

FY10/3 Q2 Financial Results

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President and CEO

October 28, 2009

NEC Electronics Corporation

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

I. FY10/3 Q2 Financial Results

- Regained positive free cash
- Semiconductor sales were higher than estimated
- Operating loss improved but were still worse than the company's expectation due to the decrease in the production at the 300mm wafer line

II. FY10/3 Forecasts

- Lowered second-half and full-year forecasts
- Additional measures to realign manufacturing lines (Assembly and test facility at Fukuoka, 5-inch wafer line at NEC Semiconductors Kansai's Shiga facility)

I. FY10/3 Q2 Financial Results

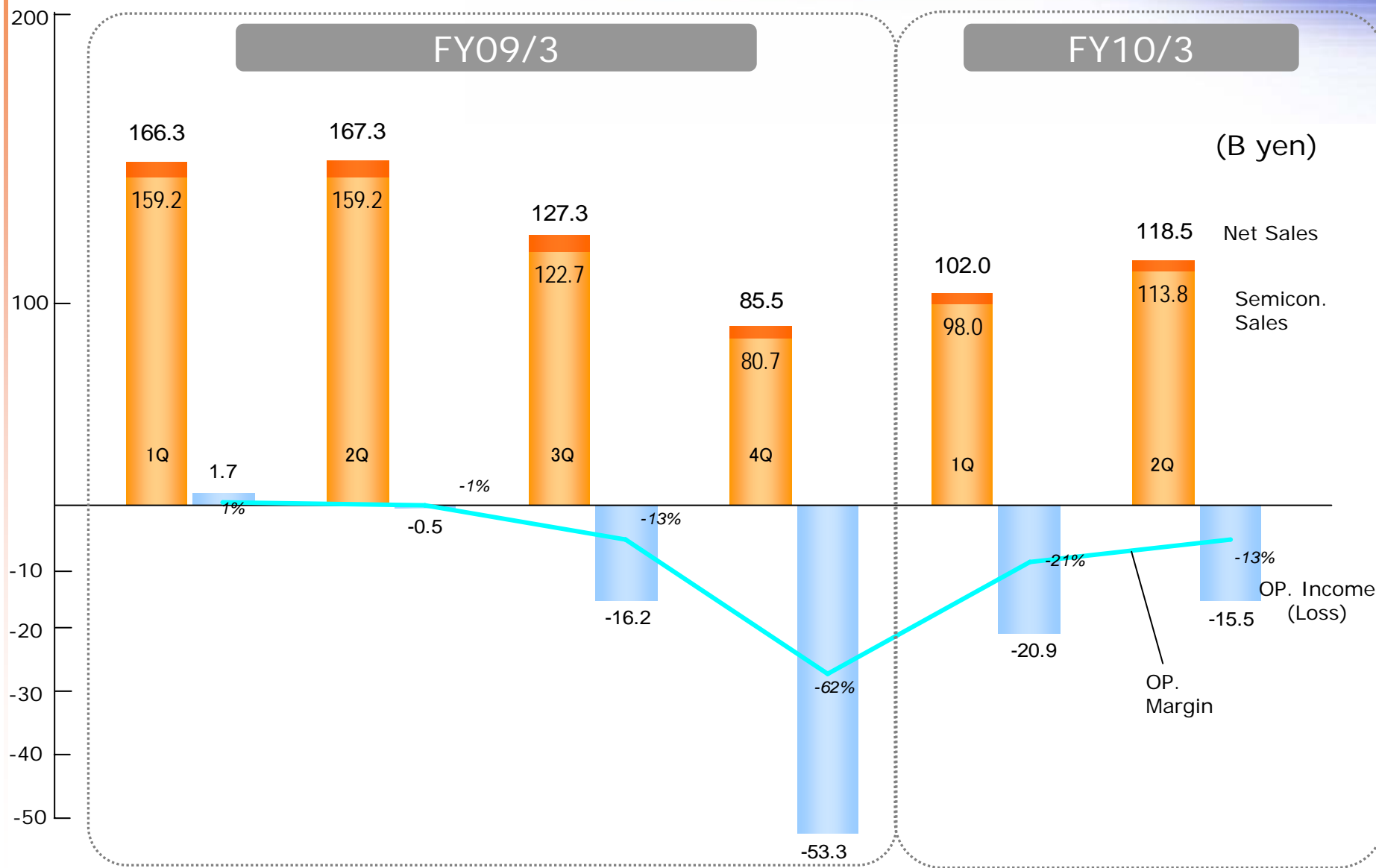
II. FY10/3 Forecasts

Financial Snapshot

(B Yen)	FY10/3				
	Q1, 6/30	Q2, 9/30	1H, 9/30		
	Actual	Actual	Actual	YoY	HoH
Net Sales	102.0	118.5	220.5	-113.1	+7.6
Semiconductor Sales	98.0	113.8	211.8	-106.5	+8.4
Operating Income (Loss)	-20.9	-15.5	-36.4	-37.6	+33.2
Income (Loss) Before Income Taxes	-20.8	-16.7	-37.5	-37.5	+51.8
Net Income (Loss)	-20.7	-17.4	-38.1	-36.2	+42.6
1US\$=	98 yen	95 yen	97 yen	8 yen strong	1 yen weak
1Euro=	130 yen	135 yen	132 yen	31 yen strong	3 yen weak

Note 1: 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.
 Note 2: Net loss attributable to NEC Electronics Corp. is computed in the same method as for net income for the year ended march 31, 2009.

