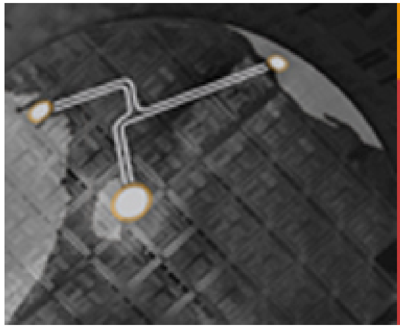

TAIWAN + CHINA

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Changing Memory Industry Dynamics

Dr. Brian Shieh, President

Powerchip Semiconductor Corp.

February 7th, 2007

US-Taiwan Business Council

Santa Clara, California

Outline of Talk

1. Introduction of Powerchip

2. DRAM Industry Over 15 Years

3. Future Prospect of Memory Industry

4. Taiwan as a Manufacturing Base

Company Profile

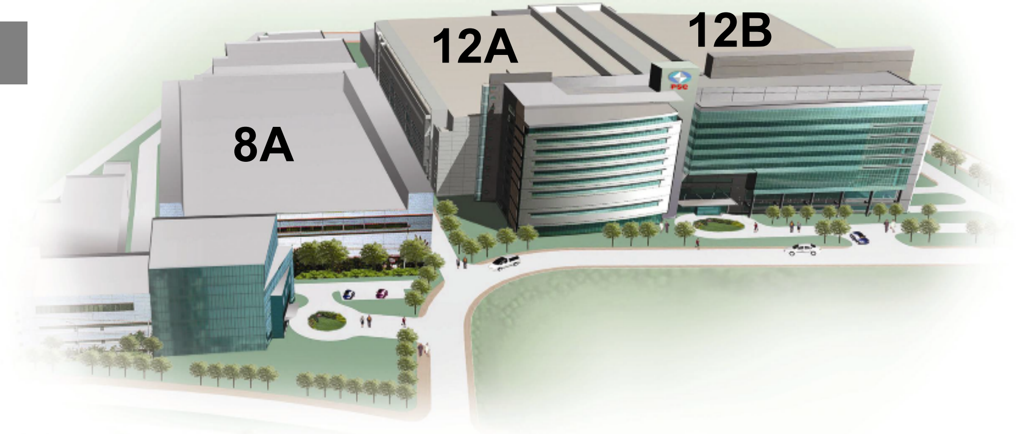
- Founded in December 1994, Taiwan
- DRAM Technology Transfer from Mitsubishi in 1995
- From Elpida since 2003
- One 8-inch Fab, Three 12-inch Fabs in Operation Currently
- Paid-in Capital : US$ 2.1 B
- Number of Employees : 6000人
- Revenues :

  NT$23B/USD$700M(2003), NT$57B/USD$1.7B(2004)
  NT$51B/USD$1.6B(2005), NT$92B/USD$2.8B(2006)

