FY09/3 Financial Results

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President and CEO

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NEC Electronics Corporation

http://www.necel.com/ir/en/

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Thank you for joining NEC Electronics' webcast.

Before we begin, please be sure to review the cautionary statement on page 23.

Executive Summary

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I. FY09/3 Financial Results

- Semiconductor sales and operating loss in FY09/3 Q4 were worse than had been estimated on Jan. 29, 2009
- Accelerated structural reforms

II. FY10/3 Forecasts

- Lowered full-year forecasts by 12% year on year
- Advance structural reforms, centering on 90 billion yen fixed cost reduction (additional 30 billion yen as of Jan 29), to attain operating profit

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Slide 2 provides an overview of the points we will discuss today.

First, sales for the fiscal year ended March 2009 declined considerably, affected by the severe market condition.
We recorded large loss from the previous fiscal year, resulting from the decrease in sales as well as by accelerating structural reforms.
The financial results for the fourth quarter worsened from the estimates announced on January 29th, 2009.

Second, we expect sales to decline by approximately 12 percent in the fiscal year ending March 2010. However, we will take on measures to decrease fixed costs by 90 billion yen, aiming to achieve operating profit.

I. FY09/3 Financial Results

Summary Q4 Full Year

II. FY10/3 Forecasts

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Let us move on to the main presentation.

Financial Snapshot

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(B yen)	FY09/3					
	4Q			Full-Year		
	Actual	YoY	QoQ	Actual	YoY	Difference between Original Forecasts (Announced Jan 29, 2009)
Net Sales	85.5	-80.4 -48.5%	-41.8 -32.8%	546.5	-141.3 -20.5%	-8.5
Semiconductor Sales	80.7	-74.7 -48.1%	-42.0 -34.2%	521.7	-131.5 -20.1%	-8.3
Operating Income (Loss)	-53.3	-53.6 -	-37.1 -	-68.4	-73.4 -	-13.4
Income (Loss) Before Income Taxes	-69.2	-62.5 -	-49.1 -	-89.3	-86.1 -	-27.3
Net Income (Loss)	-60.8	-48.8 -	-40.9 -	-82.6	-66.6 -	-17.6
Exchange Rates	US$1=91 yen Euro 1=120 yen	US$18 yen strong Euro 40 yen strong	US$ 10 yen strong Euro 17 yen strong	US$1=101 yen Euro 1=146 yen	US$ 15 yen strong Euro 15 yen strong	

Note: NEC Electronics' consolidated information is in accordance with U.S.GAAP. However, the figure for operating income (loss) shown above represents net sales minus the cost of sales, research and development expenses, and selling, general, and administrative expenses.

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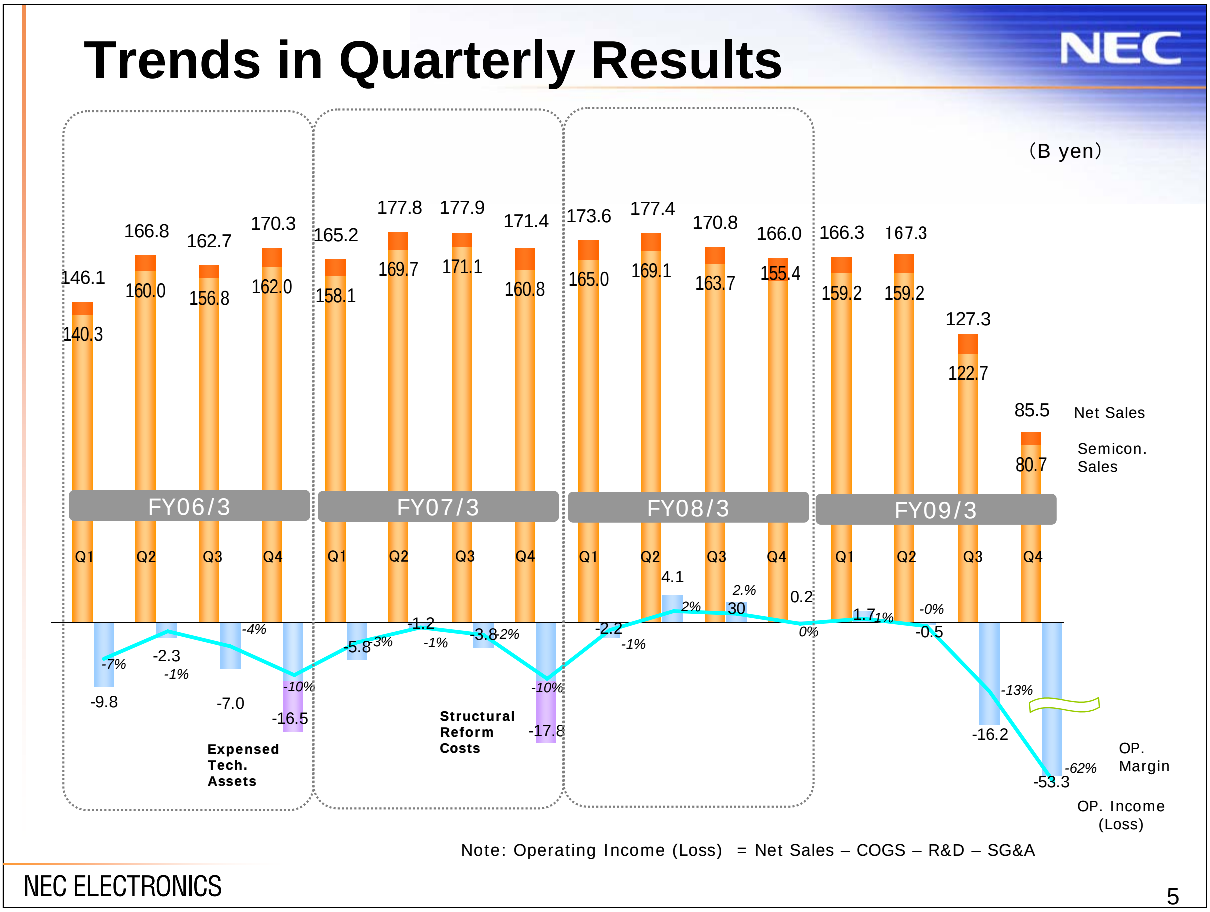
Slide 4 shows the summary of the financial results for the full year of fiscal year ended March 2009.

Semiconductor sales were 521.7billion yen, a 131.5 billion yen decrease year on year.

Operating loss was 68.4 billion yen, decrease by 73.4 billion yen year on year. Loss before income taxes was 89.3 billion yen, mainly due to the accrued loss provision for pending litigations.

Net loss was 82.6 billion yen, although income taxes decreased with reversal of deferred tax liability due to change in tax law.

Trends in Quarterly Results



Slide 5 shows trends in quarterly results. The fourth quarter sales hit the lowest level since the company’s establishment, and operating loss increased significantly.

