

FY09/3 Full-Year Results Q&A

1. What are the forecasts for the fiscal year ending March 2010?

A1: Semiconductor sales are estimated to be 460 billion yen, which is a 12% decrease year on year. This is because the company estimates that the semiconductor market would not be fully recovered this fiscal year, although some products already show recovery on an order basis, especially in the Chinese market. We aim to achieve operating profit by implementing cost reduction measures in the amount of 90 billion yen. We expect to record a loss before income taxes of 7.5 billion yen, and a net loss of 9 billion yen. These forecasts are calculated at 95 yen per U.S. dollar and 125 yen per Euro.

2. How do the sales estimates (YoY 12% decrease) break down by products?

A2: Sales for all applications are expected to decline. However, EMMA, the image processing LSIs, particularly for Blu-ray devices, and camera LSIs are expected to grow. On the other hand, sales of semiconductors for automobiles are expected to show a large decrease, affected by the severe automotive market conditions which continue to remain tough into this fiscal year.

3. What are the measures involving 90 billion cost reduction?

A3: The Company will reduce fixed costs by 90 billion yen this fiscal year. 80 billion yen comes from structural reforms, such as reducing equipment-related expenses and other manufacturing costs, and slashing R&D expenses. In addition, we will implement emergency cost reduction by 10 billion yen, including employees' salary cut and reducing all kinds of expenses.

4. Will the Company take extra steps to further reduce costs if the expected sales are not attainable?

A5: The Company is already implementing cost reduction measures in a significant amount of 90 billion yen, and it will not be an easy task to take extra steps to further reduce costs. However, we will consider various options to further cut costs in order to achieve operating profit when sales were to decrease more than our expectation.

5. Regarding the announced business integration with Renesas Technology, will the Company implement extra restructuring plans?

A4: As announced on April 27th, NEC Electronics and Renesas Technology agreed to enter into negotiations for business integration. However, as the announcement states, each

company will work on their restructuring plans to enhance management efficiency for this fiscal year. NEC Electronics will only focus on our own cost reduction measures, and there will be no additional measures solely for the purpose of intended business integration with Renesas Technology.