Trends in Quarterly Results



Note: Operating Income (Loss) = Net Sales – COGS – R&D – SG&A

Cash Flows

Achieved Positive Free Cash Flows in Q2

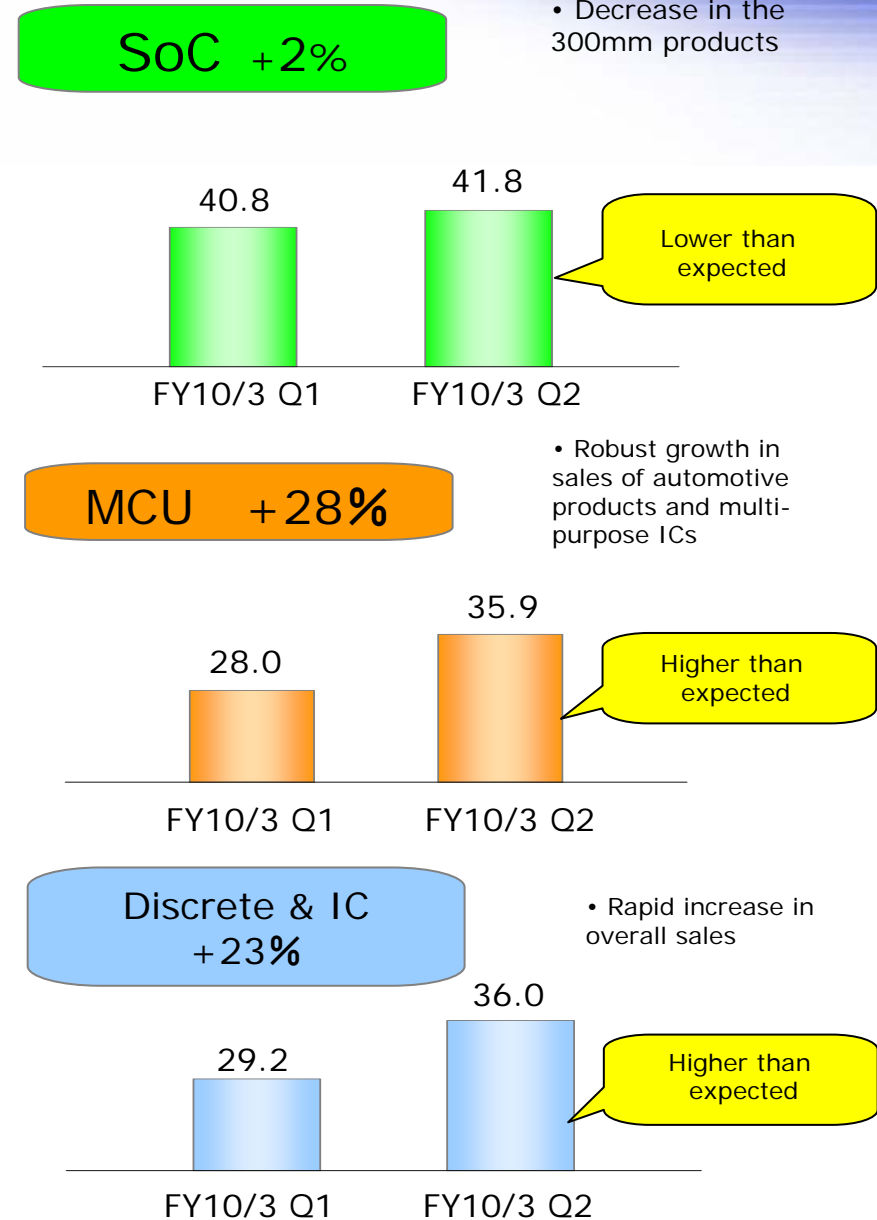
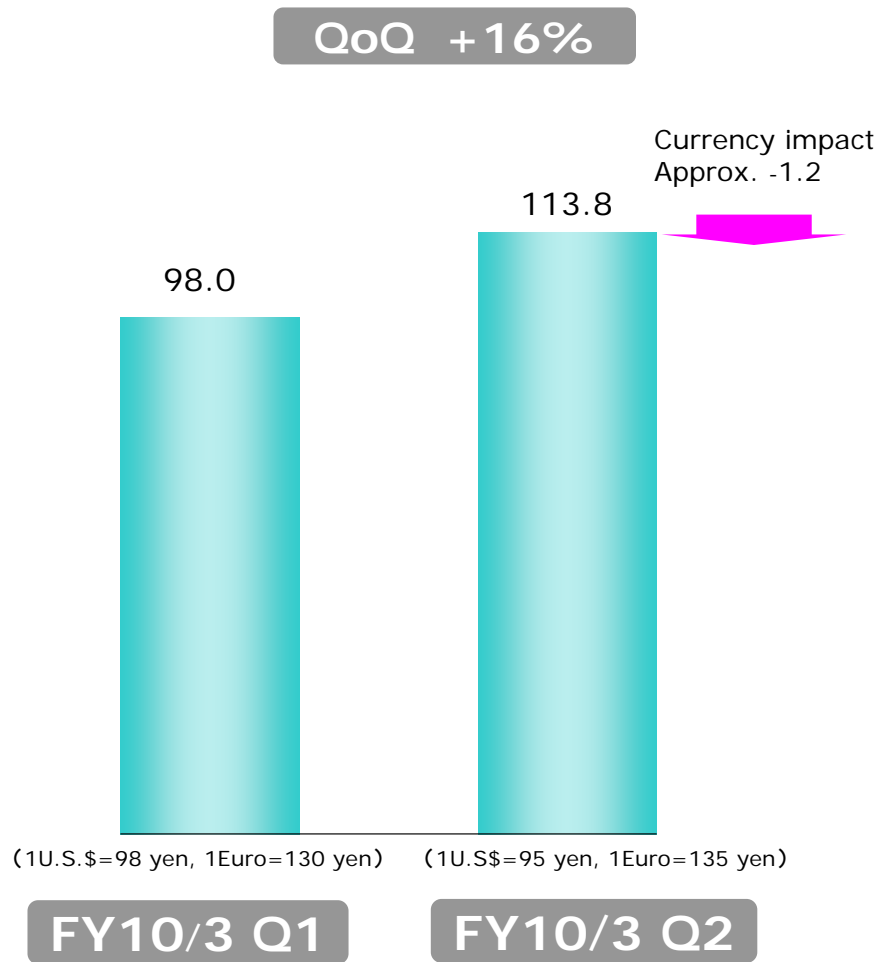
(B yen)	FY09/3	FY10/3		
	1H	Q1	Q2	1H
Cash Flows from Operating Activities	18.8	-24.7	10.7	-14.0
Cash Flows from Investing Activities	-23.4	-17.4	-6.9	-24.2
Free Cash Flows	-4.5	-42.1	3.8	-38.2
Cash Flows from Financial Activities	-2.3	+19.4	+7.2	+26.6

Balance Sheets

(B yen)		As of Sep. 30, 2008	As of Jun. 30, 2009	As of Sep. 30, 2009
	Cash and Cash Equivalents	158.0	79.5	89.5
	Accounts Receivable	95.3	66.0	67.1
	Inventories	82.0	58.4	54.5
	PP&E	257.0	241.7	230.4
	Other Assets	29.7	26.2	24.1
Total Assets		622.0	471.8	465.5
	Accounts Payable	111.9	72.0	78.6
	Debt Payable	117.1	136.0	143.7
	Other Liabilities	162.9	151.4	150.9
Liabilities		392.0	359.4	373.2
Shareholders' Equity		224.8	108.3	88.5
Minority Shareholders' Equity		5.2	4.0	3.8
Liabilities and Shareholders' Equity		622.0	471.8	465.5
D/E Ratio (Gross)		0.52	1.26	1.62
Equity Ratio		36%	23%	19%

Q2 Semiconductor Sales by Platform

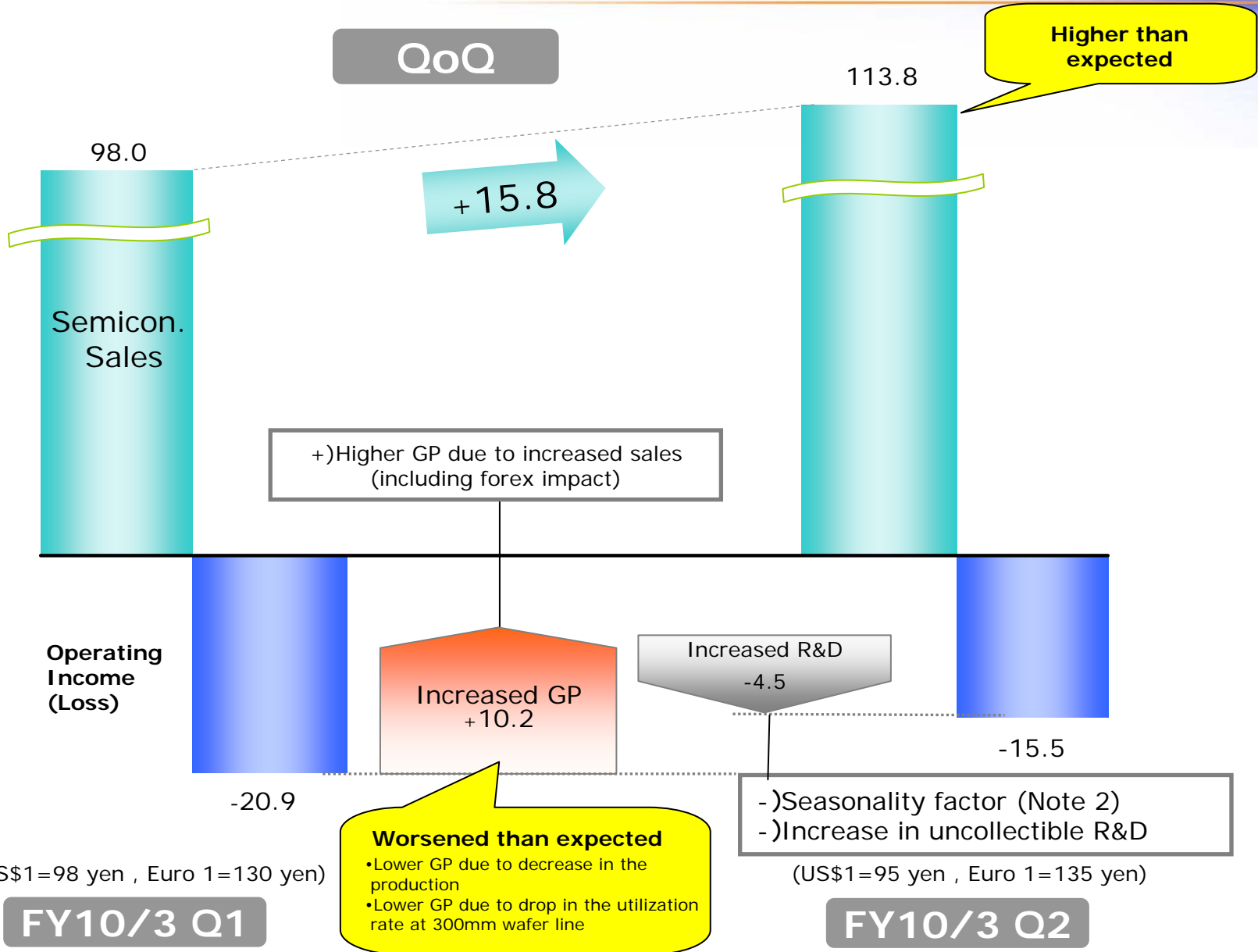
(B Yen)