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I. FY09/3 Financial Results

Summary <Q4> Full Year

II. FY10/3 Forecasts

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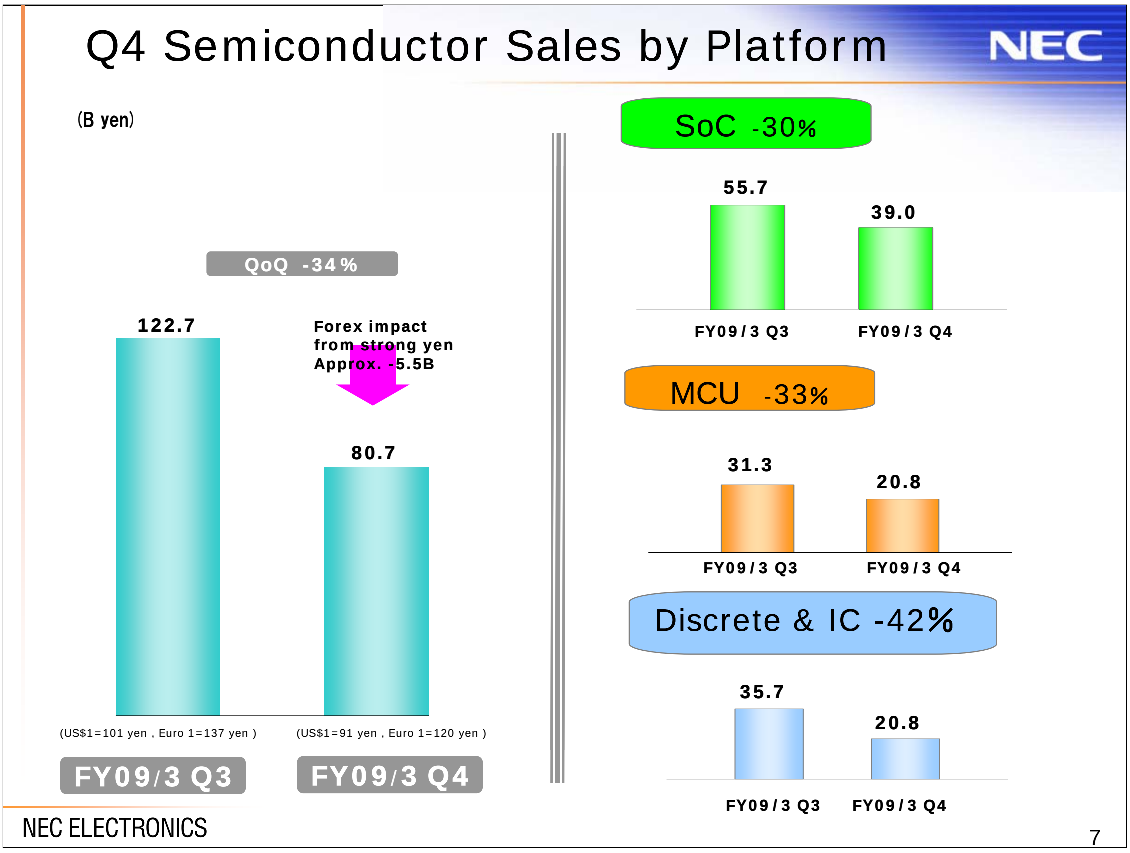
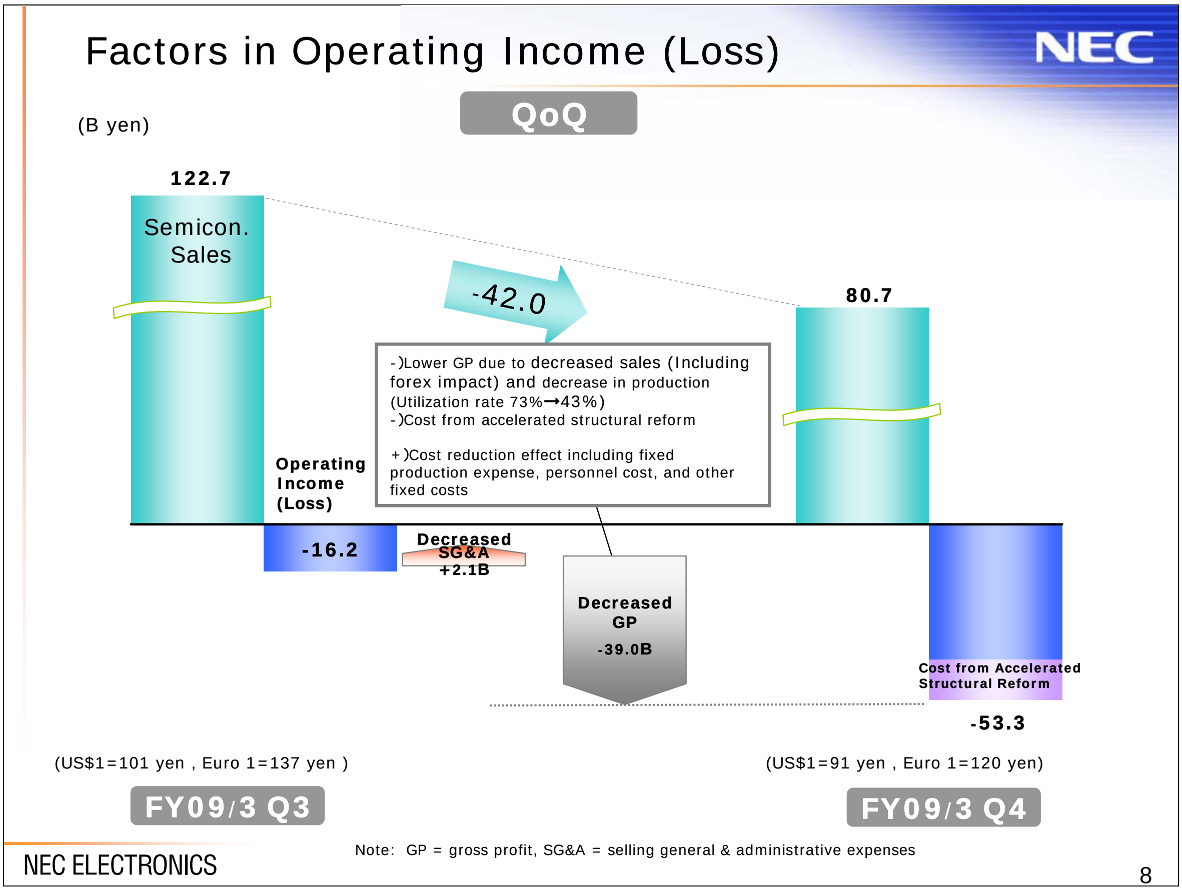
Now let us discuss the fourth quarter results for the fiscal year ended March 2009.



Slide 7 shows semiconductor sales by platform.

All products declined in sales quarter on quarter.



Slide 8 shows the factors affecting operating loss in the fourth quarter.

Operating loss increased due to the sharp drop in sales as well as accelerated structural reforms such as slimming inventories.

Non-Operating Income/Expense, Provision for Income Taxes

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(B yen)

	FY08/3	FY09/3		
	Full-Year	9M Cumulative	Q4	Full-Year
Non-OP. Income (Loss)	-8.3	-5.1	-15.9 (Worsened)	-21.0
Income				
Expense			Recording of the loss provision related to pending legal issues Costs related to consolidation of manufacturing lines	
Income Taxes	12.3	1.7	-7.8 (Improved) Reserved part of deferred tax liabilities due to change in tax law	-6.1

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Slide 9 explains non-operating expenses and, as well as income taxes.

Non-operating expenses include the accrued loss provision for pending litigations and expenses from equipment disposal due to closing of manufacturing lines.

