FY10/3 Q2 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 22.

Executive Summary

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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)

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

First, we saw a significant recovery in free cash flows in the second quarter, and were able to attain positive cash flows. Semiconductor sales were slightly better than expected, while the operating loss rapidly dropped from the initial forecast, mainly due to the decreased production at the company's 300mm wafer line.

Second, first-half results were worse than expected, and we revised our second-half and lowered full-year forecasts accordingly.

Despite the signs of recovery in the automotive semiconductors as well as general-purpose products, we expect the fab utilization rates at our 300mm wafer line to stay low, affected by the sharp decline in SoC-related sales.

In addition, outlook for the second half remain dim, especially for the March quarter.

To enhance our business performance, we will continue to engage in steady implementation of the fixed-cost reduction as well as realignment of the company's manufacturing lines.

I. FY10/3 Q2 Financial Results

II. FY10/3 Forecasts

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Now let us move on to the main presentation.

Financial Snapshot

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(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.

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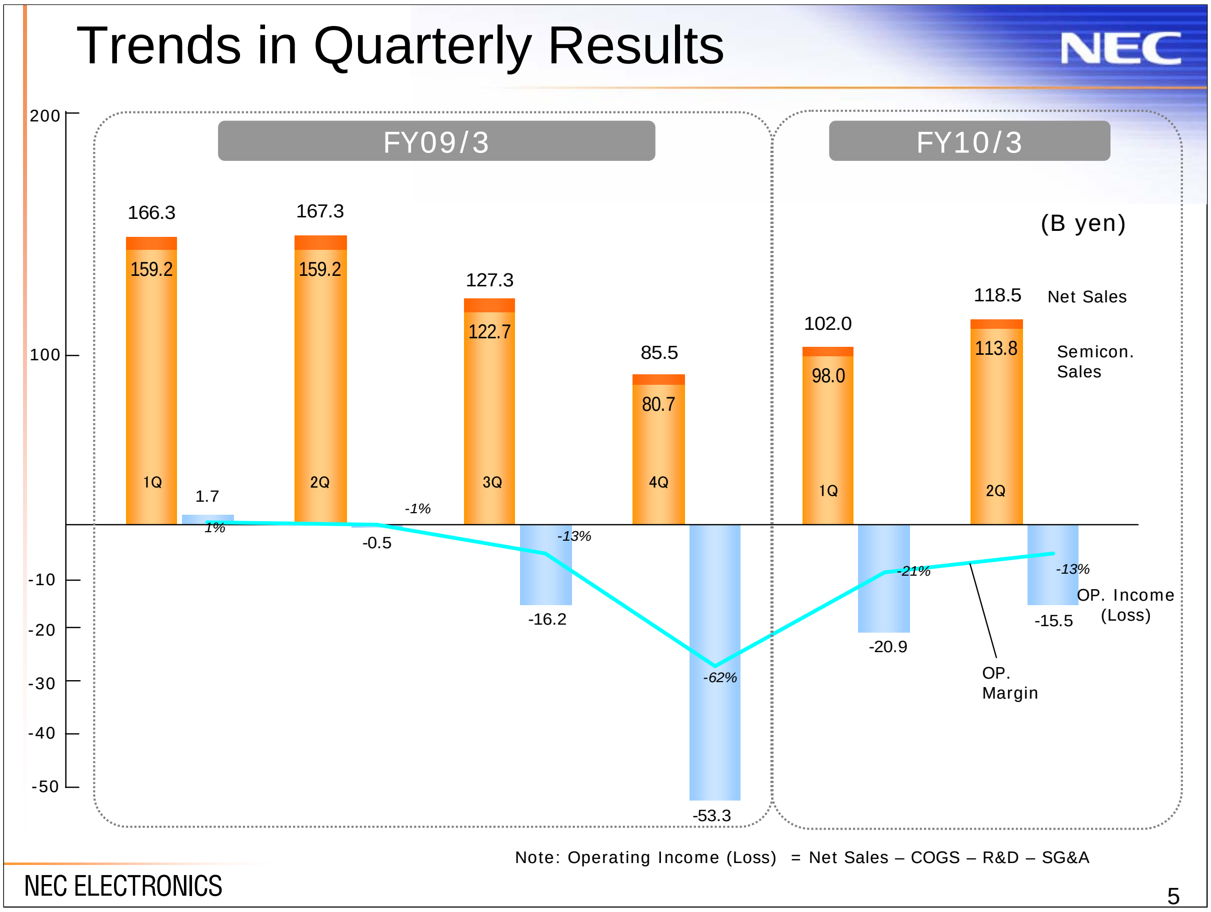
4

Slide 4 shows the financial results for the first half of the fiscal year.

Semiconductor sales were 211.8 billion yen, a 8.4 billion yen increase from the previous half-year term.

Operating loss was 36.4 billion yen, a 33.2 billion yen improvement half on half.

Loss before income taxes was 37.5 billion yen, and net loss was 38.1 billion yen.



Slide 5 shows trends in quarterly results.

For the second quarter, both net sales and operating loss improved. However, improvement in profit was limited compared to the sales increase.

Cash Flows

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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

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Slide 6 shows cash flows.

Free cash flows for the second quarter improved dramatically quarter on quarter, and moved into the positive due to increased sales and profit improvement.

We are aiming for positive free cash flows in the second-half to improve our business performance.