PSC

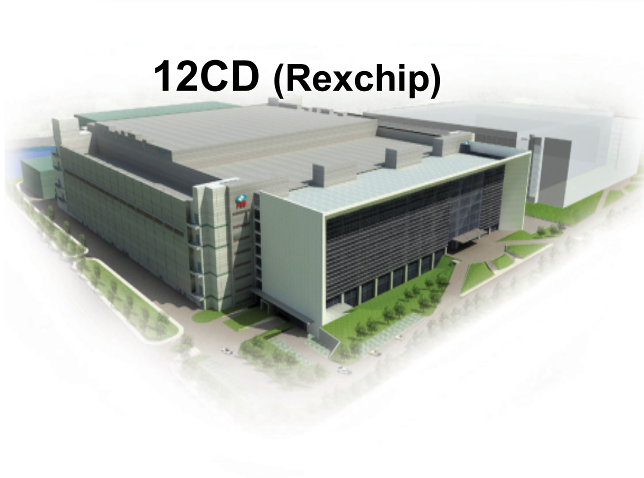
8-inch Fab

	Initial Production	Current Capacity
Fab 8A	1996	35K



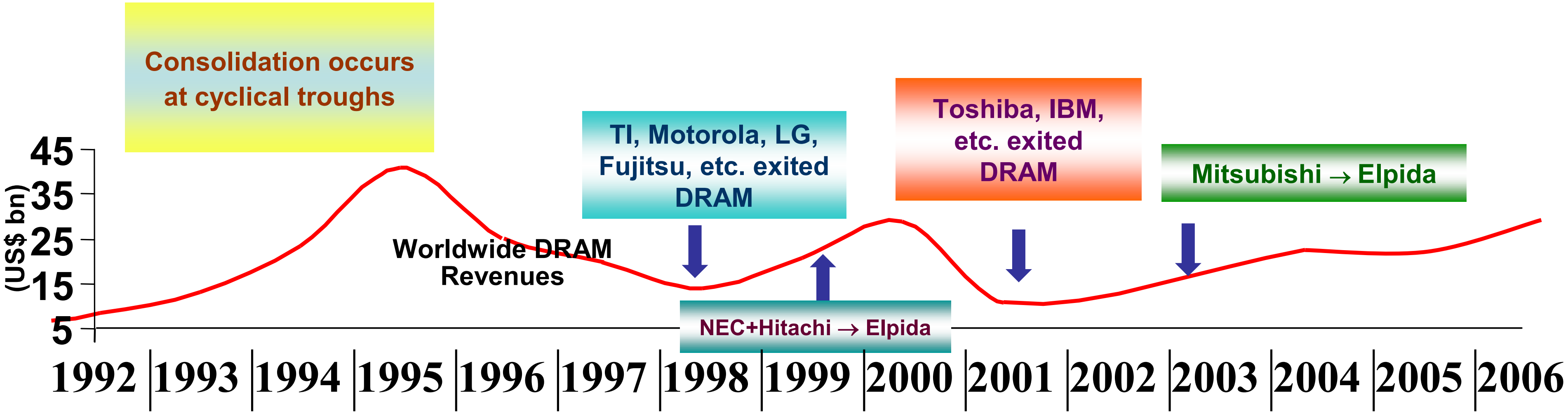
12-inch Fab

	2006 End Capacity	2007 End Capacity
Fab12A+B	85K	90K
Fab 12M	15K	40K
Fab12C+D (Rexchip)	Under Construction	30K (Phase 1)



PSC

Business Environment



PSC Milestones

- Fab 8A Operation
- Fab 8A Full Capacity
- Foundry Service
- Fab 12A Operation
- Fab 12B Operation
- Fab 12M Operation

Major Manufacturer

Micron
IBM
Texas Instrument
Motorola
Samsung
Hyundai
LG
Fujitsu
Siemens/Infineon
NEC
Hitachi
Mitsubishi
Toshiba
OKI
TI-ACER
Vanguard
Winbond

Micron
IBM
Samsung
Hyundai
Siemens/Infineon
NEC
Hitachi
Mitsubishi
Toshiba
Powerchip
Promos
Nanya
Winbond
Vanguard