FY10/3 Q2 Factors in Operating Income (Loss)

(B Yen)

QoQ



(US\$1=98 yen , Euro 1=130 yen)

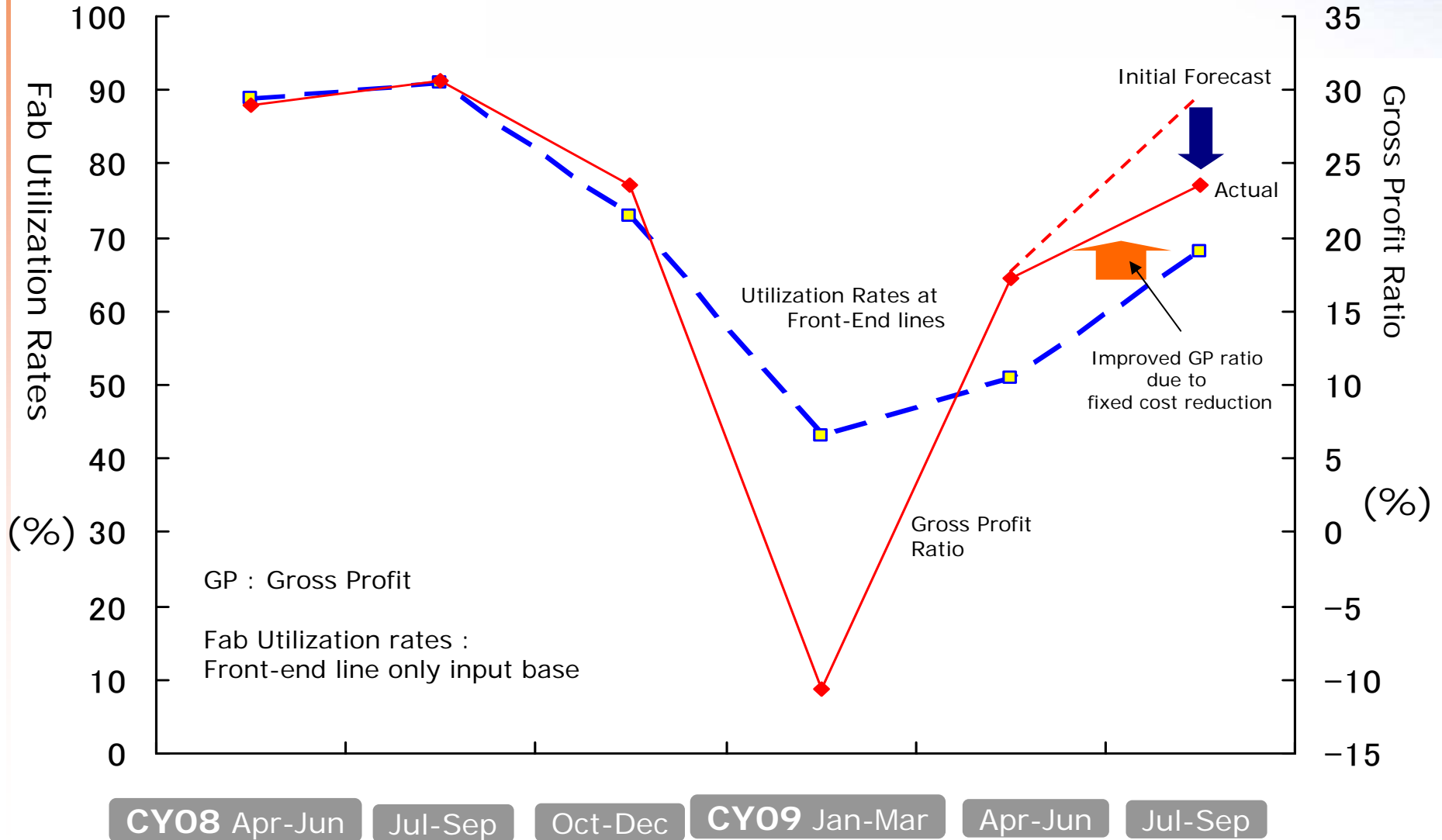
FY10/3 Q1

(US\$1=95 yen , Euro 1=135 yen)