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%

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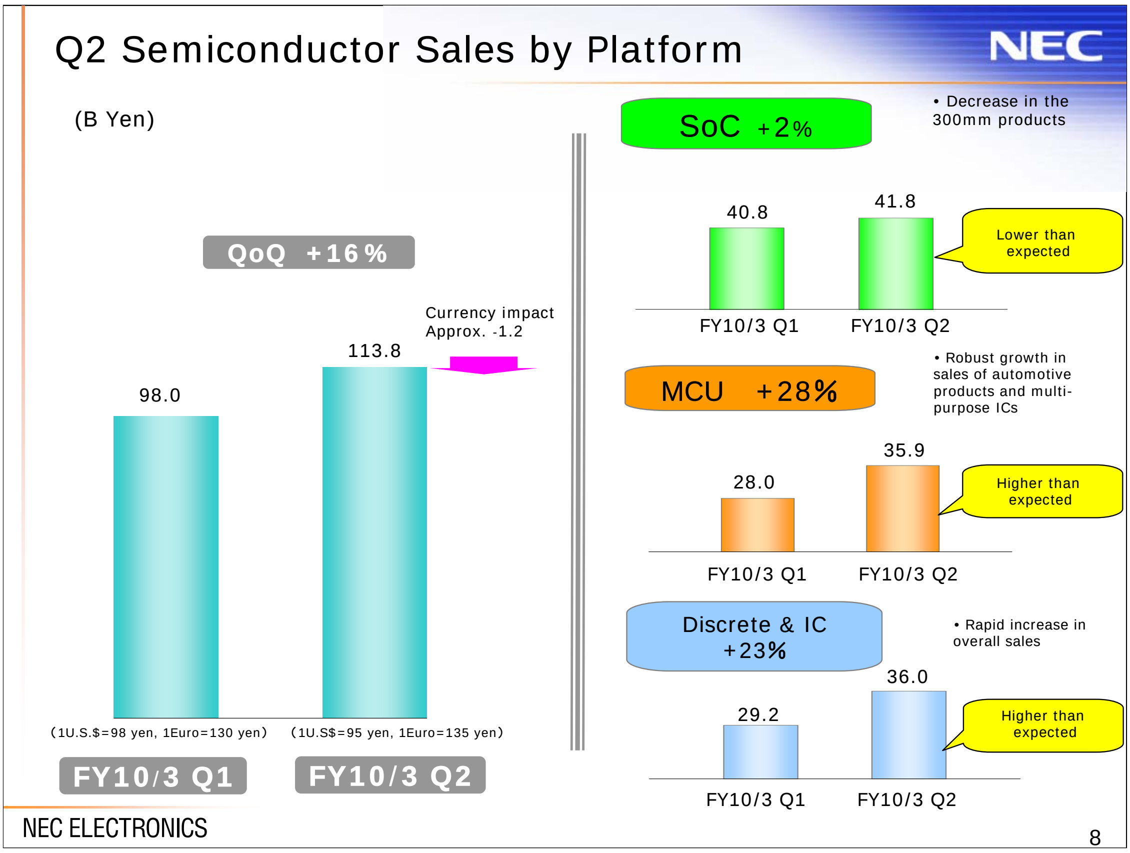
7

Slide 7 shows the company's balance sheets.

Cash and cash equivalents as of Sep 30, 2009 were 89.5 billion yen, 10.0 billion yen increase quarter on quarter.

Inventories were 54.5 billion yen, a decrease from the end of June.

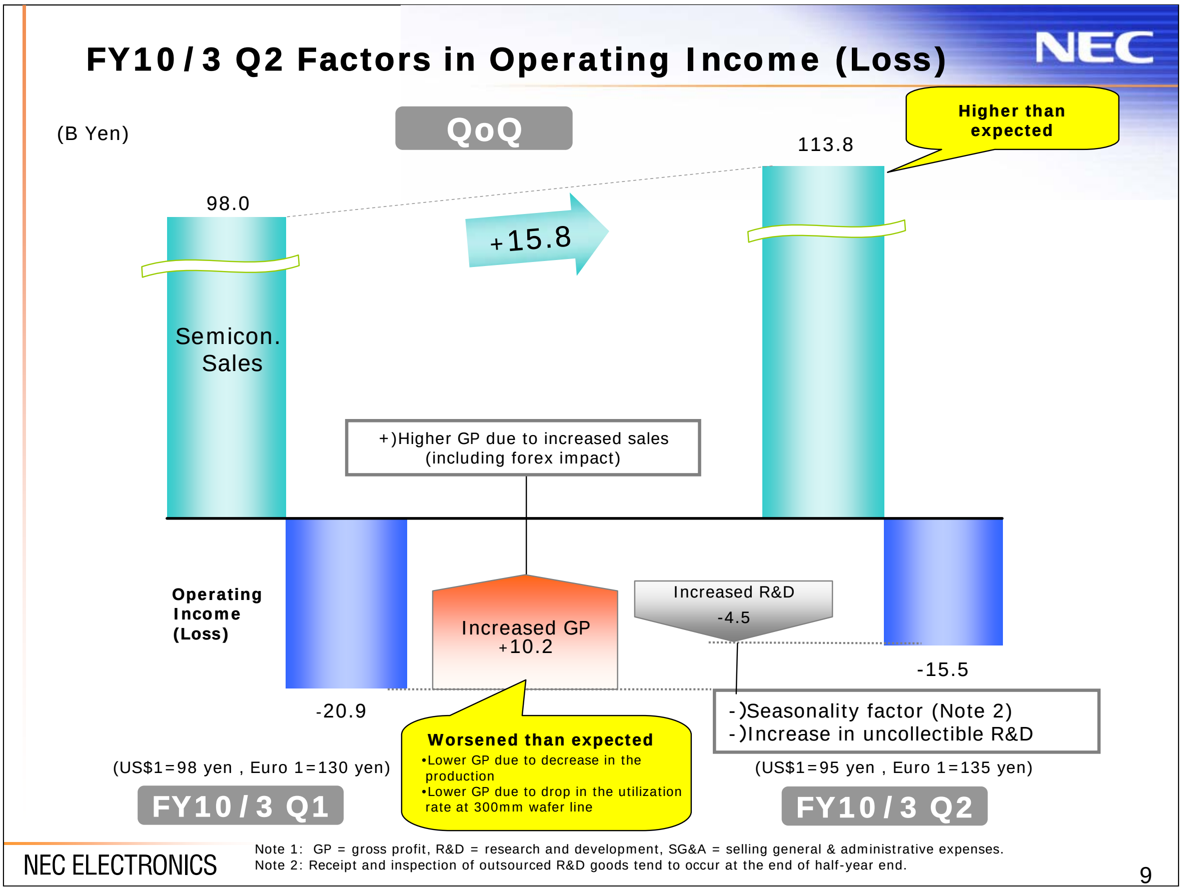
Debt to Equity ratio was 1.62 due to increased borrowings and recording of net loss. Shareholders' equity was 19%.