Samsung
Micron
Hynix
Infineon
Elpida
Powerchip
Mitsubishi
Promos
Nanya
Winbond

Samsung

Hynix/Promos

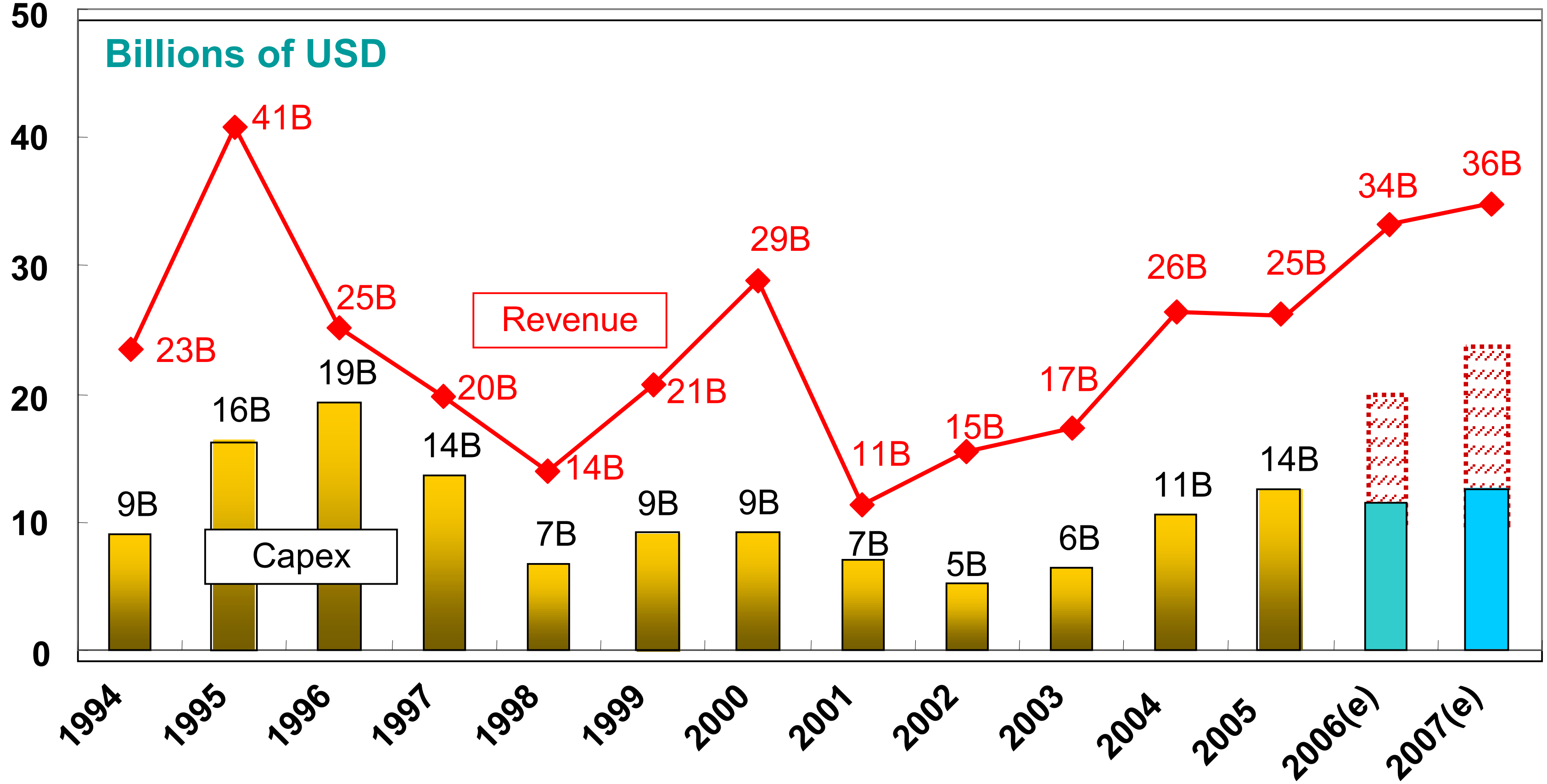
Elpida/Powerchip
SMIC

Qimonda/Nanya
Inotera/Winbond

Micron

PSC

Worldwide DRAM Revenue & CAPEX