Income taxes were negative 7.8 billion yen, mainly due to the partial reversal of the deferred tax liability resulting from change in the tax law.

I. FY09/3 Financial Results

Summary Q4 <Full Year>

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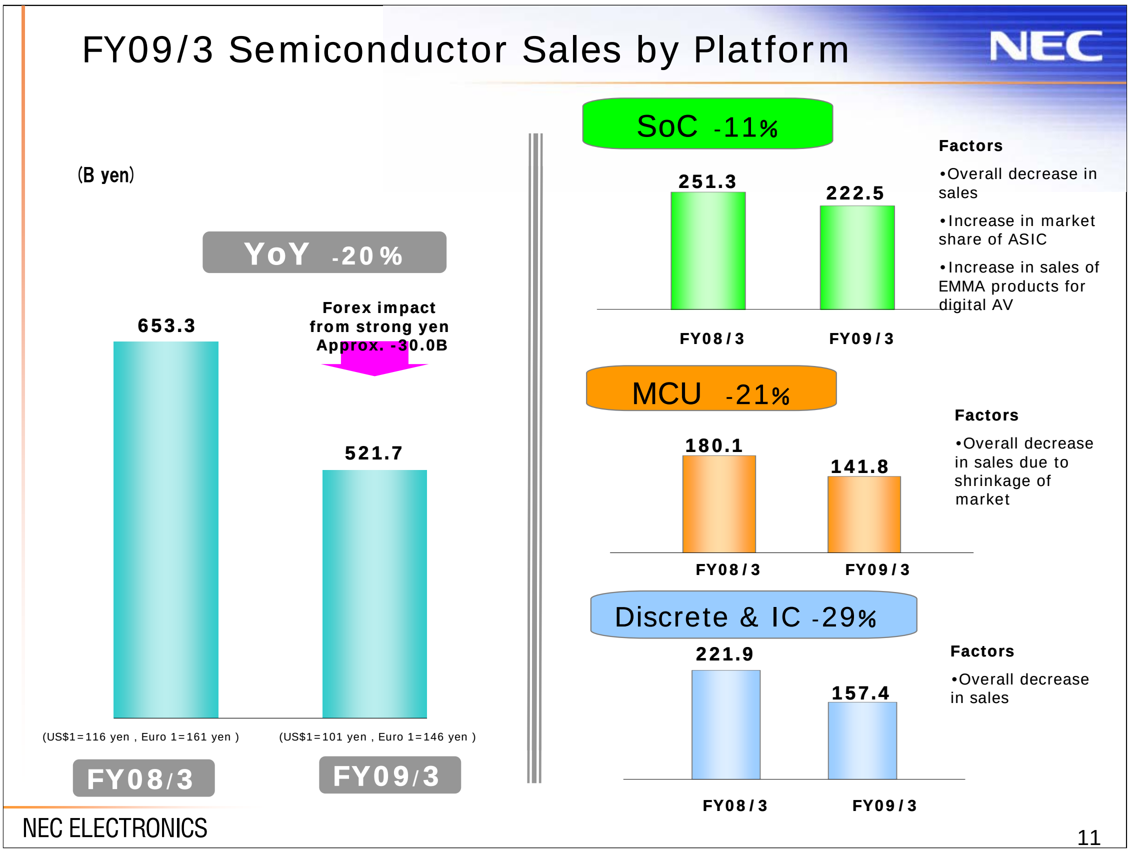
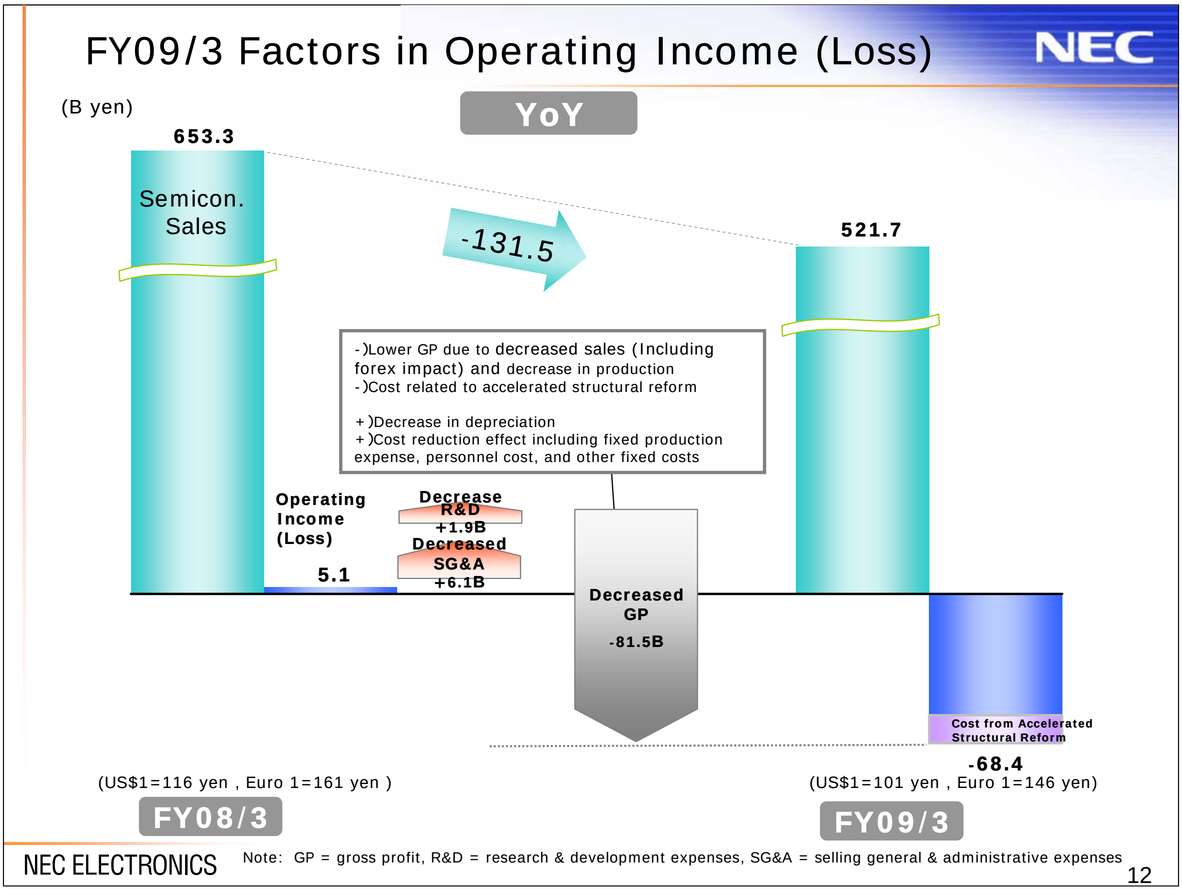
Next, we will explain the company's full-year financial results for the fiscal year ended March 2009.



Slide 11 shows semiconductor sales by platform.

All platforms showed decline in sales.

However, the declines in the SoC sales were comparatively mild at the 10 percent range due to the steady performance of SoC for video games and the launch of Blu-ray market in the first half of the fiscal year,



Slide 12 shows the factors affecting the operating income and loss in the fiscal year ended March 2009.