Slide 8 shows the breakdown of second quarter sales by platform.

All platforms showed increase in sales, contributing to 16 percent increase in overall semiconductor sales.

Automotive microcontrollers and discrete semiconductors in particular saw increase in sales, while the SoC sales declined from the initial forecast.



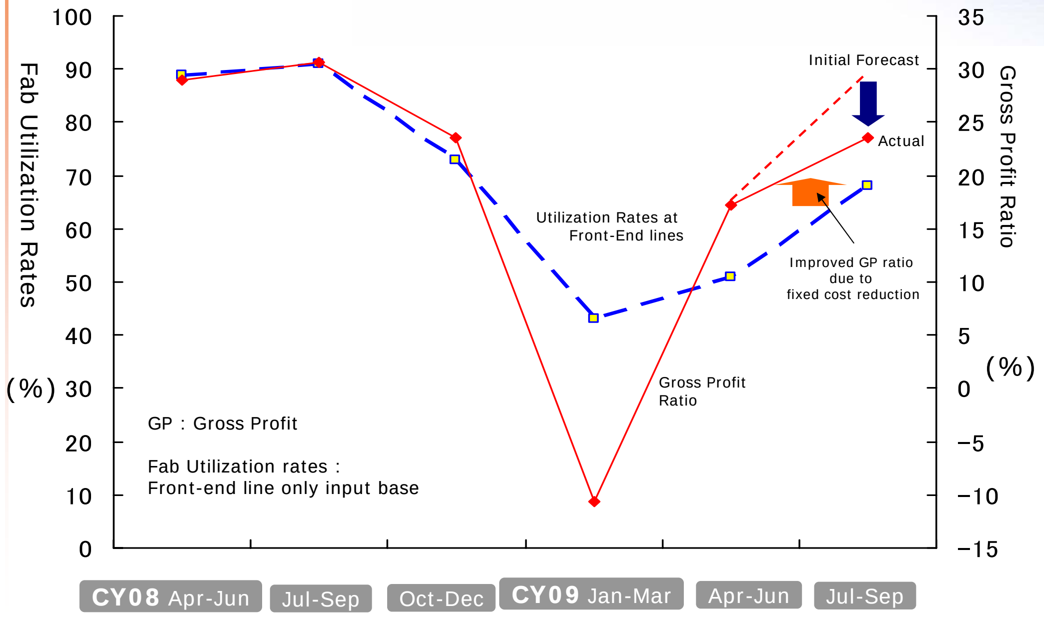
Slide 9 shows the factors affecting operating income and loss in the second quarter.

Despite the increase in profits resulting from sales growth, operating loss only improved 5.4 billion yen quarter on quarter due to increase in R&D expenses.

Operating loss worsened by approximately 11.5 billion yen from the previously announced forecast. This result was due to decreased production at the company's 300mm wafer line and lower-than-expected production levels as well as the increase in R&D expenses.

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



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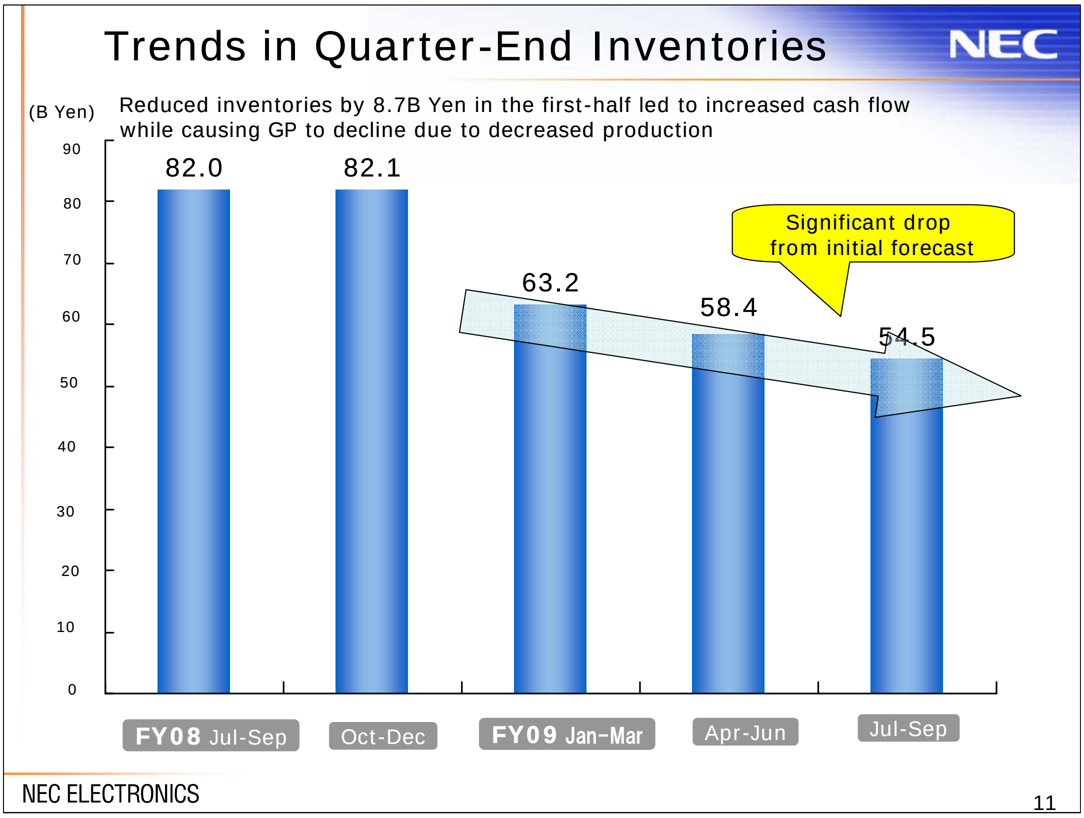
Note: manufacturing utilization rates are front-end line only input base.