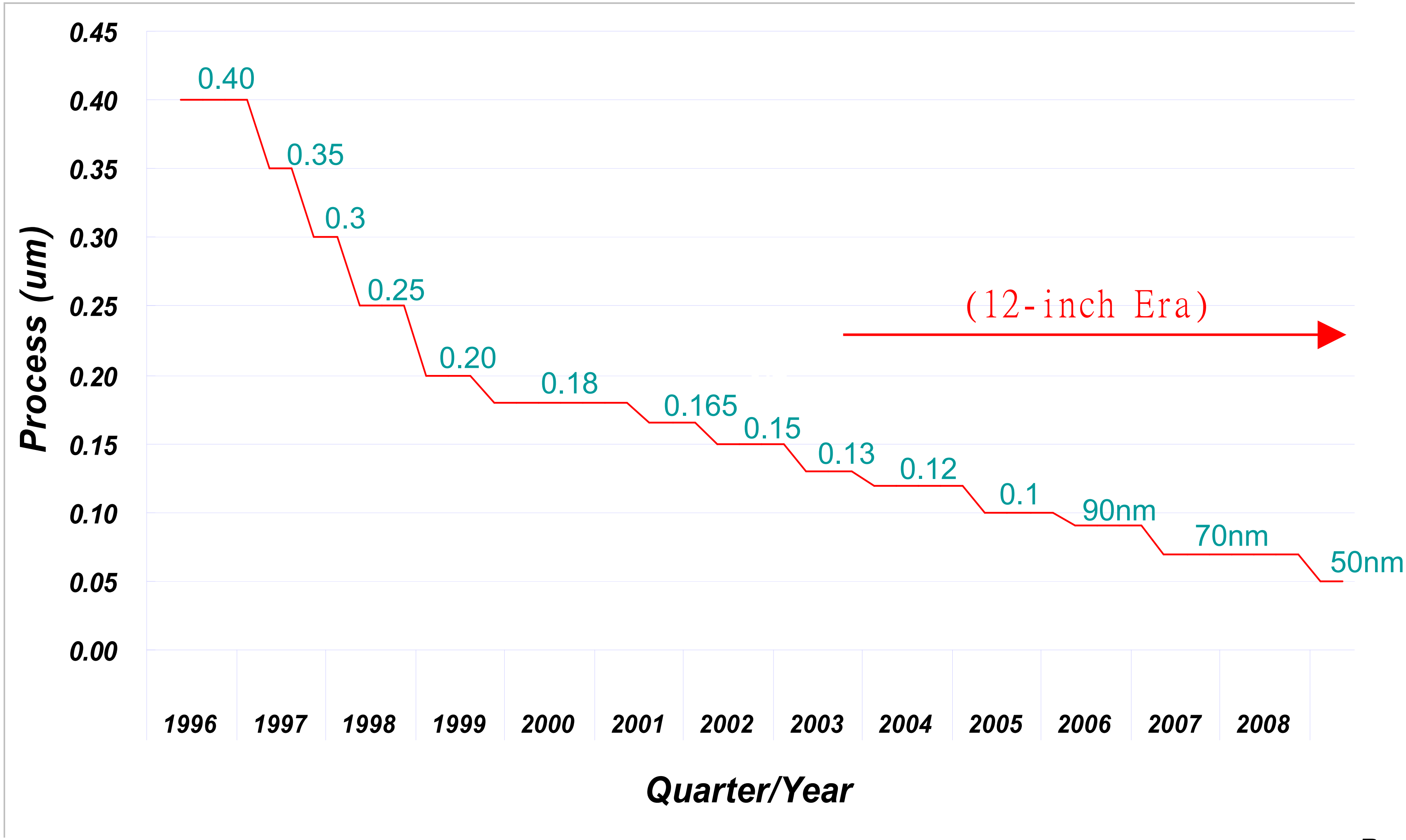
20 DRAM Makers → 8 DRAM Makers

CAPEX ~60% Revenue → CAPEX ~45% Revenue

Annual Bit Growth ~80% → Annual Bit Growth ~45%

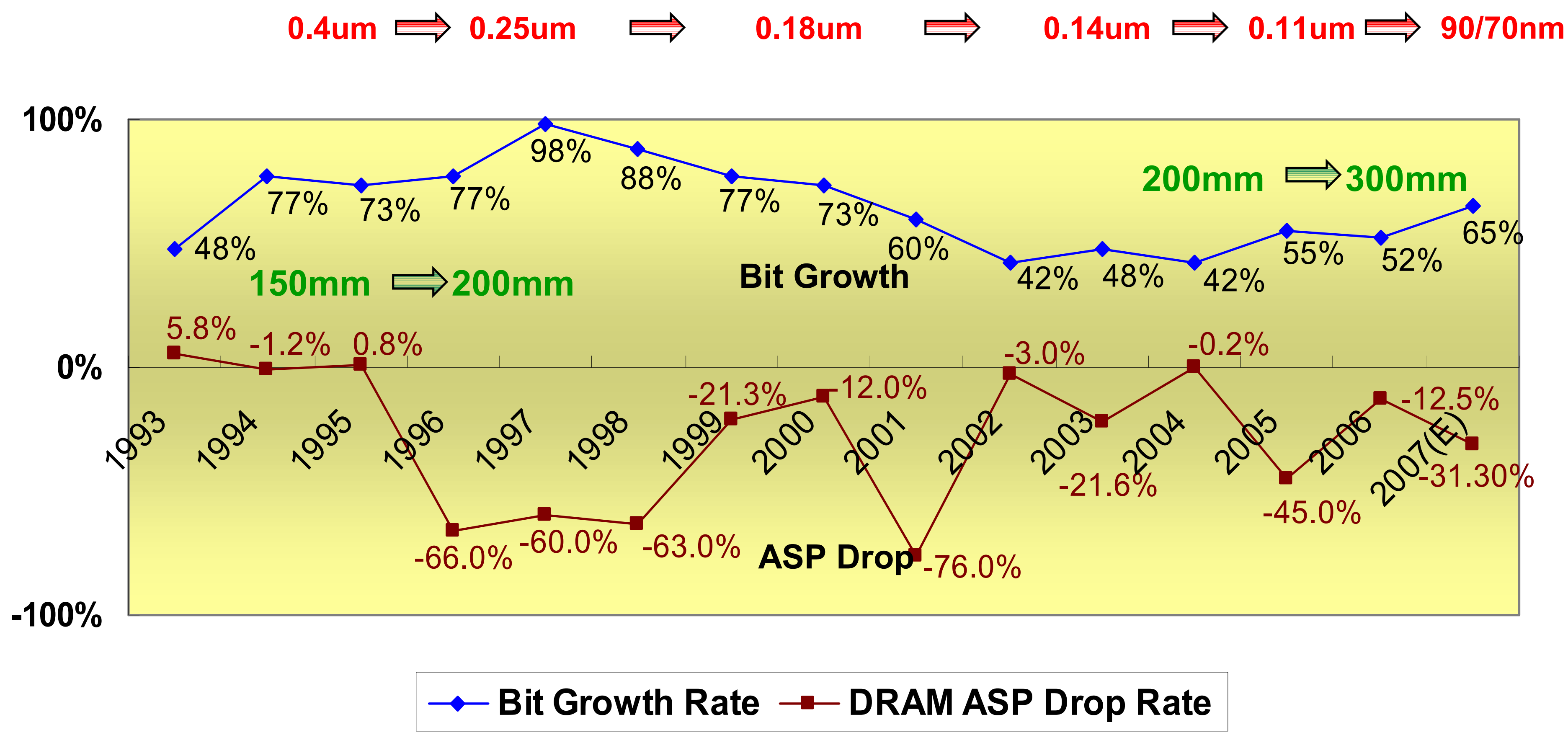
Source: iSuppli, (December / 2006)