FY10/3 Q2

Progress on GP Ratio and Fab Utilization Rates

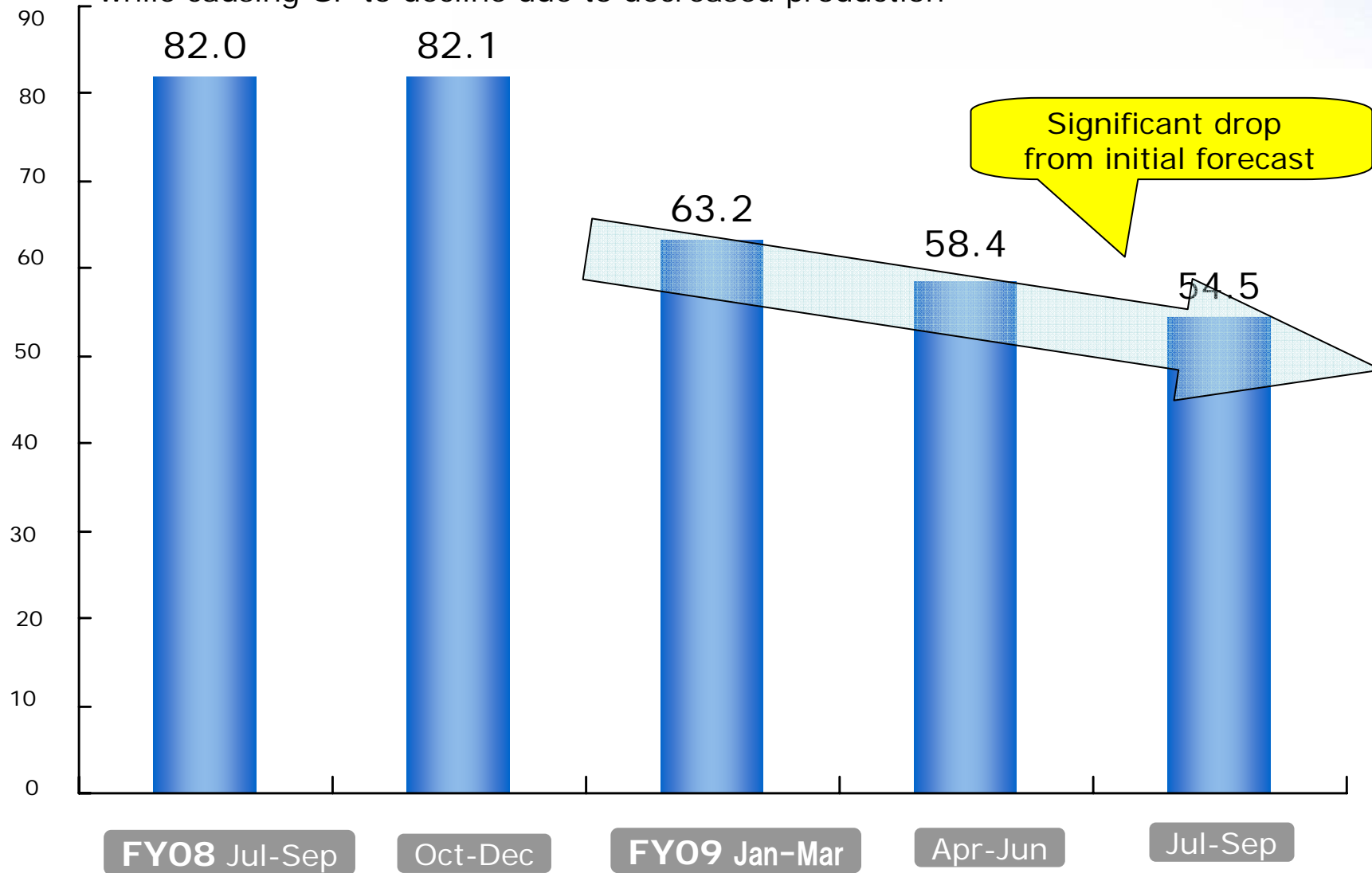
By reducing fixed-cost, GP ratio recovered more than the factory utilization rates, but did not reach the initial target due to decreased inventories and lower production at the 300mm line



Note: manufacturing utilization rates are front-end line only input base.

Trends in Quarter-End Inventories

(B Yen) Reduced inventories by 8.7B Yen in the first-half led to increased cash flow while causing GP to decline due to decreased production



I. FY10/3 Q2 Financial Results

II. FY10/3 Forecasts

FY10/3 Financial Forecasts

Lowered second-half and full-year FY10/3 forecast

(B Yen)	FY09/3	FY10/3					
		1H		2H		Full Year	
	Actual	Actual	Difference From the initial Forecasts (May 11)	Forecasts as of October 28, 2009	Difference From the initial Forecasts (May 11)	Forecasts as of October 28, 2009	Difference From the initial Forecasts (May 11)
Net Sales	546.5	220.5	+5.5	Approx. 240.0	Approx. -25.0	460.0	-20.0
Semiconductor Sales	521.7	211.8	+6.8	Approx. 232.0	Approx. -23.0	445.0	-15.0
Operating Income (Loss)	-68.4	-36.4	-11.4	Approx. -10.0	Approx. -35.0	-46.5	-46.5
Income (Loss) Before Income Taxes	-89.3	-37.5	-11.0	Approx. -16.0	Approx. -35.0	-53.5	-46.0
Net Income (Loss) Attributable to NEC Electronics Corp.	-82.6	-38.1	-11.1	Approx. -17.0	Approx. -35.0	-55.0	-46.0
Exchange Rates							
1US\$=	101 yen	97 yen	2 yen weak	90 yen	5 yen strong	90 yen	5 yen strong
1Euro=	146 yen	132 yen	7 yen weak	130 yen	5 yen weak	130 yen	5 yen weak

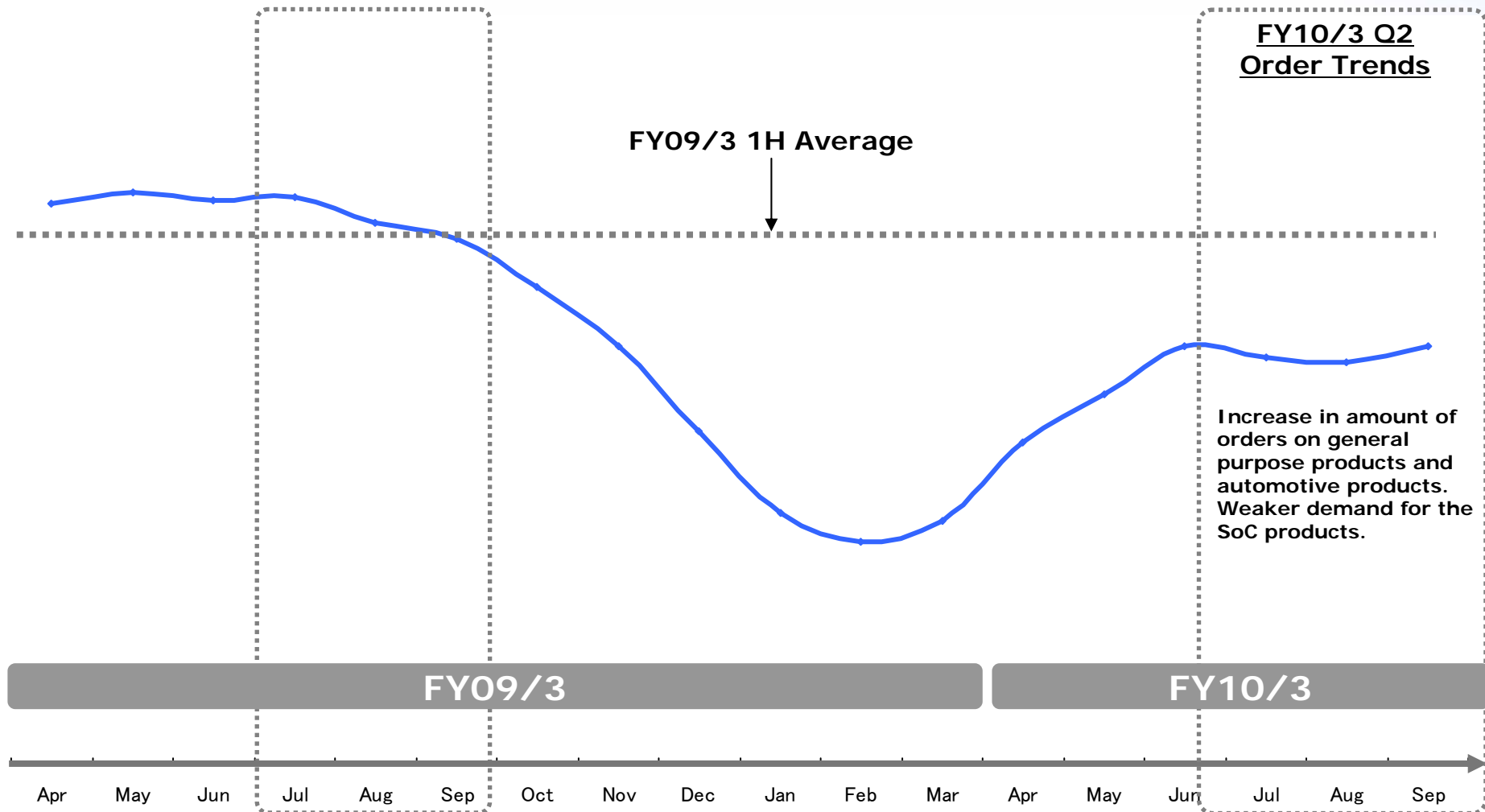
Note 1: Operating Income (Loss) = Net Sales – COGS – R&D – SG&A.