In addition to lower manufacturing utilization rates, we accelerated structural reforms as the market deteriorated in the latter half of the fiscal year.

As a result, we recorded operating loss of 68.4 billion yen.

Balance Sheet

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(B yen)		08/3	08/12	09/3
	Cash and Cash Equivalents	165.5	156.5	101.3
	Accounts Receivable	96.4	68.1	52.5
	Inventories	75.8	82.1	63.2
	PP&E	259.1	244.7	242.1
	Other Assets	19.5	28.0	23.5
Total Assets		616.3	579.4	482.5
	Accounts Payable	107.3	110.9	78.8
	Debt Payable	116.6	117.0	116.9
	Other Liabilities	160.1	149.4	154.7
Liabilities		384.0	377.3	350.3
Minority Shareholders' Equity		5.2	5.2	4.1
Shareholders' Equity		227.1	196.9	128.1
Liabilities and Shareholders' Equity		616.3	579.4	482.5

	08/3	08/12	09/3
D/E Ratio (Gross)	0.51	0.59	0.91
Equity Ratio	37%	34%	27%

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Slide 13 shows the balance sheets.

Although cash and cash equivalents at the end of March decreased by 55.2 billion yen from the end of December, it remained over the 100 billion yen levels.

Inventories were 63.2 billion yen, which decreased significantly from the end of December.

This is due to decreased wafer input after the rapid downturn in orders from November, as well as major manufacturing adjustments taken during the fourth quarter.

Debt to Equity ratio was 0.91, and shareholders’ equity was 27%.

Cash Flows

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(B yen)	FY08/3		FY09/3		
	Q4	Full-year	Q3	Q4	Full-year
Cash Flows from Operating Activities	0.5	-43.3	10.5	-36.3	-6.9
Cash Flows from Investing Activities	-4.3	-37.8	-7.2	-18.7*	-49.3
Free Cash Flows	-3.8	5.5	3.3	-55.0	-56.2

*Cost of equipment delivered before Q3

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Next slide shows cash flows.

Cash flows from the operating activities were negative 6.9 billion yen. There was depreciation in the amount of 67.3 billion yen, while we recorded net loss of 82.6 billion yen.

Cash flows from the investing activities were negative 49.3 billion yen, despite our effort to slash investments.

As a result, free cash flows were negative 56.2 billion yen.

Cash flows from the investing activities in the fourth quarter were 18.7 billion yen.
This is due to payment for equipment delivered before the previous quarter.

I. FY09/3 Financial Results

II. FY10/3 Forecasts

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In the next section, we will explain the company's outlook for the fiscal year ending March 2010.

FY10/3 Financial Forecasts

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Aim to achieve operating profits for the full year

(B yen)	FY10/3					
	1H		2H		Full-Year	
	Forecast	YoY	Forecast	YoY	Forecast	YoY
Net Sales	215.0	-118.6	265.0	+52.1	480.0	-66.5 -12.2%
Semiconductor Sales	205.0	-113.4	255.0	+51.6	460.0	-61.7 -11.8%
Operating Income (Loss)	-25.0	-26.2	25.0	+94.6	0	+68.4
Income (Loss) Before Income Taxes	-26.5	-26.5	19.0	+108.3	-7.5	+81.8
Net Income (Loss) Attributable to Shareholders	-27.0	-25.1	18.0	+98.7	-9.0	+73.6

Exchange Rates

1US$=	95 yen	10 yen strong	95 yen	1 yen strong	95 yen	6 yen strong
1Eur=	125 yen	38 yen strong	125 yen	4 yen strong	125 yen	21 yen strong

Note 1: Operating Income (Loss) = Net Sales – COGS – R&D – SG&A.
Note 2: Forecasts as of May 11, 2009.
Note 3:Net loss attributable to shareholders is computed in the same method as for net income for the year ended March 31, 2009.

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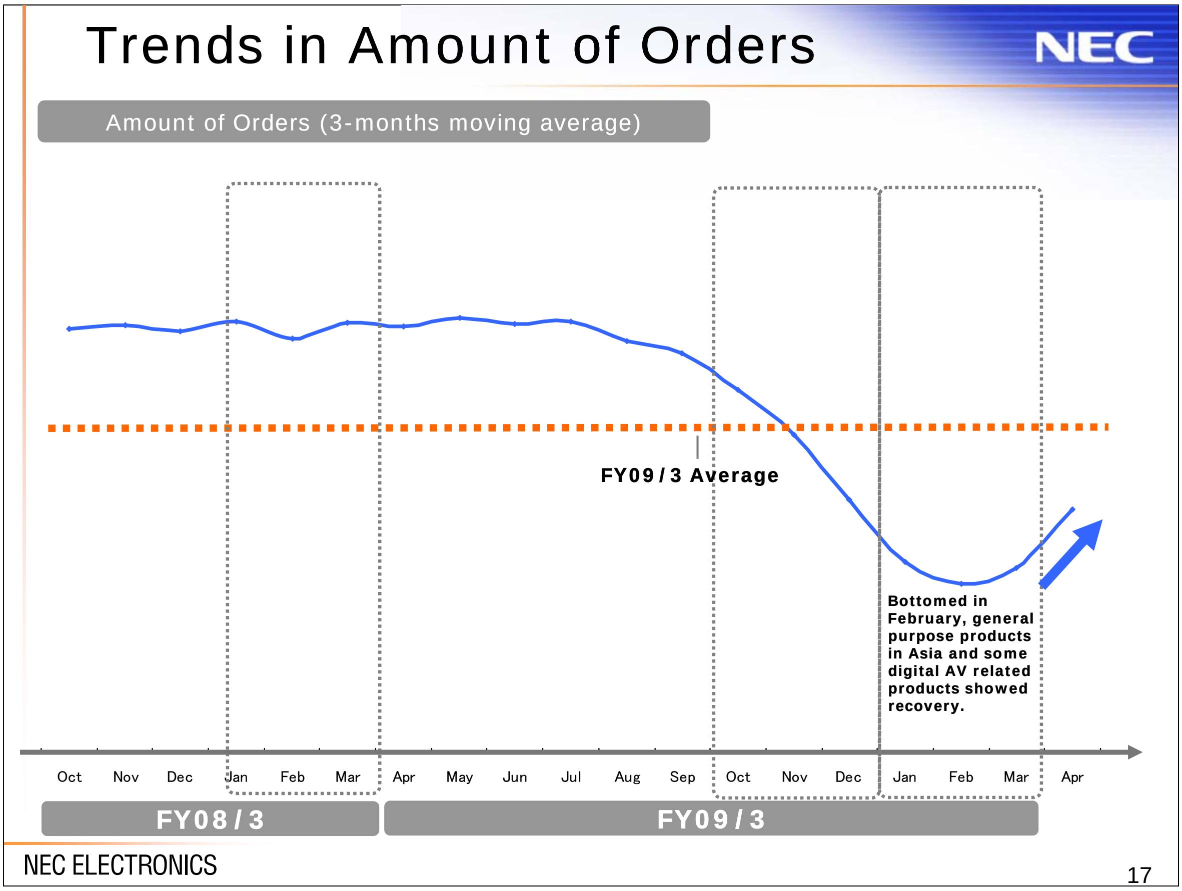
The forecasts for the current fiscal year have been calculated at 95 yen per dollar, and 125 yen per Euro.