Process Technology Migration



PSC

DRAM ASP Drop and Bit Growth Rates



Source: PSC/Marketing summarized

PSC

Consolidated Industry / Diversified Product Line

1990-2001

Micron	Siemens/Infineon
IBM	NEC
Texas Instruments	Hitachi
Motorola	Mitsubishi
Samsung	Toshiba
Hyundai	OKI
LG	TI-ACER
Fujitsu	Vanguard
NEC	Winbond

Companies with Non-DRAM Business Options Exited DRAM Race

2001-2010

Samsung

Hynix/Promos

Infineon/Nanya/Inotera/ Winbond

Elpida/Powerchip

Micron

DRAM Companies enter Non-DRAM Business (Flash, Sensor, LCD Driver, Foundry)

PSC

DRAM History in Summary In 1990's

1. Quick expansion during 6-inch to 8-inch transition (18 players).
2. Fast technology migration (every 3 quarters).
3. Quick 6-inch Fab exit from DRAM production.
4. DRAM consumption dominated by PC in developed country.
5. Tough competition among DRAM makers and hard surviving.

DRAM History in Summary In 2000's

1. Slower transition from 8-inch to 12-inch (5 major players + 3 minor players).
2. Technology migration slows down significantly.
3. Longer ramp down of 8-inch DRAM Fabs.
4. DRAM application extends to digital consumer, mobile communications.
5. Growing Flash market shares memory manufacturing capacity.
6. Geographic PC market change leads to DRAM cycle change.