10

Slide 10 shows our progress on the GP ratio and fab utilization rates.

Both GP ratio and fab utilization rates dropped significantly in the latter half of the last fiscal year, but this year’s fixed-cost reduction caused the GP ratio to recover more than the fab utilization rates.

The GP ratio in the second quarter, however, was lower than expected due to worsened fab utilization rates at the 300mm wafer line and decreased inventories.



Slide 11 shows the trends in quarter-end inventories.

Inventories at the end of September declined by 8.7 billion yen from the end of March. As a result, cash flows improved dramatically, while the GP ratio worsened due to the decreased production at the 300mm wafer line.

I. FY10/3 Q2 Financial Results

II. FY10/3 Forecasts

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12

In the next section, we will discuss the second half and full-year financial forecasts.

FY10/3 Financial Forecasts

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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.

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13

Slide 13 shows NEC Electronics' revised forecasts, which the company announced on October 28, 2009.

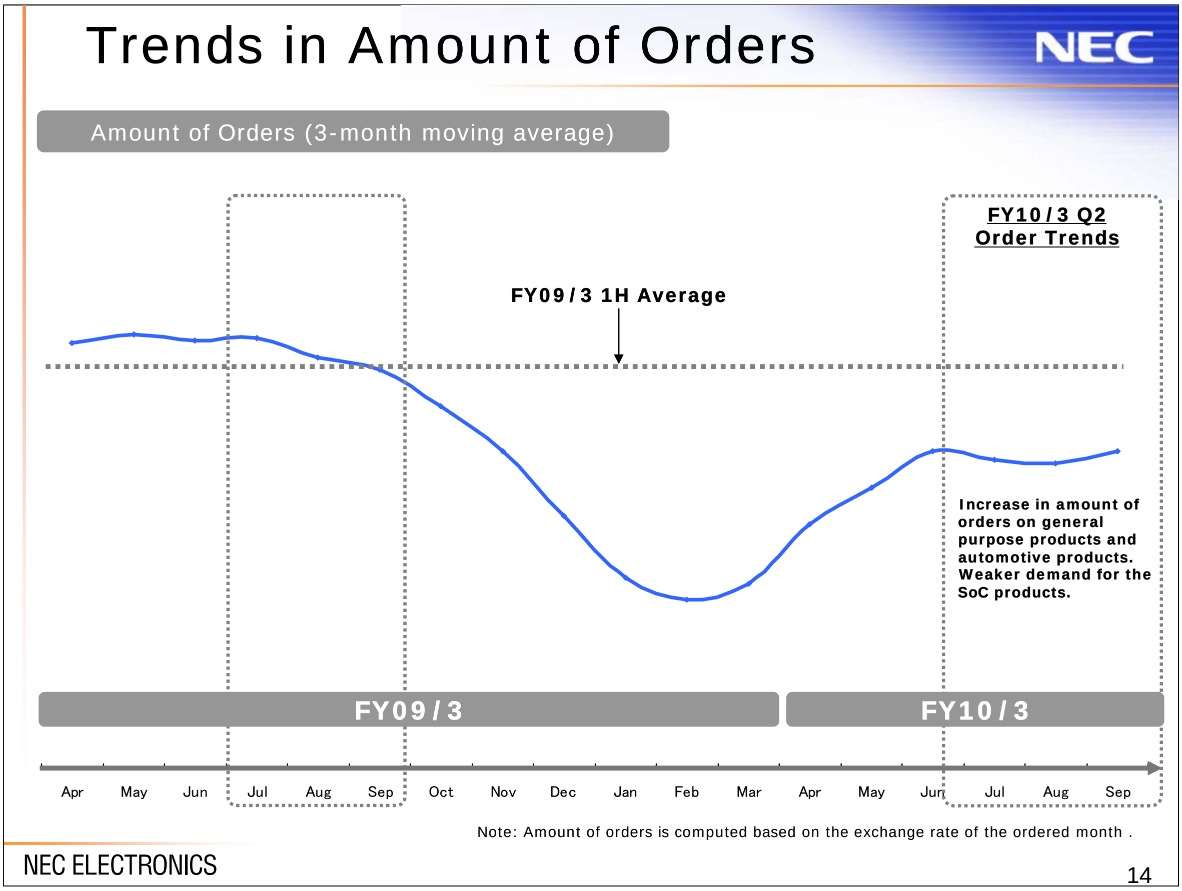
Although the MCU and discrete products are showing signs of recovery, the revisions are made mainly due to the low fab utilization rates at the 300mm wafer line and the uncertainty of the market outlook.

Semiconductor sales are expected to decrease by 15.0 billion yen from the initial forecasts.

Operation loss are expected to increase by 46.5 billion yen from the initial forecasts.

Loss before income taxes and net loss are expected to increase by 46.0 billion yen.

Let us discuss in detail in the following slides.