Note 2: Net loss attributable to NEC Electronics Corp. is computed in the same method as for net income for the year ended March 31, 2009.

Note 3: Forecasts as of October 28, 2009.

Trends in Amount of Orders

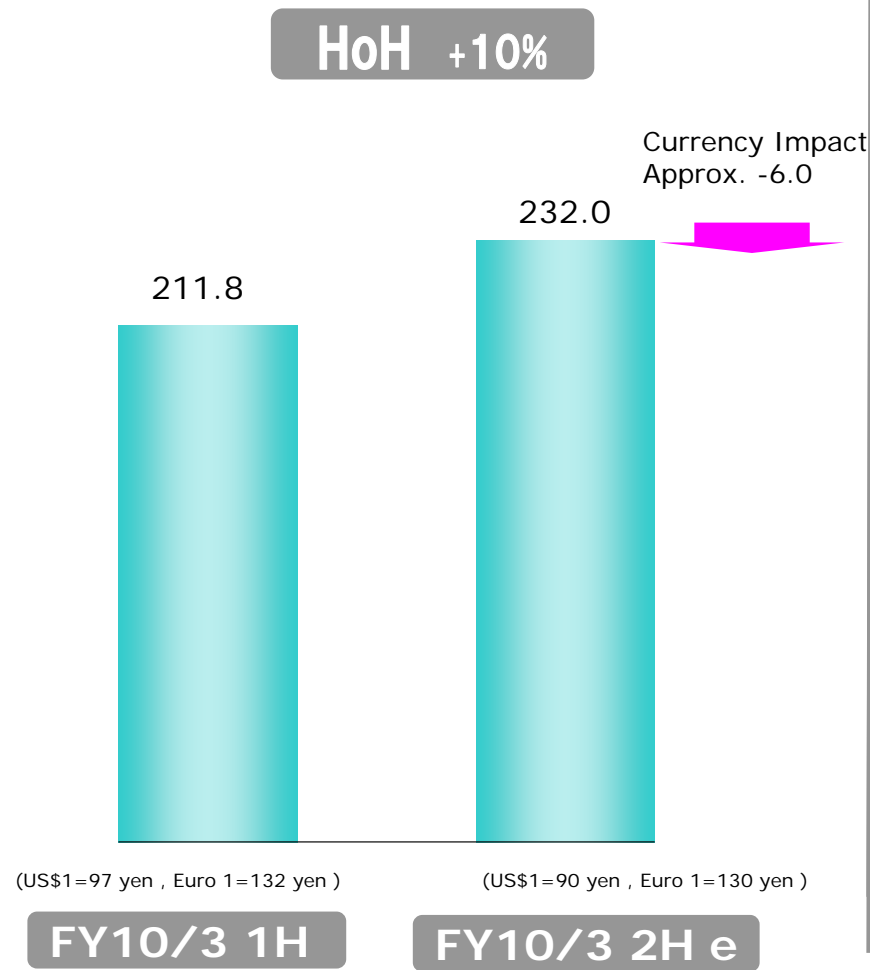
Amount of Orders (3-month moving average)



Note: Amount of orders is computed based on the exchange rate of the ordered month .

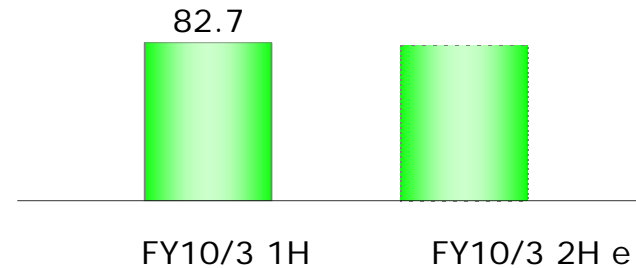
FY10/3 2H Semiconductor Sales Forecast

(B Yen)