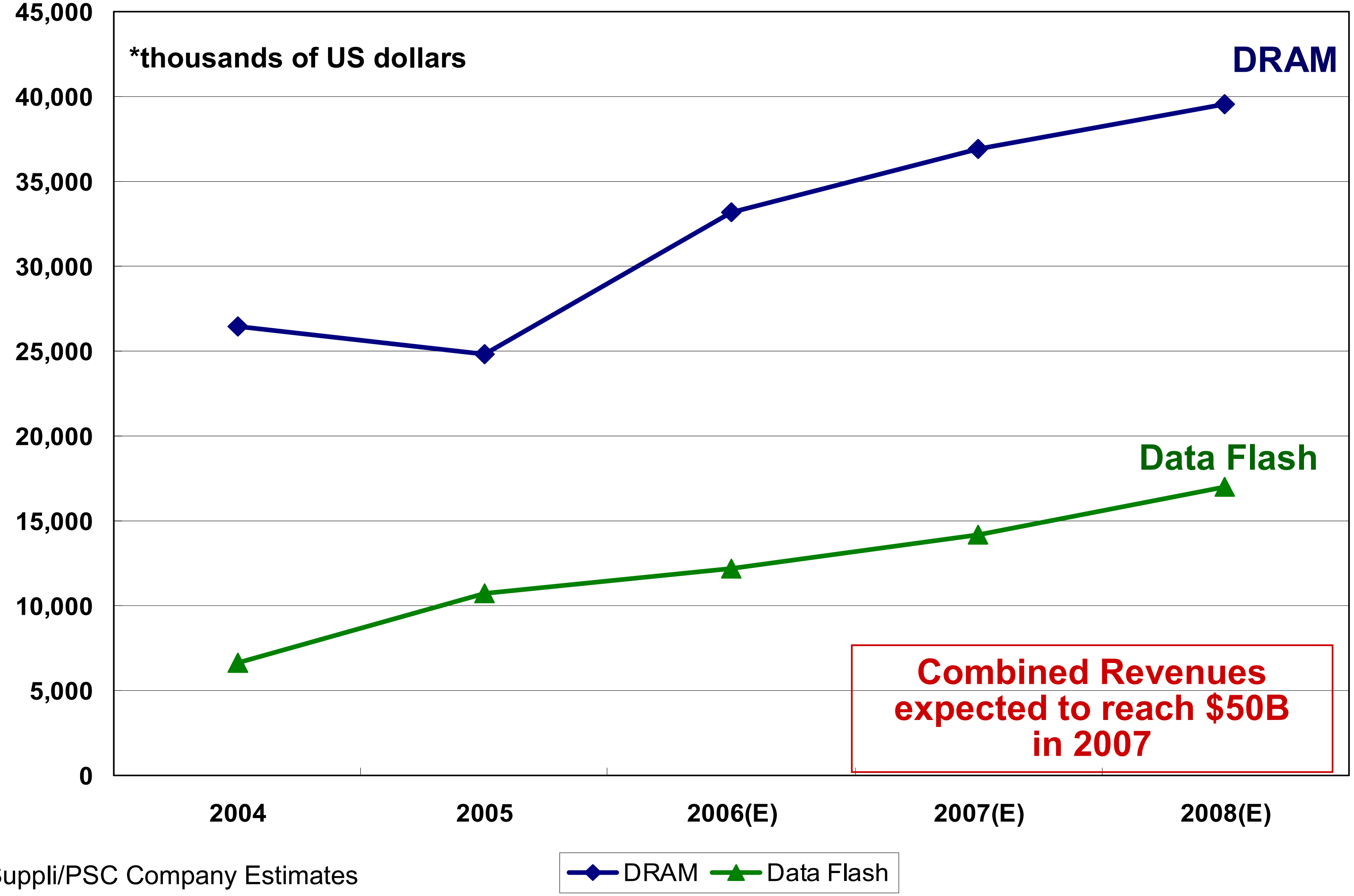
Future Prospect of Memory Industry in DRAM

1. PC sales in developing country continue to grow at strong two-digit annual rates.
2. Vista effect will show strongly after Q2/2007, booting up content per box over 1.2GB.
3. Struggling migration to 70nm, visibility of technology beyond 60nm is low. Further consolidation maybe inevitable.
4. Slower technology shrink requires greater CAPEX to build up capacity.