Semiconductor sales are expected to be 460 billion yen, 12 percent decrease year on year.

The company is aiming to achieve operating profit by implementing aggressive measures to lower fixed costs.

Loss before income taxes is expected to be 7.5 billion yen, and net loss is 9 billion yen.

Let us discuss in detail in the following slides.

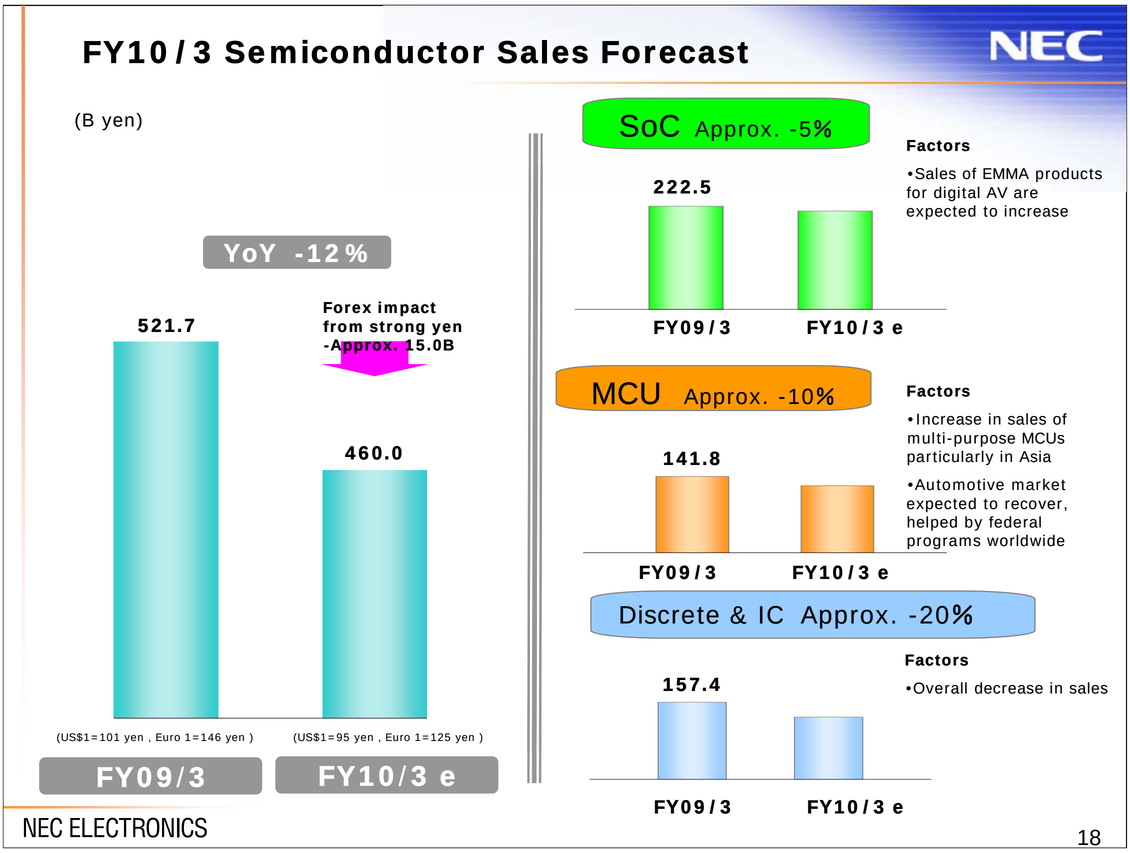


Slide 17 shows a three-month moving average of semiconductor orders.

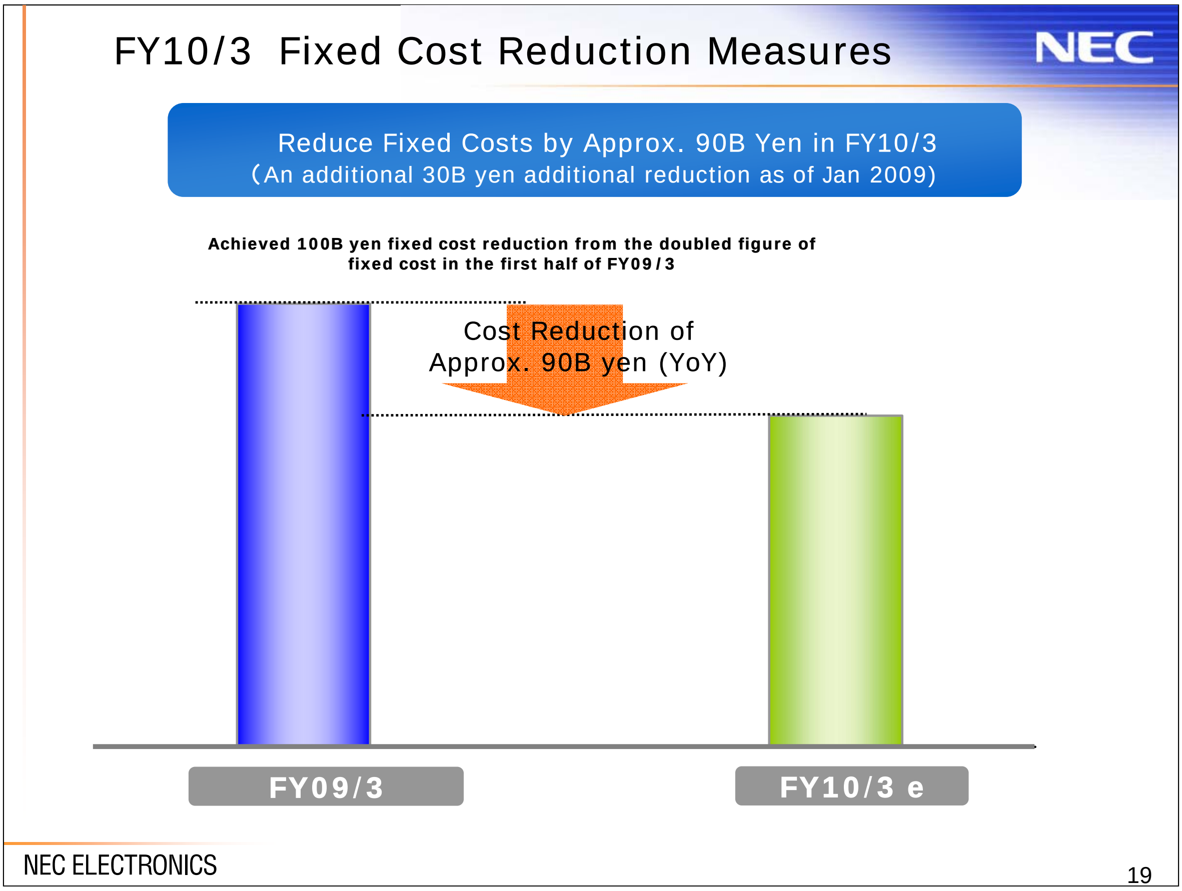
During the fourth quarter, orders hit the bottom in February, and the orders for the general purpose products increased in Asia, particularly in China.

Some digital AV products showed signs of recovery.