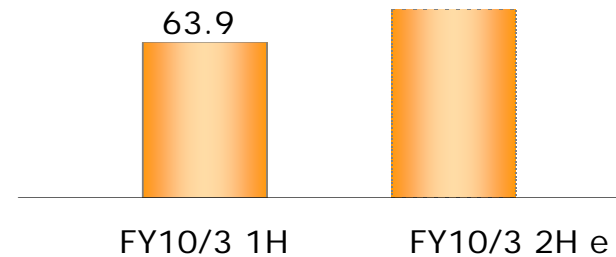
SoC Approx. -5%

- Decrease in sales of consumer electronic products



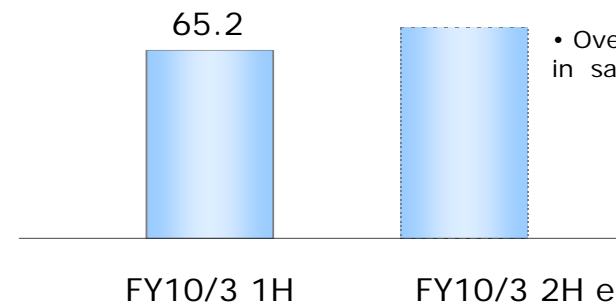
MCU Approx. +20%

- Increase in sales of automotive products and multi-purpose MCUs



Discrete & IC Approx. +10%

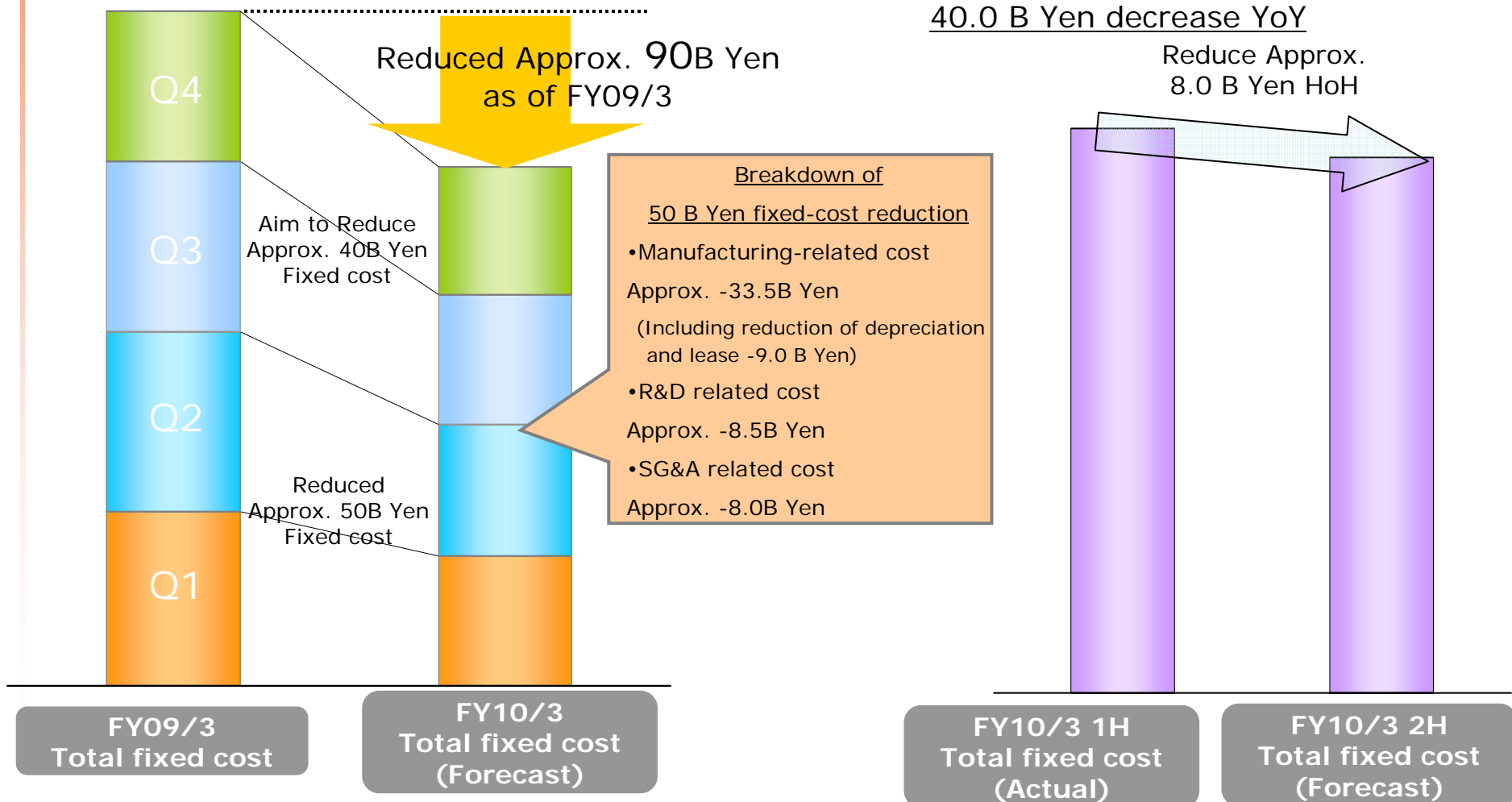
- Overall increase in sales



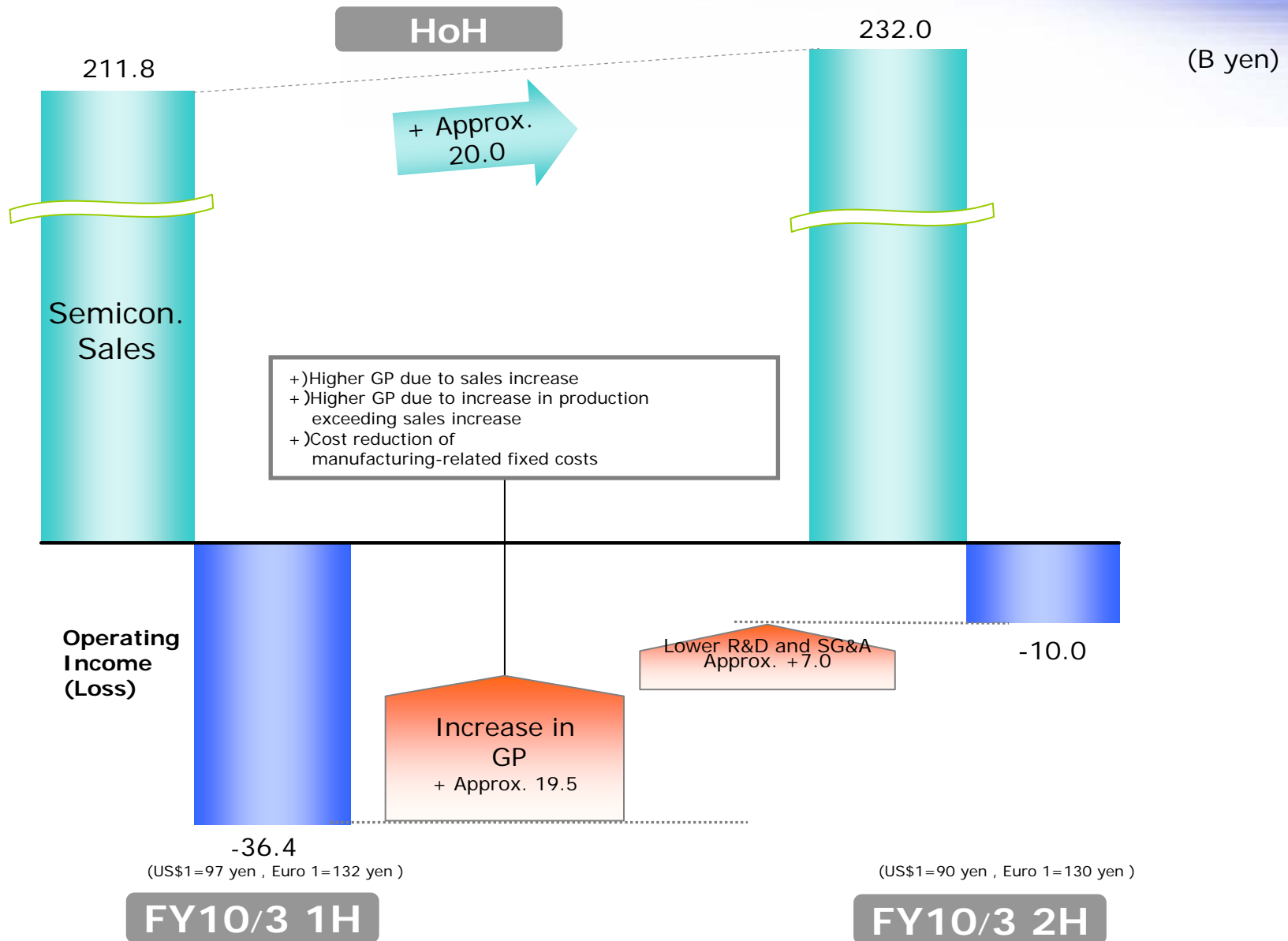
Progress on 90 B Yen Fixed Cost Reduction

Reduced Fixed Costs by Approx. 50 B Yen in FY10/3 1H, YoY

Aim to further reduce 8.0 B Yen in 2H, HoH



Factors Affecting 2H Operating Income (Loss)



2H Business Highlights

- Continue to attain improvement of free cash flows in 2H
 - Aim to attain profitability through sales increase and downhold of cash flows from investing activities despite the expected increase of inventories,
- Aim to further expand sales
 - Achieve sales increase beyond the forecasts through sales expansion of weakened SoC products
 - Expand sales with MCUs in great demand
- Attain growth of GP ratio through production increase
 - Increase production at 300mm line by early mass production of 40nm products (300mm line is expected to turn around by the end of 2009)
 - Massive production increase of strong MCU and discrete semiconductors and increase of inventories responsive to market expansion
- Pursue fixed-cost reduction
 - Continue to achieve fixed-cost reduction of 90B yen from FY10/3
- Further accelerate structural reforms
 - Complete on-going realignment plan of manufacturing lines
 - ➔ Closure of 6-inch wafer lines at NEC Semiconductors at Kyushu Yamaguchi and Roseville plant, by March 2010.
 - Announced New realignment plan of manufacturing lines
 - ➔ Closure of Fukuoka plant (back-end line) by Sep 2011 and consolidate prospective production volume mainly to Oita plant
 - ➔ Closure of NEC Semiconductors Kansai's 5-inch line by March 2012

Expand Sales with Advanced Processes

- 40nm product group LSIs for digital cameras, DTVs, printers
- eDRAM-ASIC LSIs for image-processing

Expand Sales in Eco-Business Market

- Smart Grid MCUs for electrical meters RF semiconductors
- Low-power home electronics MCUs for inverter control LED driver
- Hybrid cars MCUs for motor control
MCUs for power supply control Optical devices