Future Prospect of Memory Industry in Data Flash

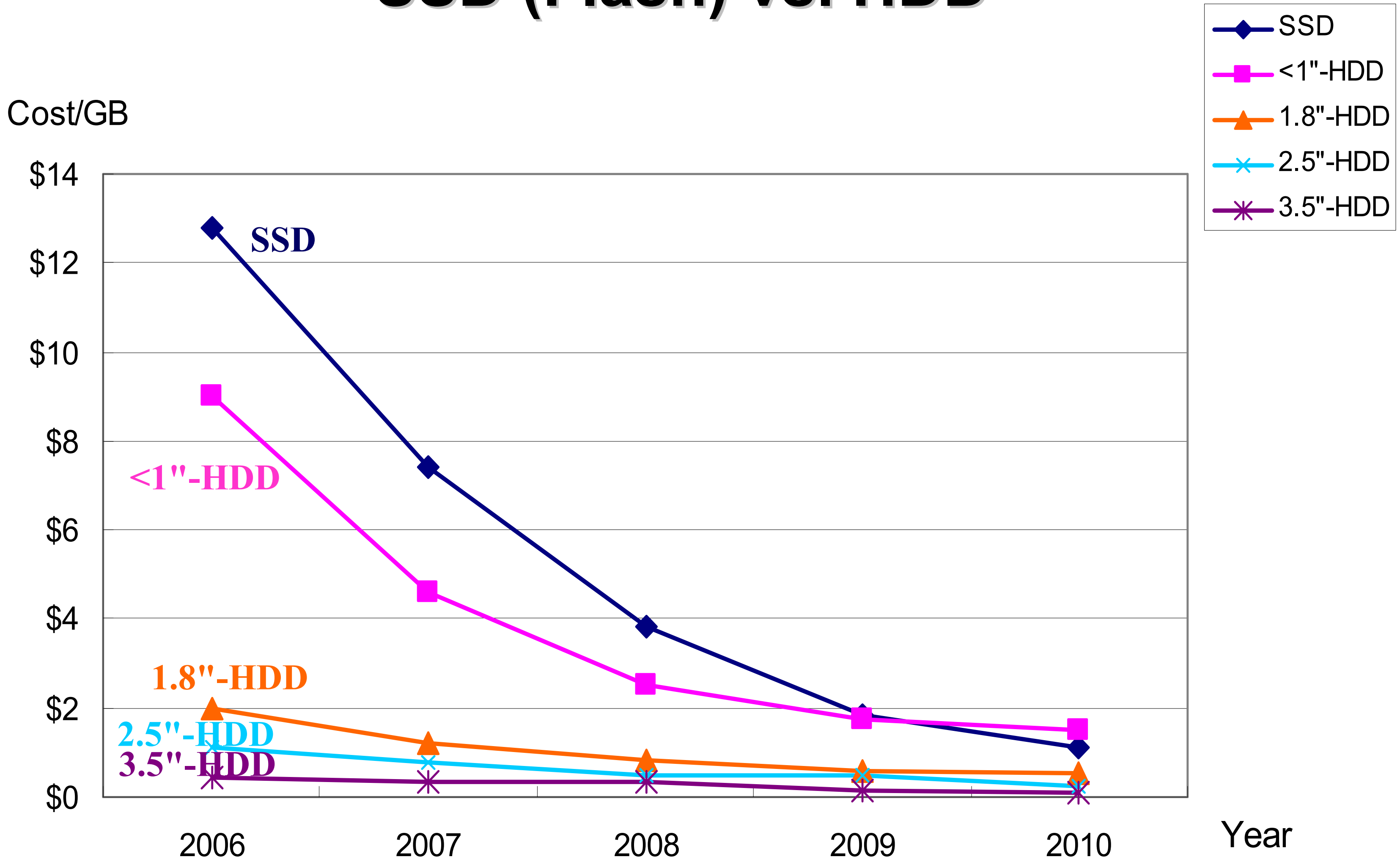
1. Applications in cards, MP3 players, USB drives, handsets.
2. Great potential to become a standard component in PC before 2010 (HDD, NAND cache).
3. Fast technology migration and cost down aggressively till 45nm/32nm. Flash has become important technology driver.
4. Will go through a high annual bit growth (100~200%) low revenue growth (15~20%) period.

WW DRAM / Flash Revenues



*iSuppli/PSC Company Estimates

SSD (Flash) vs. HDD



Taiwan as a Manufacturing Base

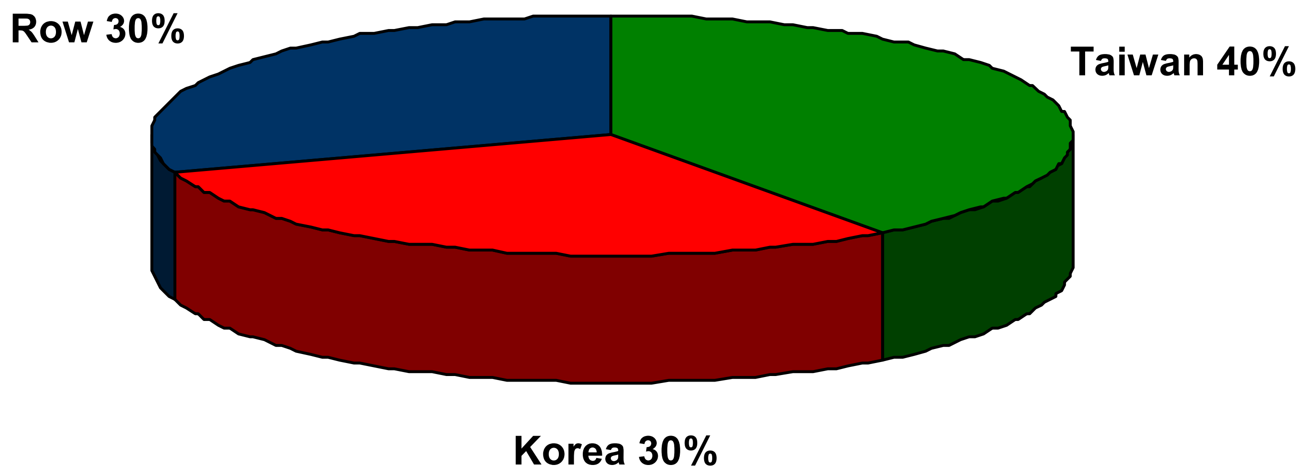
1. Highly-educated work force.

2. Excellent infrastructure of support (equipment and backend vender service, downstream modules customer) within one hour drive.