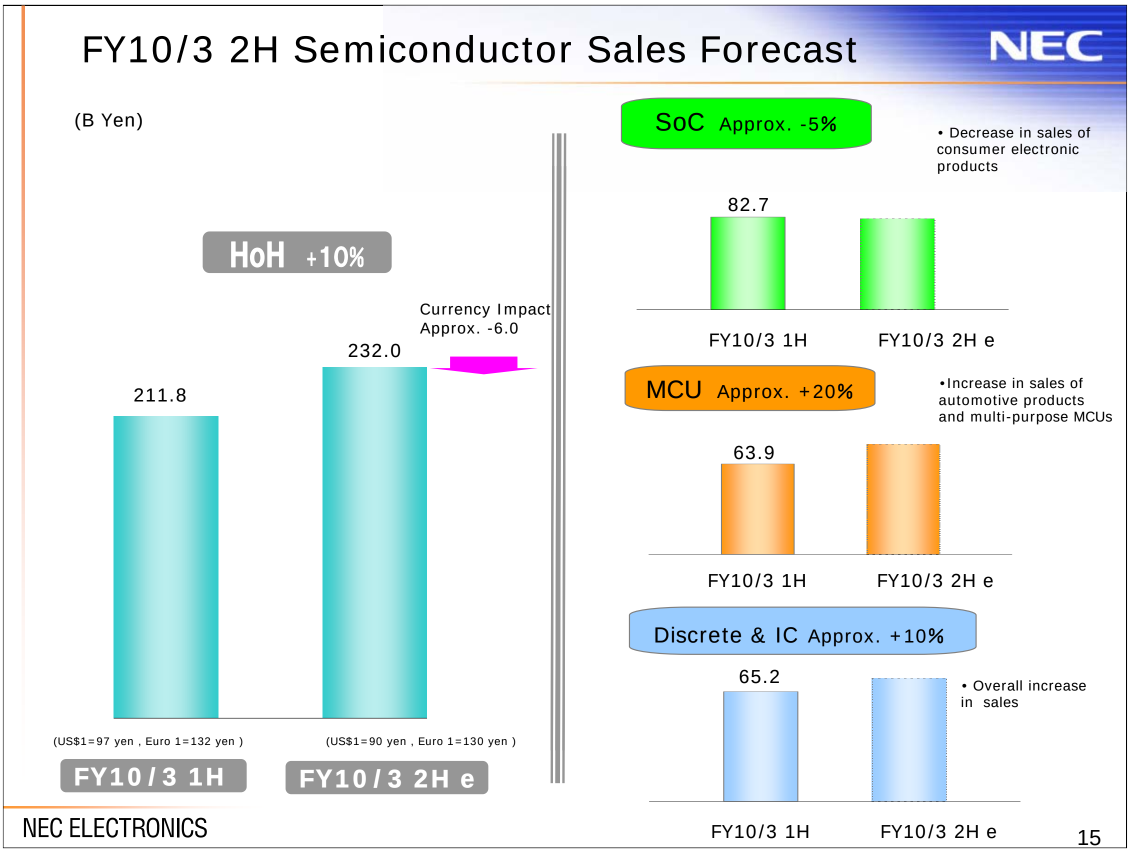


Slide 14 shows a three month moving average of semiconductor orders.

Orders in the second quarter were at first sluggish, but orders for discrete devices and multi-purpose products increased dramatically in September.

SoC products, on the other hand, showed a decline mainly in the consumer electronics area.

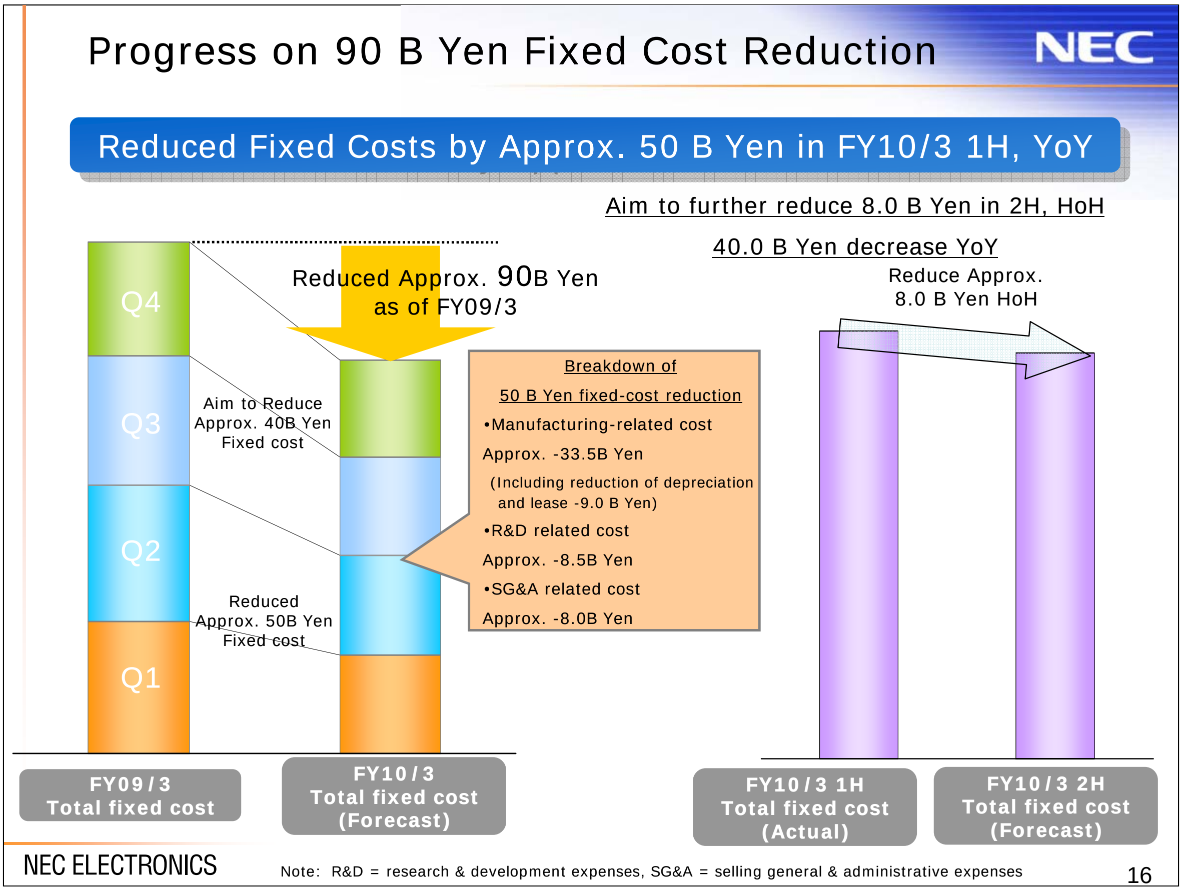
As for October, orders for microcontrollers and discrete devices are solid, although not quite reaching the high level achieved in September.