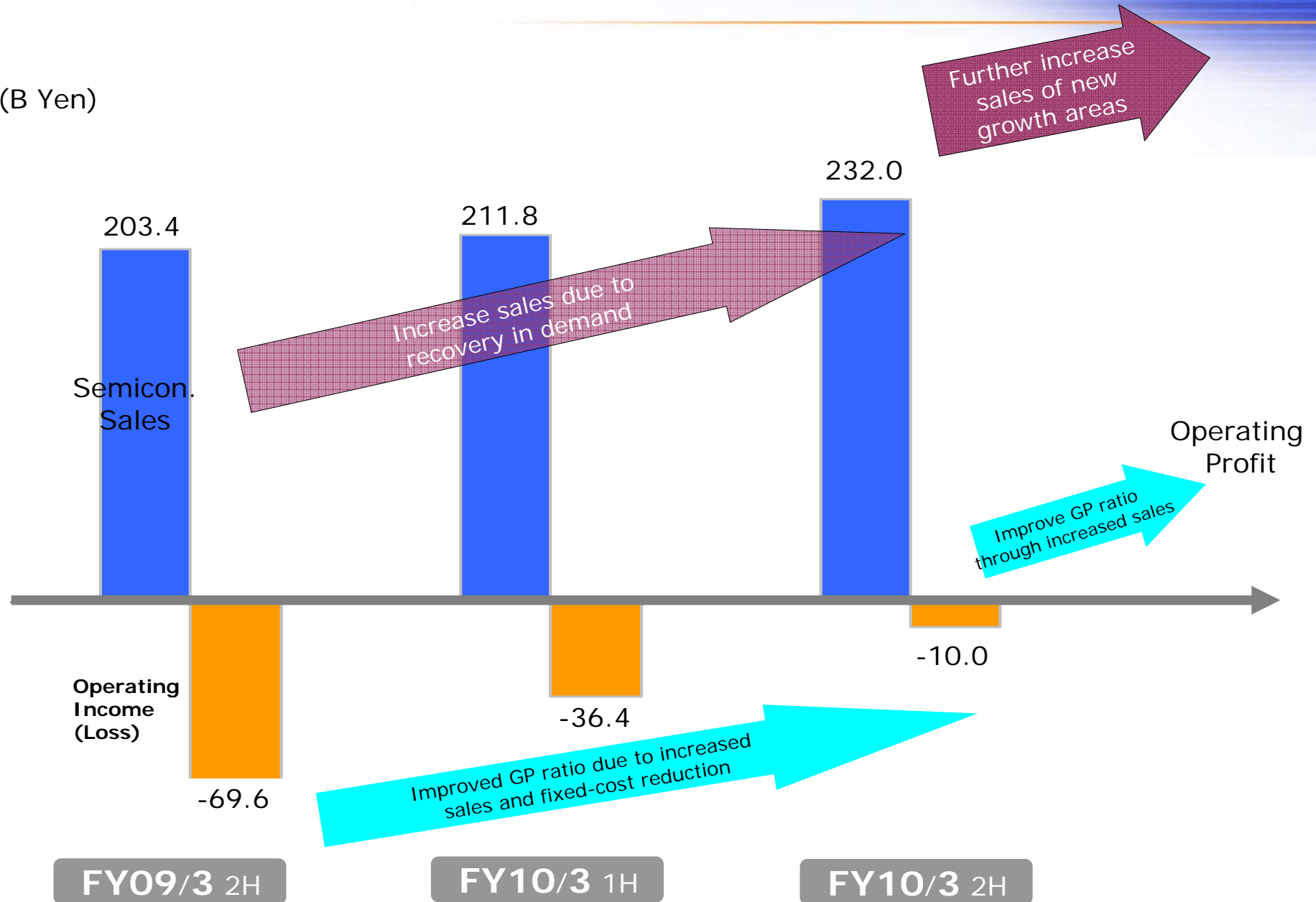
Expand Sales in Emerging Market

- Low-cost cars MCUs for low-end body and dashboards
- Digital tuners EMMA products for digital broadcasting
(applied for low-cost TVs as well)
- Multi-purpose MCUs, Discrete semiconductors

Energy Conscious = Ultimate Low Power™

Improving Business Performance

(B Yen)



Summary

- Demand for MCU and general-purpose products continue to show strong growth. Fixed-cost reduction measures are on track.
- However, financial forecasts for 2H and full year were lowered, due to stagnant SoC sales from R&D cyclical factors and low utilization rates at fabrication lines for SoC products.

Conduct proactive marketing of Ultimate Low Power™ 40nm products and pursue sales expansion of green-market and emerging market in 2H, to improve future business performance

NEC

NEC Electronics Corporation

Cautionary Statements

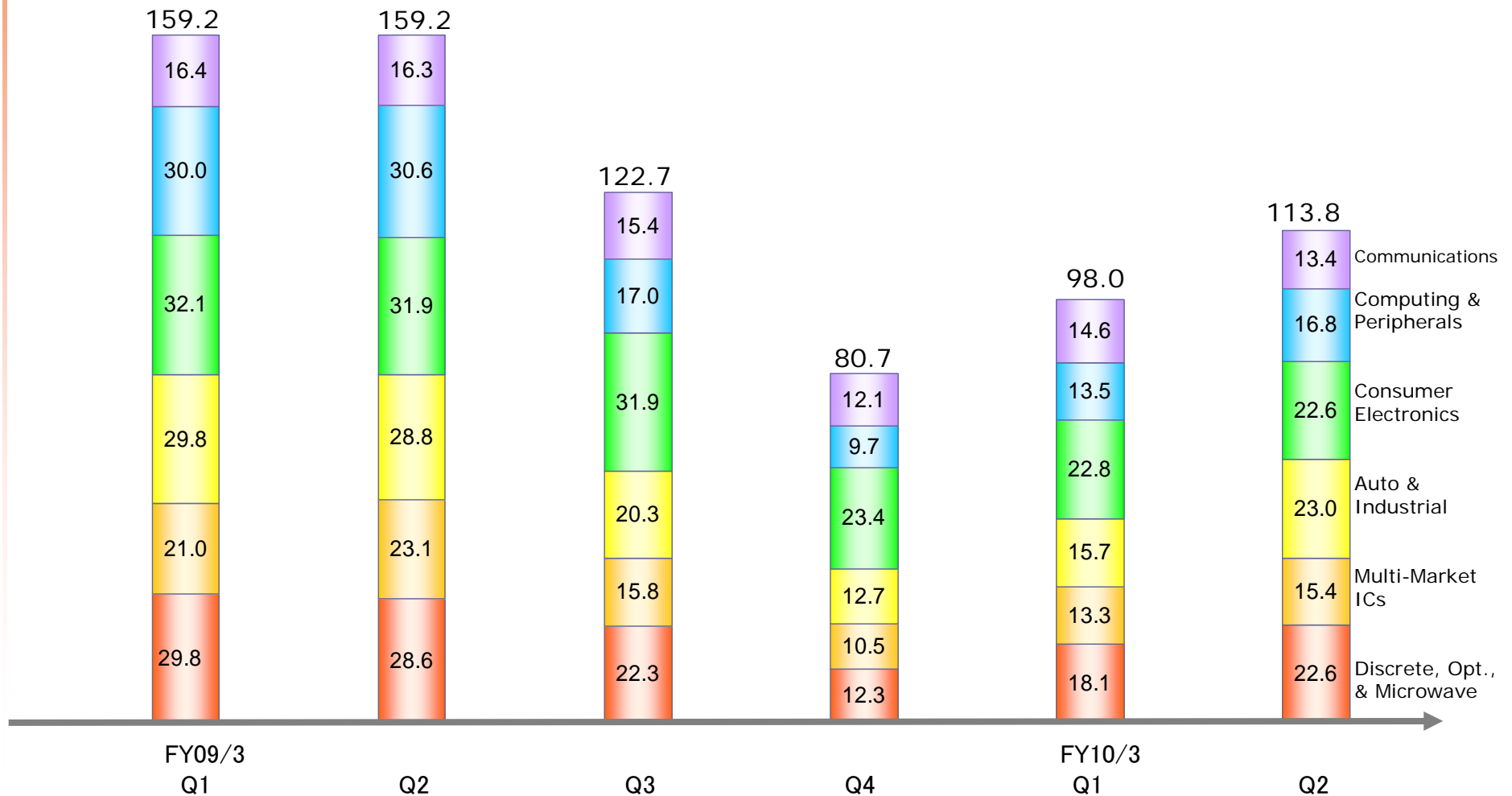
The statements in this presentation with respect to the plans, strategies and forecasts of NEC Electronics and its consolidated subsidiaries (collectively "we") are forward-looking statements involving risks and uncertainties. We caution you in advance that actual results could differ materially from 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.