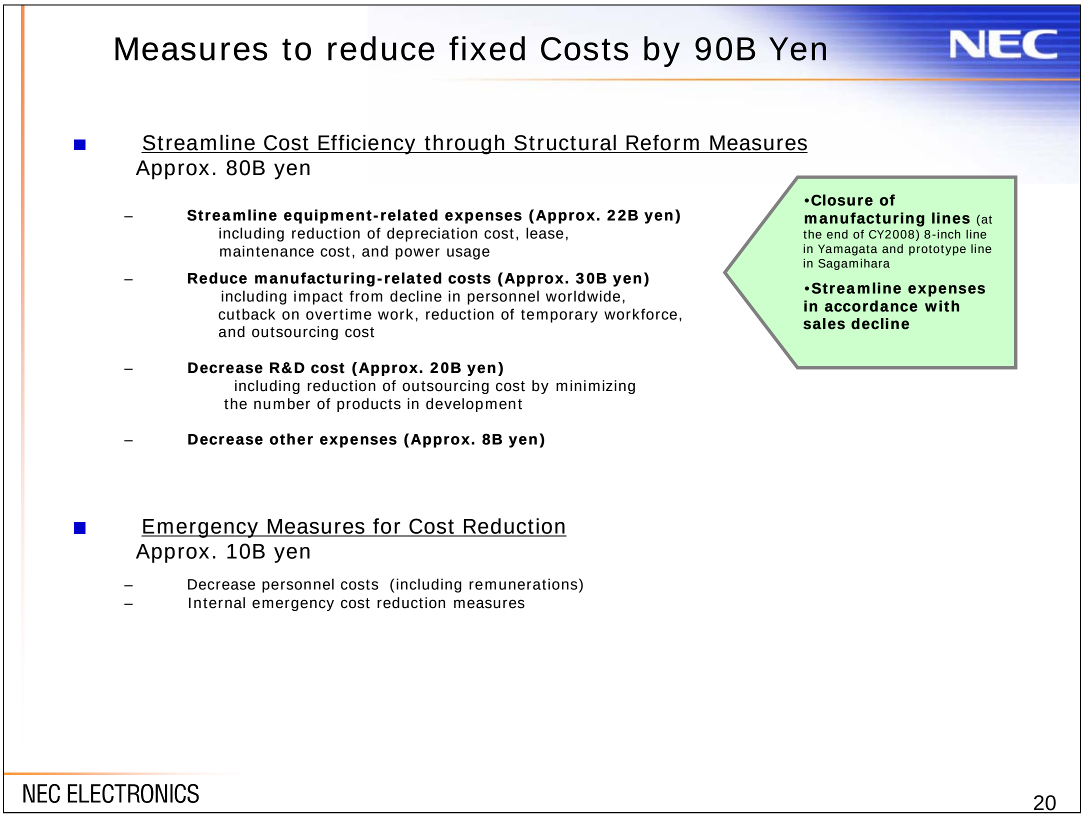
Orders continued to show healthy growth in April.



Slide 18 shows semiconductor sales forecasts for this fiscal year. As shown on the slide, all platforms show sales declines.
In the SoC platform, the EMMA products for digital AV devices are expected to grow, despite 5% overall sales decline.
In the MCU platform, we are expecting sales declines in both automotive and general-purpose microcontrollers.
However, general-purpose microcontrollers show signs of recovery particularly in Asia, and we anticipate that the automotive industry will recover in the latter half of the fiscal year.



Slide 19 shows the company’s 90 billion cost reduction plans. While sales are expected to decrease, we will gear up the cost reduction measures to lower fixed costs by 90 billion yen from the previous fiscal year, which is an additional 30 billion yen compared to the plans announced in January.



Next slide explains the breakdown of the 90 billion yen cost reduction measures.

80 billion yen will come from structural reform measures, and 10 billion yen from emergency measures.

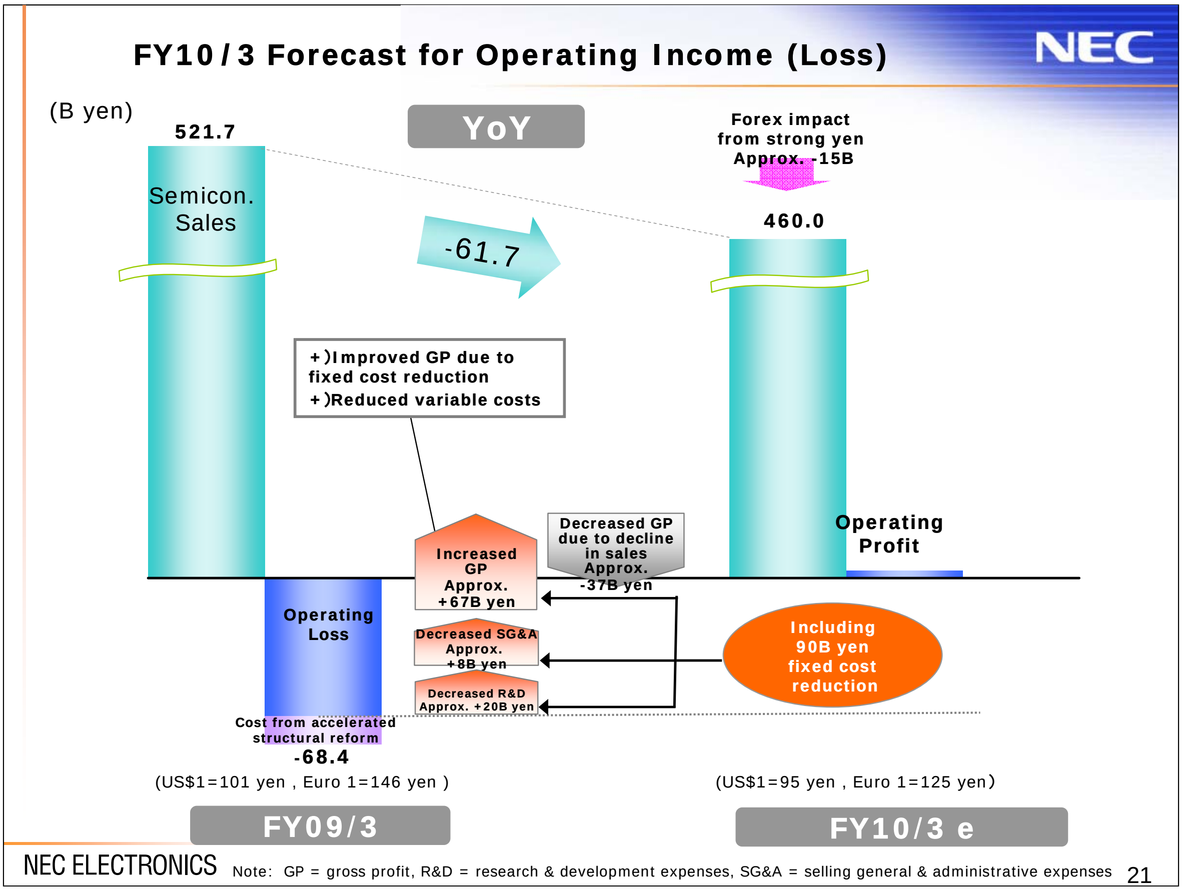
The structural reform measures include streamlining of equipment-related expenses by 22 billion yen, such as lower depreciation costs from decreased capex, and decrease in maintenance and power usage costs.

