

FY09/3 Q2 Financial Results

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NEC Electronics Corporation

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

- Despite the effects of considerable yen depreciation, in the first fiscal half ended September 30, 2008, net sales did not quite reach the level originally forecast.

Operating profits were secured, though the profit margin was slimmer than had been estimated in the most recent financial announcement (July 30, 2008).

- Forecasts for the second half and full year were lowered, but the company still expects to achieve operating profits on both second half and full-year bases.
- Cost reductions measures, such as the accelerated closure of certain manufacturing lines, are being implemented.

Agenda

NEC

I. FY09/3 Q2 Financial Results

II. FY09/3 Forecasts

I. FY09/3 Q2 Financial Results

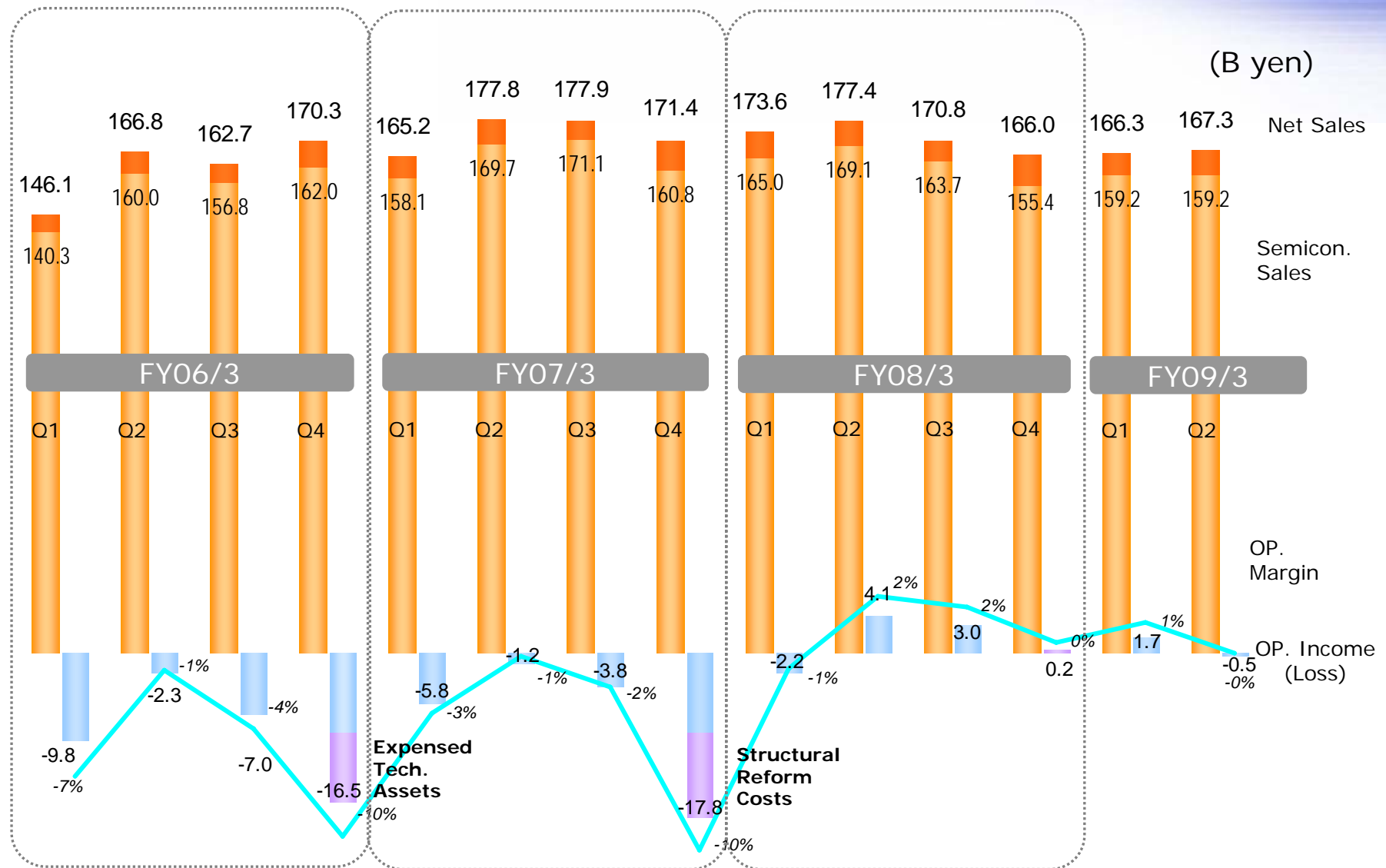
II. FY09/3 Forecasts

Financial Snapshot

(B Yen)	FY09/3				
	Q1, 6/30	Q2, 9/30	H1, 9/30		
	Actual	Actual	Actual	YoY	HoH
Net Sales	166.3	167.3	333.6	-17.4	-3.2
Semiconductor Sales	159.2	159.2	318.4	-15.7	-0.8
Operating Income (Loss)	1.7	-0.5	1.2	-0.6	-2.0
Income (Loss) Before Income Taxes	0.3	-0.3	-0.0	-1.8	+5.1
Net Income (Loss)	-1.3	-0.6	-1.9	+1.1	+11.1