Reference: Schedule of Business Integration with Renesas



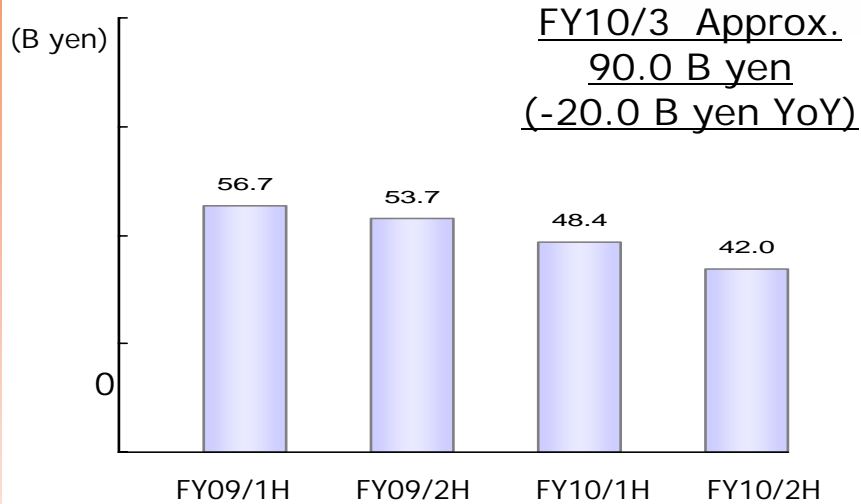
Appendix: Semiconductor Sales by Application

(B Yen)

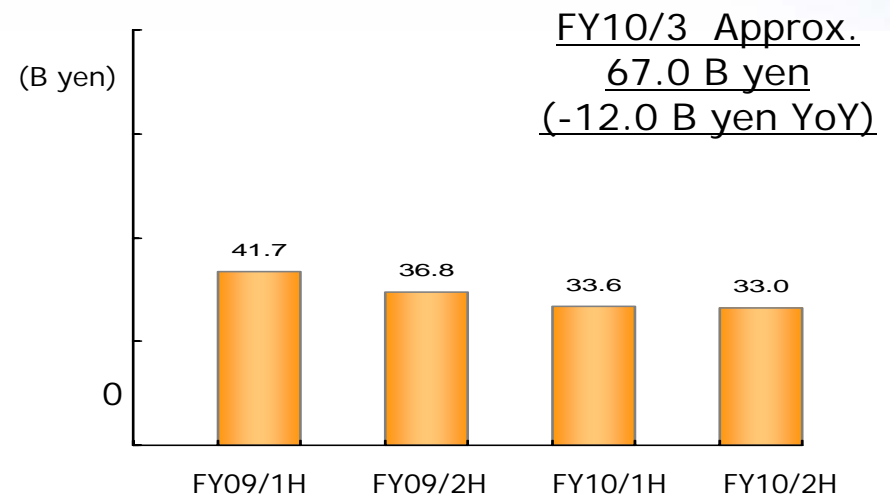


Major Operating Expenses and CAPEX

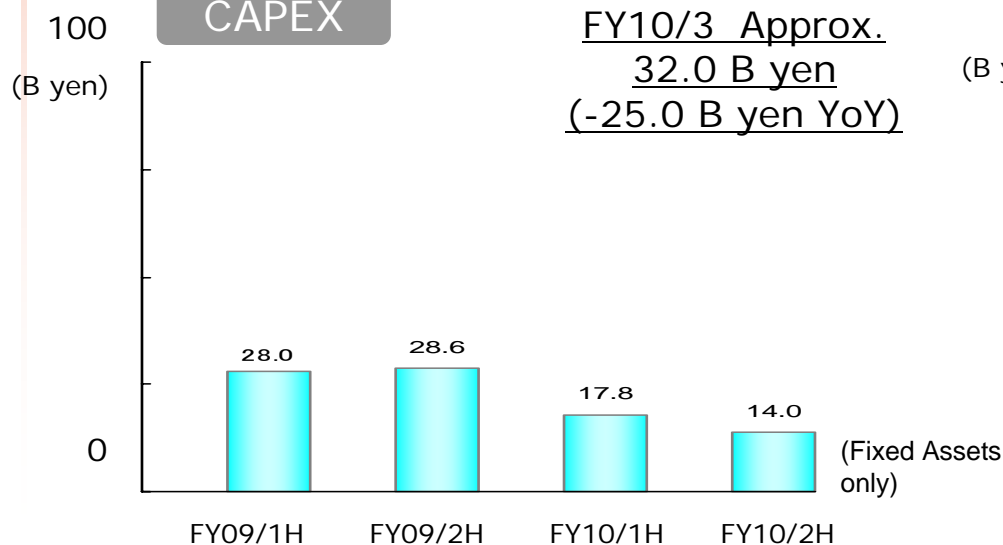
R&D Expenses



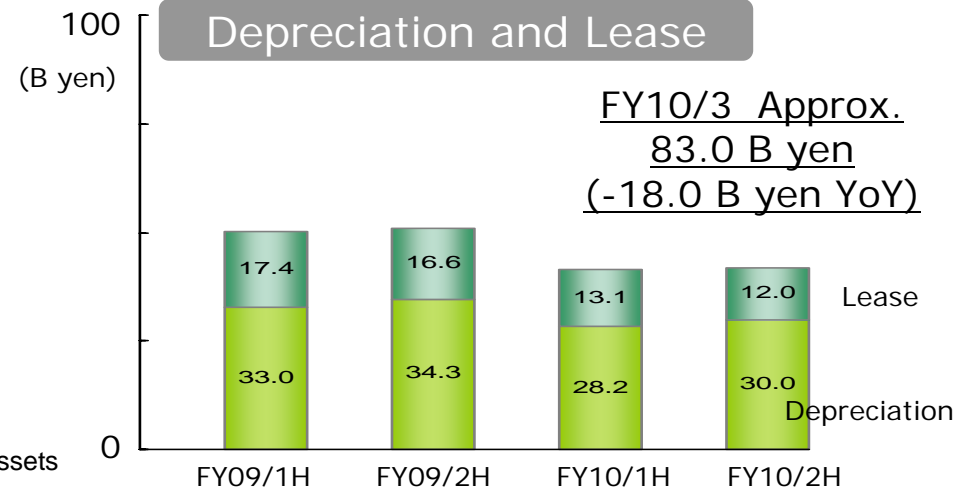
SG&A Expenses



CAPEX



Depreciation and Lease



Depreciation and Lease are included in COGS, R&D and SG&A
(Depreciation based on Cash Flows)