30 billion yen will come from reducing other manufacturing related costs, such as cutting back overtime work from altering work shift schedule, reduction of temporary workforce and outsourcing.

R&D expenses will be reduced by 20 billion yen by decreasing the number of products in development as well as improving development efficiency.
We will cut other expenses by 8 billion yen.

In addition, we will implement emergency cost reduction by 10 billion yen.

We will cut employee bonus and push internal cost control even further.



Slide 21 shows the company's forecast for operating profit.

While a decline in sales will decrease gross profit, we will improve cost to sales ratio significantly by reducing fixed costs by 90 billion yen, achieving operating profit for the fiscal year ending March 2010.

Conclusion

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Accelerate the Structural Reorganization to Improve Financial Structure

- Force through fixed cost reduction of approx. 90B yen
- Achieve operating profit

Work toward Business Integration with Renesas Technology, and Aim to Grow and Increase Profitability

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As a summary of today's presentation, we will implement aggressive measures to reduce fixed costs by 90 billion yen, an additional 30 billion yen from the plan announced in January, to end this fiscal year with operating profit.

Furthermore, we will establish healthy financial structure by gearing up structural reforms.

In addition, as announced on April 27th, NEC Electronics and Renesas Technology began negotiations to integrate business operations.

The two companies are working toward the final agreement in July, aiming to expand business and improve profitability.

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Cautionary Statements

The statements in this presentation with respect to the plans, strategies and forecasts of NEC Electronics and its consolidated subsidiaries (collectively “we”) are forward-looking statements involving risks and uncertainties. We caution you in advance that actual results could differ materially from such forward-looking statements due to several factors. The important factors that could cause actual results to differ materially from such statements include, but are not limited to: general economic conditions in our markets, which are primarily Japan, North America, Asia and Europe; demand for, and competitive pricing pressure on, our products and services in the marketplace; our ability to continue to win acceptance of its products and services in these highly competitive markets; and movements in currency exchange rates, particularly the rate between the yen and the U.S. dollar. Among other factors, a worsening of the world economy; a worsening of financial conditions in the world markets, and a deterioration in the domestic and overseas stock markets, would cause actual results to differ from the projected results forecast.

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Thank you very much for your continued support of NEC Electronics. This concludes our presentation today.

Appendix

FY09/3 Operating Expenses and CAPEX

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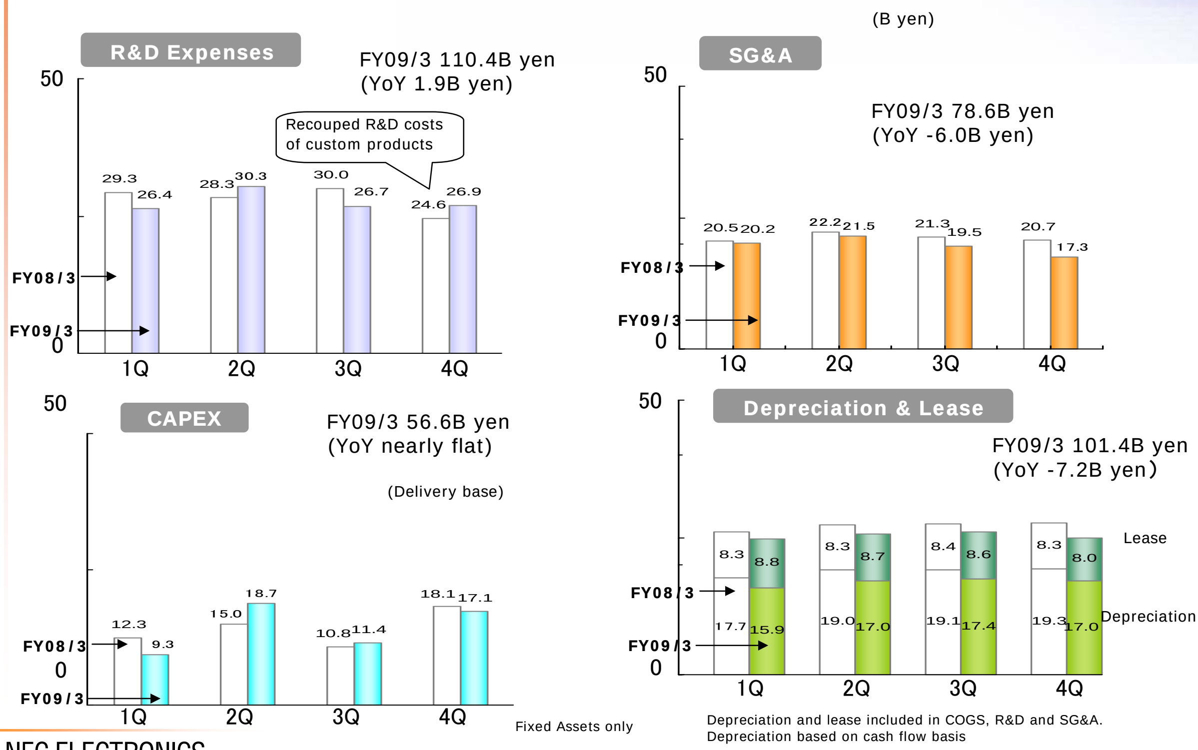