Free Cash Flows	-6.7	2.1	-4.5	-14.8	+0.3
D/E Ratio	0.51	-	0.52	-	-
Shareholders' Equity Ratio	37%	-	36%	-	-
Exchange Rates	1US\$=103 yen 1Euro=160 yen	1US\$=108 yen 1Euro=166 yen	1US\$=105 yen 1Euro=163 yen	US\$ 15 yen weak Euro 1 yen strong	US\$ 7 yen weak Euro 2 yen strong

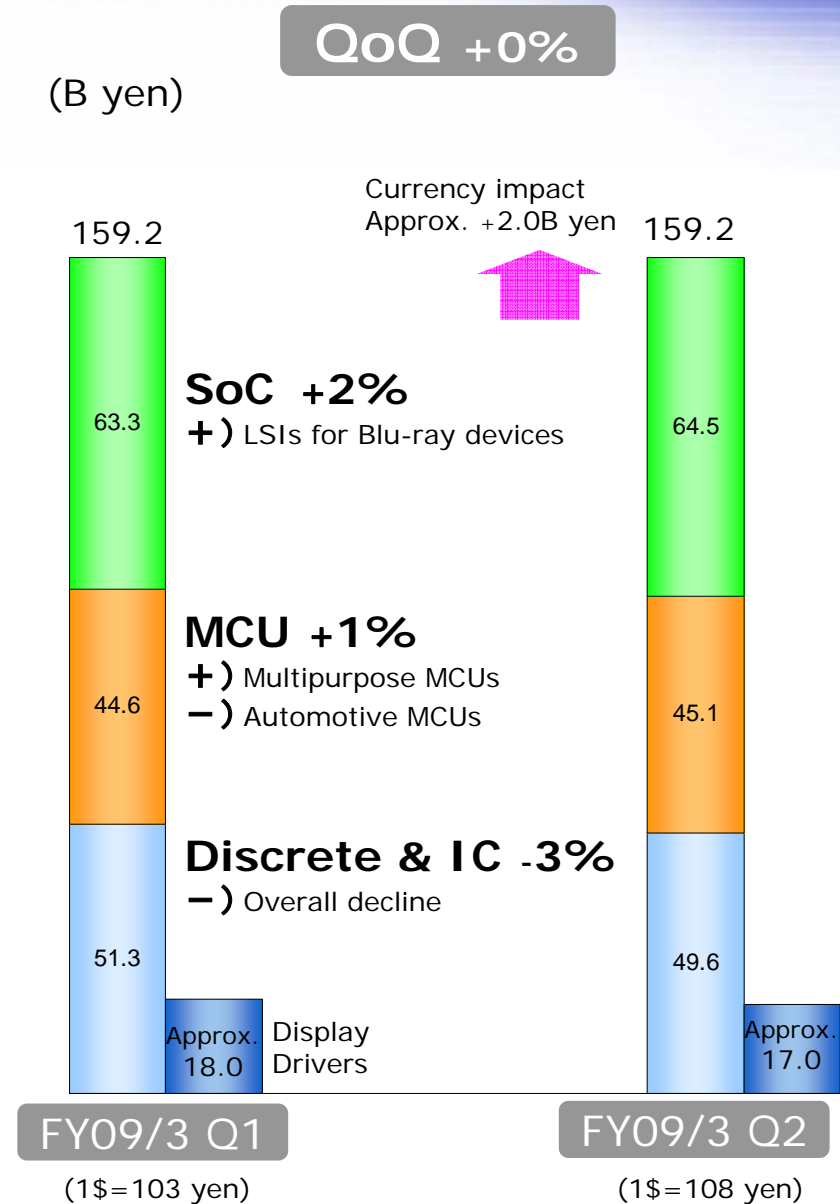
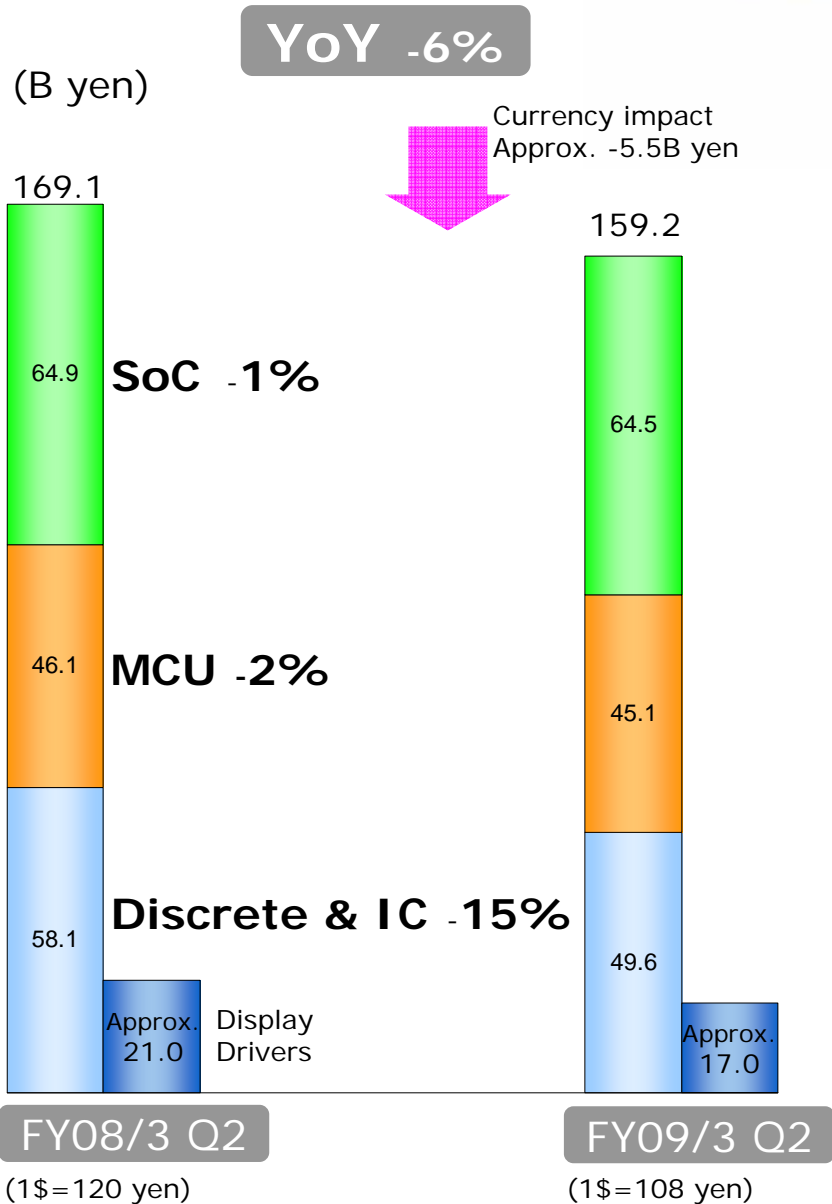
Note: NEC Electronics' consolidated information is in accordance with U.S.GAAP. However, the figure for operating income (loss) shown above represents net sales minus the cost of sales, research and development expenses, and selling, general, and administrative expenses.

