</b>	100	<b>59.8</b>	100
<b>Gross profit (loss)</b>	<b>(7.7)</b>	-8	<b>7.3</b>	8	<b>12.6</b>	13	<b>(27.5)</b>	-43	<b>(28.3)</b>	-47
<b>SG&amp;A expenses</b>	<b>19.2</b>	20	<b>12.5</b>	14	<b>16.4</b>	17	<b>17.2</b>	27	<b>15.5</b>	26
<b>R&amp;D expenses</b>	<b>10.8</b>	11	<b>9.1</b>	10	<b>10.5</b>	11	<b>11.9</b>	19	<b>10.5</b>	18
<b>Operating income (loss)</b>	<b>(26.9)</b>	-28	<b>(5.2)</b>	-6	<b>(3.8)</b>	-4	<b>(44.7)</b>	-70	<b>(43.8)</b>	-73
<b>Net income (loss)</b>	<b>(29.6)</b>	-30	<b>(8.2)</b>	-9	<b>(7.9)</b>	-8	<b>(48.9)</b>	-76	<b>(42.1)</b>	-70
<b>Depreciation expenses</b>	<b>31.8</b>	33	<b>31.9</b>	35	<b>32.3</b>	34	<b>32.4</b>	51	<b>32.1</b>	54
<b>EBITDA</b>	<b>6.2</b>	6	<b>26.9</b>	29	<b>27.0</b>	28	<b>(16.8)</b>	-26	<b>(12.1)</b>	-20
<b>Average exchange rate to USD</b>	<b>Y83.0/\$</b>		<b>Y82.9/\$</b>		<b>Y82.2/\$</b>		<b>Y79.1/\$</b>		<b>Y77.1/\$</b>	

# Financial Position

(Billion JPY)		FY2010		FY2011		
		Dec. end	Mar. end	June end	Sept. end	Dec. end
	Cash and time deposits	164.7	112.8	84.7	100.2	97.4
	Note and accounts receivable, trade <i>A/R collection period</i>	79.7 <i>74 days</i>	75.5 <i>74 days</i>	68.6 <i>65 days</i>	47.8 <i>67 days</i>	34.2 <i>51 days</i>
	Inventories <i>Inventory holding period</i>	65.2 <i>56 days</i>	72.5 <i>77 days</i>	86.7 <i>94 days</i>	82.7 <i>81 days</i>	77.6 <i>79 days</i>
	Property, plant and equipment, net	577.9	568.6	555.0	526.6	514.3
	<b>Total assets</b>	<b>932.7</b>	<b>879.0</b>	<b>849.9</b>	<b>808.2</b>	<b>764.6</b>
	Interest-bearing debt <i>Net D/E ratio</i>	444.8 <i>100%</i>	405.1 <i>102%</i>	399.3 <i>114%</i>	391.7 <i>112%</i>	388.1 <i>133%</i>
	Shareholders' equity <i>Shareholders' equity ratio</i>	278.8 <i>30%</i>	285.8 <i>33%</i>	277.0 <i>33%</i>	259.2 <i>32%</i>	218.9 <i>29%</i>
	<b>Net assets</b> <i>Net assets ratio</i>	<b>346.5</b> <i>37%</i>	<b>356.0</b> <i>41%</i>	<b>347.1</b> <i>41%</i>	<b>322.3</b> <i>40%</i>	<b>282.8</b> <i>37%</i>

# ***ELPIDA***

URL: <http://www.elpida.com>

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