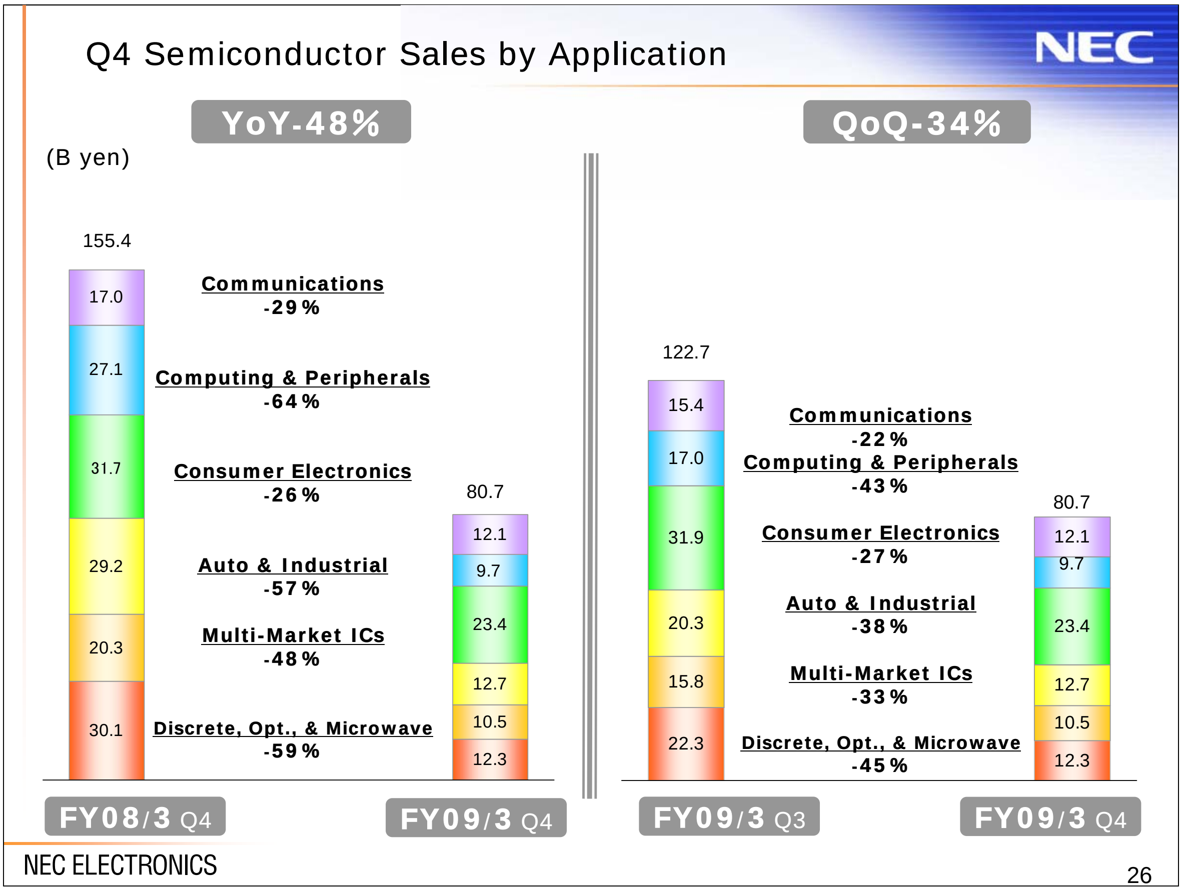

Q4 Semiconductor Sales by Application
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YoY-48%
QoQ-34%
(B yen)
155.4
17.0
27.1
31.7
29.2
20.3
30.1
Communications -29%
Computing & Peripherals -64%
Consumer Electronics -26%
Auto & Industrial -57%
Multi-Market ICs -48%
Discrete, Opt., & Microwave -59%
80.7
12.1
9.7
23.4
12.7
10.5
12.3
122.7
15.4
17.0
31.9
20.3
15.8
22.3
Communications -22%
Computing & Peripherals -43%
Consumer Electronics -27%
Auto & Industrial -38%
Multi-Market ICs -33%
Discrete, Opt., & Microwave -45%
80.7
12.1
9.7
23.4
12.7
10.5
12.3
FY08/3 Q4
FY09/3 Q4
FY09/3 Q3
FY09/3 Q4
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FY10/3 Operating Expenses and CAPEX Outlook

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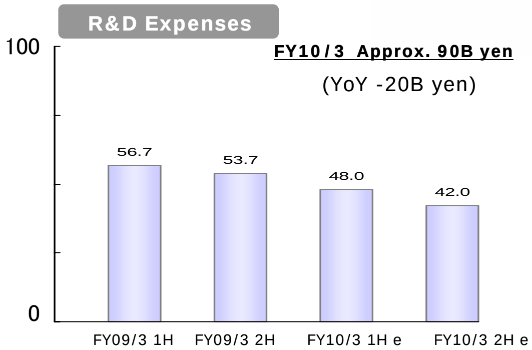
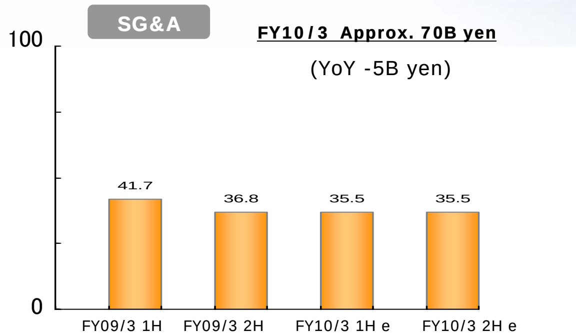
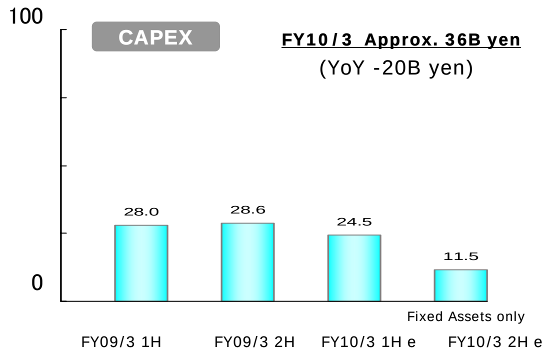
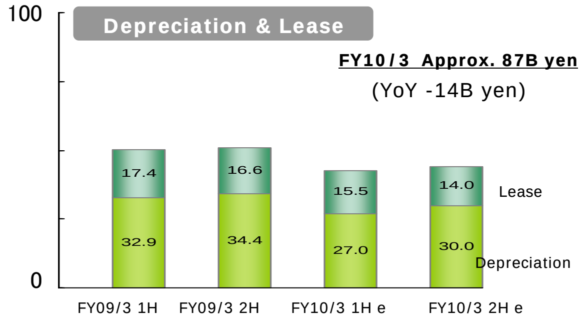
(B yen)









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Depreciation and lease included in COGS, R&D and SG&A.
Depreciation based on cash flow basis

Company's Position in Semiconductor Market

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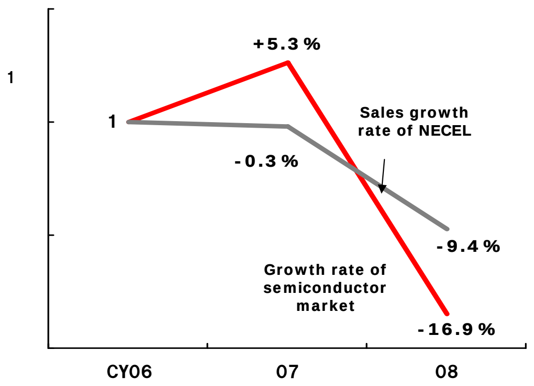
The company was able to minimize the sales decline to less than the average market performance and expanded its market share

Semiconductor Market Growth
NECEL Sales Growth

*Indexed CY2006 as 1



Ranking

CY06	CY07	CY08
		10th NECEL
12th NECEL	12th NECEL	

Source: Gartner, Inc., "Semiconductor Industry Worldwide Annual Market Share: Database" 2 April 2008, 2 April 2009
"2009 Semiconductor Forecast Worldwide: Forecast Database" 23 March 2009
Calculations performed by NEC Electronics on a yen basis.

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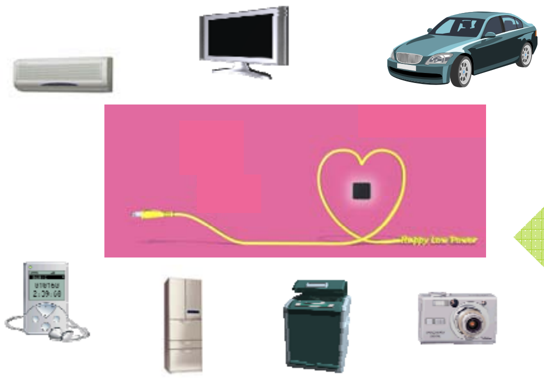
Eco-products to Drive Sales Growth

Channel management resources toward 'eco-products'
that contribute to reduced CO_2 emissions



Major Product Groups

Low power consumption devices

- Eco MCUs
- Embedded DRAM ASICs

Devices contribute to energy-saving eco-products

- MCUs for air conditioner,
- MCUs for automobiles with high fuel efficiency, system switches, motor drivers

Eco-products in core areas such as automotive, digital consumer, and multi-purpose MCUs