The following slide shows the forecast for sales in the second half.

MCUs and discrete devices are expected to show increase in sales during the second half.

SoC is expected to drop its sales mainly in the consumer electronics area.

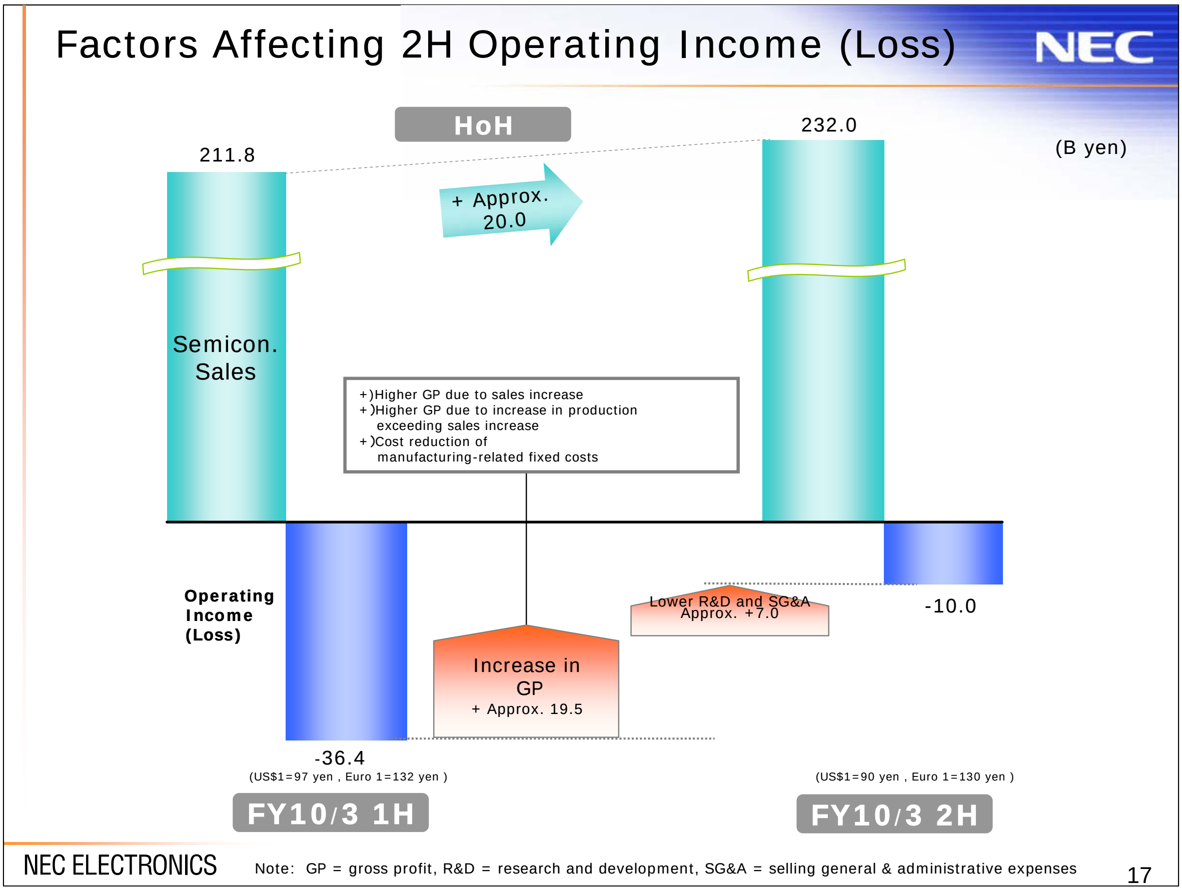


Slide 16 shows our progress in fixed cost reduction measures.

As shown on the graph, we succeeded in reducing fixed costs by approximately 50 billion yen year on year.

We will continue to target reduction of approximately 40 billion yen in the second half, to achieve the full-year target.

We aim to cut total of approximately 8 billion yen from the first half to the second half by slashing R&D expenses and administrative expenses.



The next slide shows the forecast for operating income and loss in the second half.

Gross profit is expected to rise owing to higher semiconductor sales.

Other profit growth is expected, caused from production exceeding sales projection, based on the company's expectation for sequential increase in orders in the next fiscal year.

Operating loss is expected to improve by 26.5 billion yen, due to reduction of approximately 8.0 billion yen fixed cost.

2H Business Highlights

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- 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

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18

Slide 18 explains our strategies in improving our business performance.

We expect to improve our productivity and increase our inventories in the second half. We also aim to attain positive free cash flows by expanding sales and restraining cash flows from investing activities.