3. Entrepreneurship maximizes productivity.

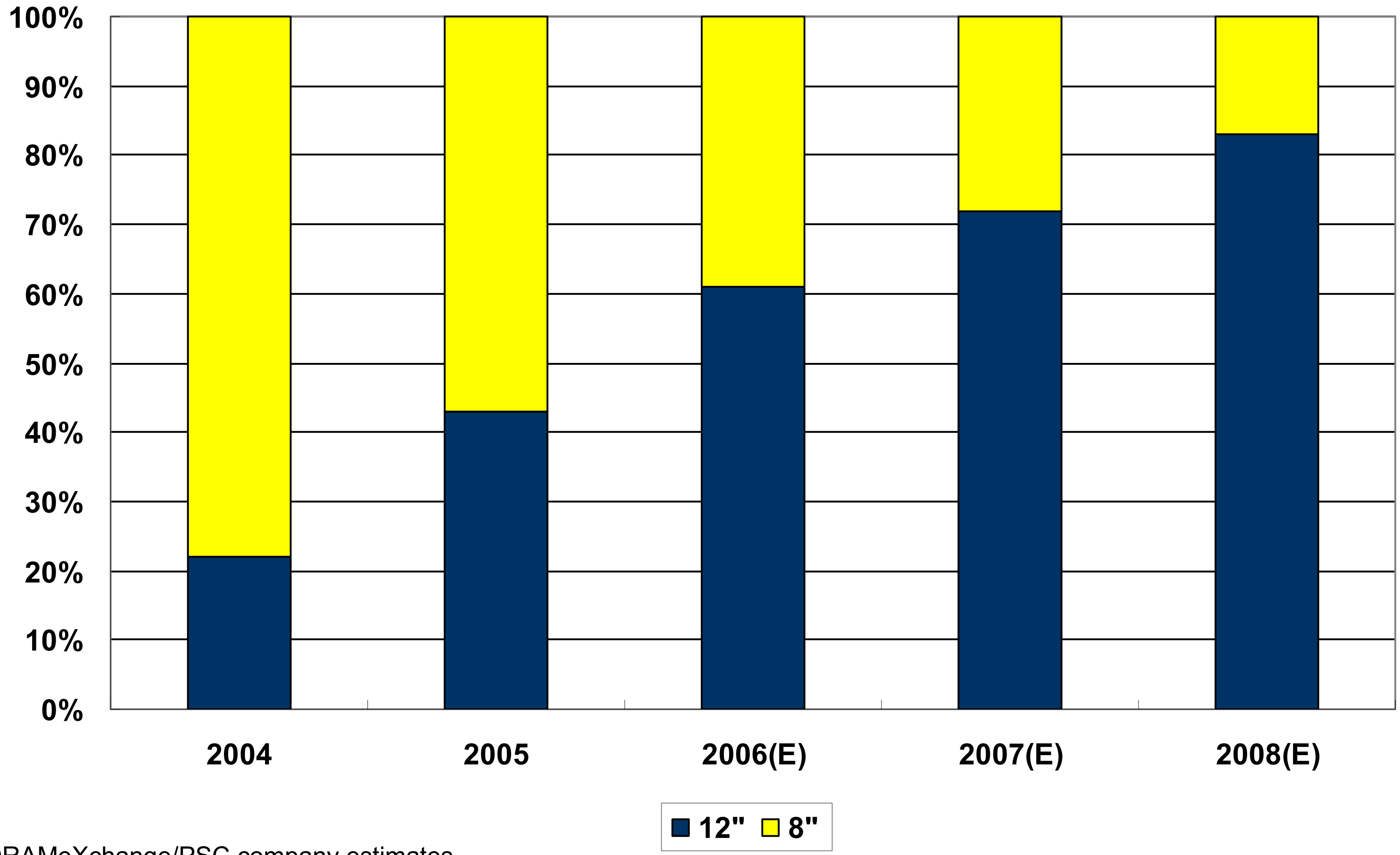
4. Behind in 8-inch, but will dominate 12-inch memory production.

Taiwan Leads in 12-inch DRAM Production



*DRAMeXchange/PSC Company Data

12-inch Fabs to Dominate Memory Production



*DRAMeXchange/PSC company estimates

Business Strategy

Technology – Market – Channel – Capacity – Cost

(Successful High-Tech Business)

Technology Leading Countries	**Manufacture Bases**
US	**Taiwan**
Japan	**China**

Powerchip and Elpida announced JV agreement to build 240K/month 12-inch DRAM production capacity in Taiwan within 3~5 years