Second, we aim to exceed our sales target through sales expansion of the SoC products and expansion of the strong MCU sales.

There was a decrease in GP ratio which resulted in the worsening of profitability in the second quarter. We will improve our GP ratio by production increase at the company's 300mm line through early production of the 40nm products, as well as sales expansion of strong MCU and discrete devices.

Additionally, as previously explained, we will reduce fixed cost by 8 billion yen from the first half, aiming to achieve full-year reduction of 90 billion yen.

We will further accelerate our structural reforms by implementing new realignment plans of our manufacturing lines.

We will close the back-end line at the Fukuoka plant as well as the 5-inch wafer line at NEC Semiconductors Kansai.

To strengthen our cost competitiveness, we will continue to engage in realignment of our manufacturing lines.

Business Topics ~To Expand Sales with leading products

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Expand Sales with Advanced Processes

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

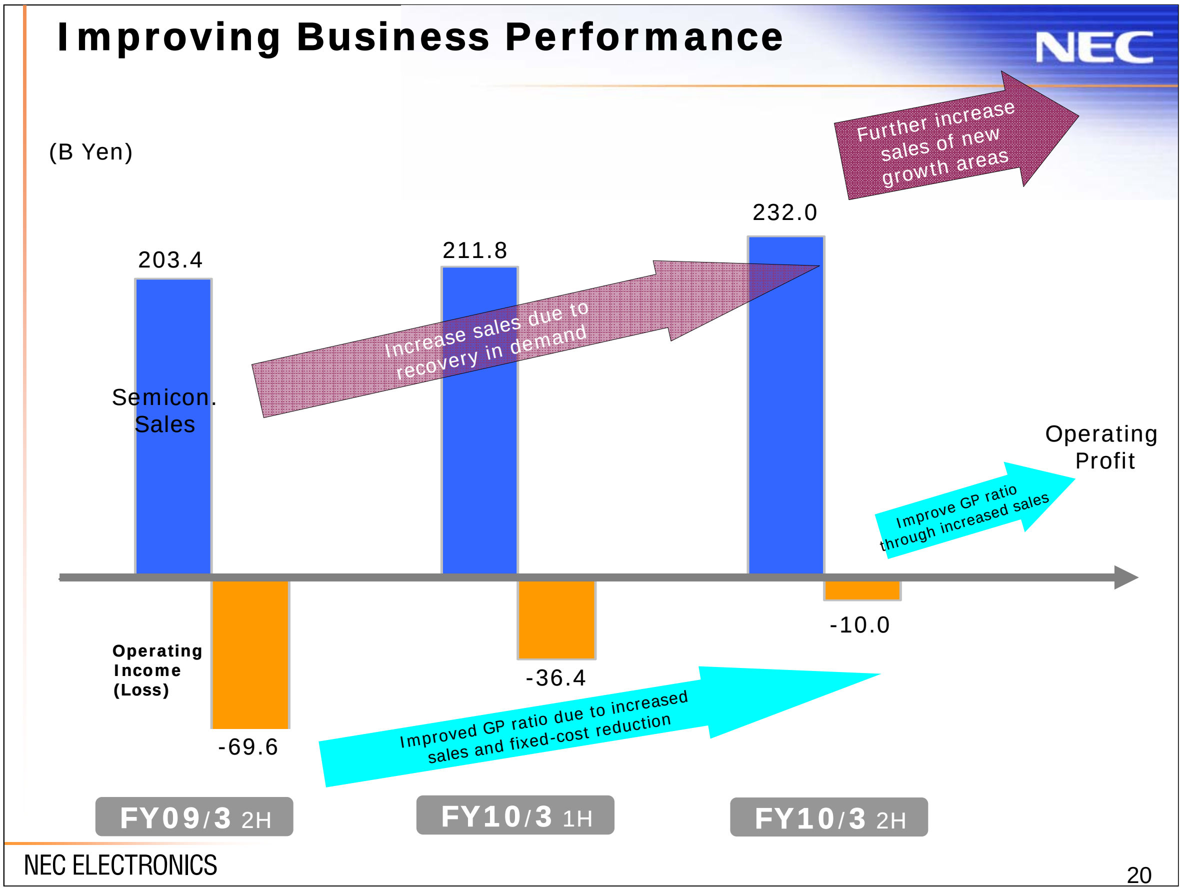
Expand Sales in Eco-Business Market

- 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™



Next, we will explain our visions to improve our performance.

We were unable to meet our initial target to attain profitability for this fiscal year, however our business performance has been showing steady improvement.

We expect strong demand in microcontrollers and discrete devices to continue into the second half. Although SoC products shows decrease in demand, we are conducting proactive sales activities, expecting the demand to bottom out in the second half.

In addition to implementation of 90 billion yen fixed-cost reduction this year, new additional plans were announced to realign our manufacturing facilities.

We will implement these new changes diligently with the aim of improving the company's business structure.

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

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To summarize, as mentioned earlier in the presentation, demand for MCU and general-purpose products such as discrete semiconductors continue to show strong growth.

In addition, we are on track with cost reduction plans and continue to implement fixed cost reduction measures diligently.

However, we lowered the second half and full-year financial results, due to stagnant SoC sales from R&D cyclical factors and low utilization rate at 300mm line.

In the second half, we will launch mass production of the ultimate low power 40-nanometer products as well as aggressively market for order expansion. Moreover, we will pursue sales expansion for the green market and emerging market to improve business performance.

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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.

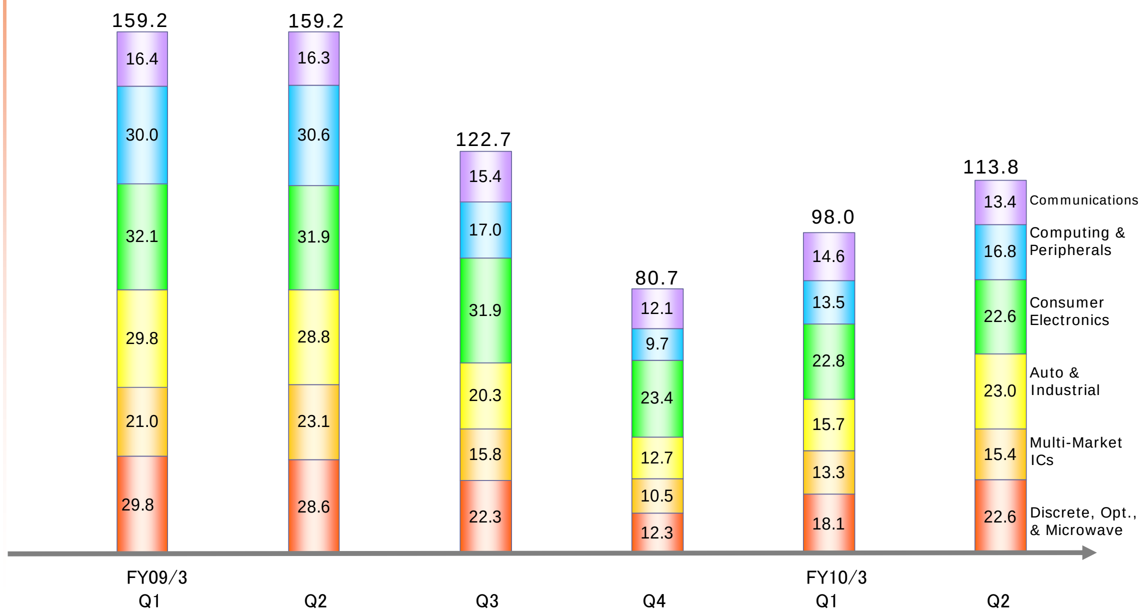
Thank you very much for your continued support of NEC Electronics. This concludes our presentation today.

Reference: Schedule of Business Integration with Renesas

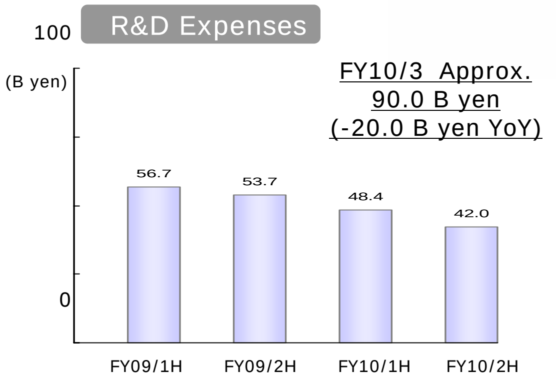
Sep 16	Signing of Definitive Agreement
Sep 30	Establishment of project team
	Present
Mid-Jan	Signing of Merger Agreement
Early Feb	Calling of Extraordinary Shareholders' meeting
End of Feb	Extraordinary Shareholders' meeting for approval of merger agreement (Subject to Approval from the Concerned Authorities of Antitrust Law)
Apr 1	Effective Date of Merger Launch of the New Company

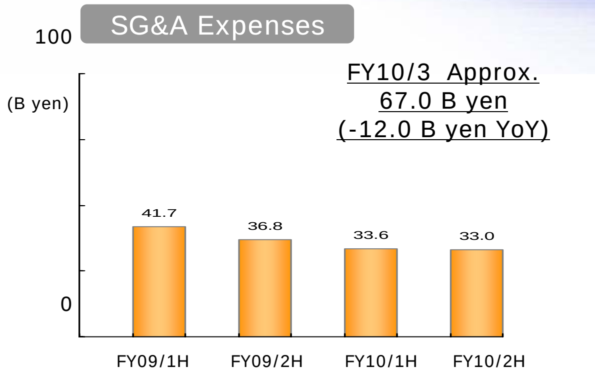
Appendix: Semiconductor Sales by Application

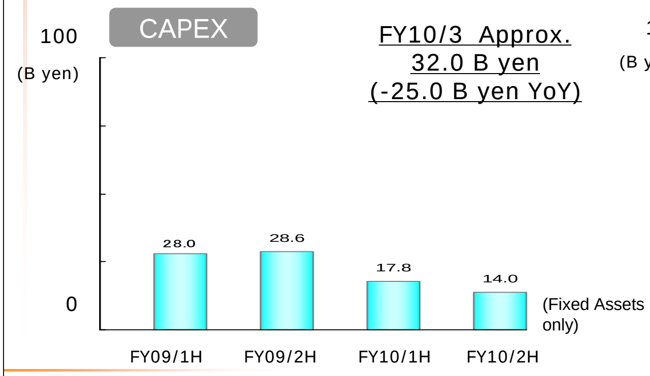
(B Yen)

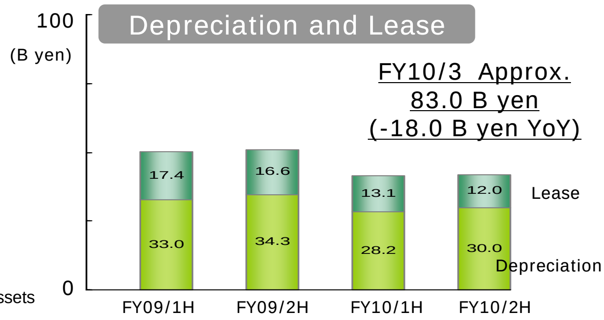


Major Operating Expenses and CAPEX









Depreciation and Lease are included in COGS, R&D and SG&A

(Depreciation based on Cash Flows)

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