Trends in Quarterly Results

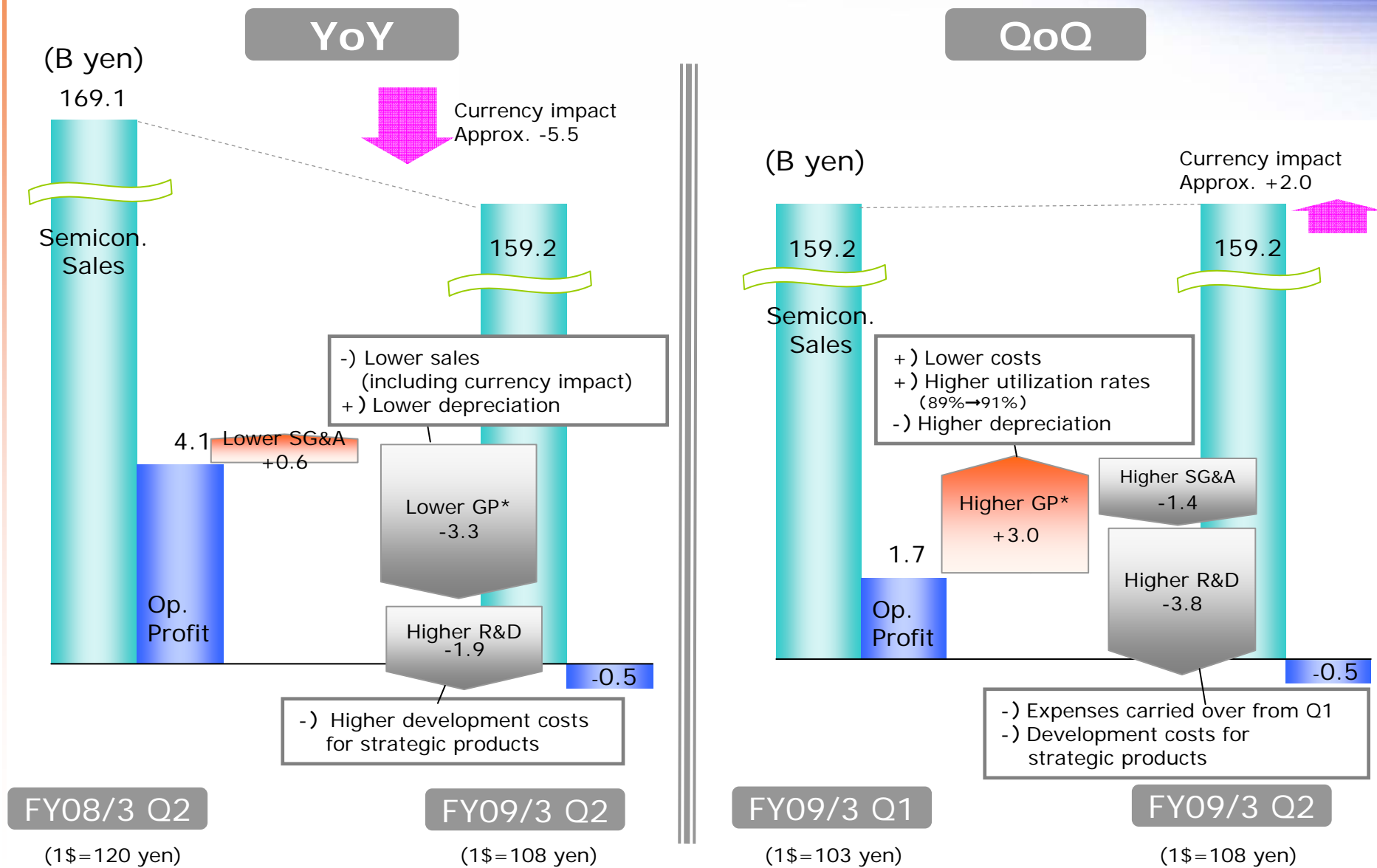


Note: Operating Income (Loss) = Net Sales – COGS – R&D – SG&A

Q2 Semiconductor Sales by Platform



Factors in Operating Income (Loss)



* GP = gross profit

Balance Sheets

(B yen)		As of Sep. 30, 2007	As of Mar. 31, 2008	As of Sep. 30, 2008
	Cash and Cash Equivalents	191.4	165.5	158.0
	Accounts Receivable	100.3	96.4	95.3
	Inventories	80.2	75.8	82.0
	PP&E	282.5	259.2	257.0
	Other Assets	33.6	19.5	29.7
	Total Assets	687.9	616.3	622.0
	Accounts Payable	130.8	108.1	111.9
	Debt Payable	132.9	116.6	117.1
	Other Liabilities	157.9	159.3	162.9
	Liabilities	421.6	384.0	392.0
	Minority Shareholders' Equity	5.3	5.2	5.2
	Shareholders' Equity	261.1	227.1	224.8
	Liabilities and Shareholders' Equity	687.9	616.3	622.0
	D/E Ratio (Gross)	0.51	0.51	0.52
	Equity Ratio	38%	37%	36%

Cash Flows

(B yen)	FY08/3	FY09/3		
	H1	Q1	Q2	H1
Cash Flows from Operating Activities	29.1	4.2	14.6	18.8
Cash Flows from Investing Activities	-18.8	-10.9	-12.5	-23.4
Free Cash Flows	10.3	-6.7	2.1	-4.5

I. FY09/3 Q2 Financial Results

II. FY09/3 Forecasts

FY09/3 Financial Forecasts

Targeting Second Half and Full-year Operating Profit

(B yen)	FY08/3	FY09/3								
	Full-Year	H1			H2			Full-Year		
	Actual	Initial forecasts (May 14, 2008)	Actual	Difference	Initial forecasts (May 14, 2008)	Forecasts as of October 21, 2008 (Note 2)	Difference	Initial forecasts (May 14, 2008)	Forecasts as of October 21, 2008 (Note 2)	Difference
Net Sales	687.7	335.0	333.6	-1.4	350.0	Approx. 330.0	Approx. -20.0	685.0	660.0	-25.0
Semiconductor Sales	653.3	320.0	318.4	-1.6	330.0	Approx. 310.0	Approx. -20.0	650.0	630.0	-20.0
Operating Income (Loss)	5.1	3.0	1.2	-1.8	7.0	0.0	Approx. -7.0	10.0	1.0	-9.0
Income (Loss) Before Income Taxes	-3.3	0.0	-0.0	-0.0	4.0	Approx. -4.0	Approx. -8.0	4.0	-4.0	-8.0
Net Income (Loss)	-16.0	-2.0	-1.9	+0.1	2.0	Approx. -6.0	Approx. -8.0	0.0	-8.0	-8.0

Exchange Rates

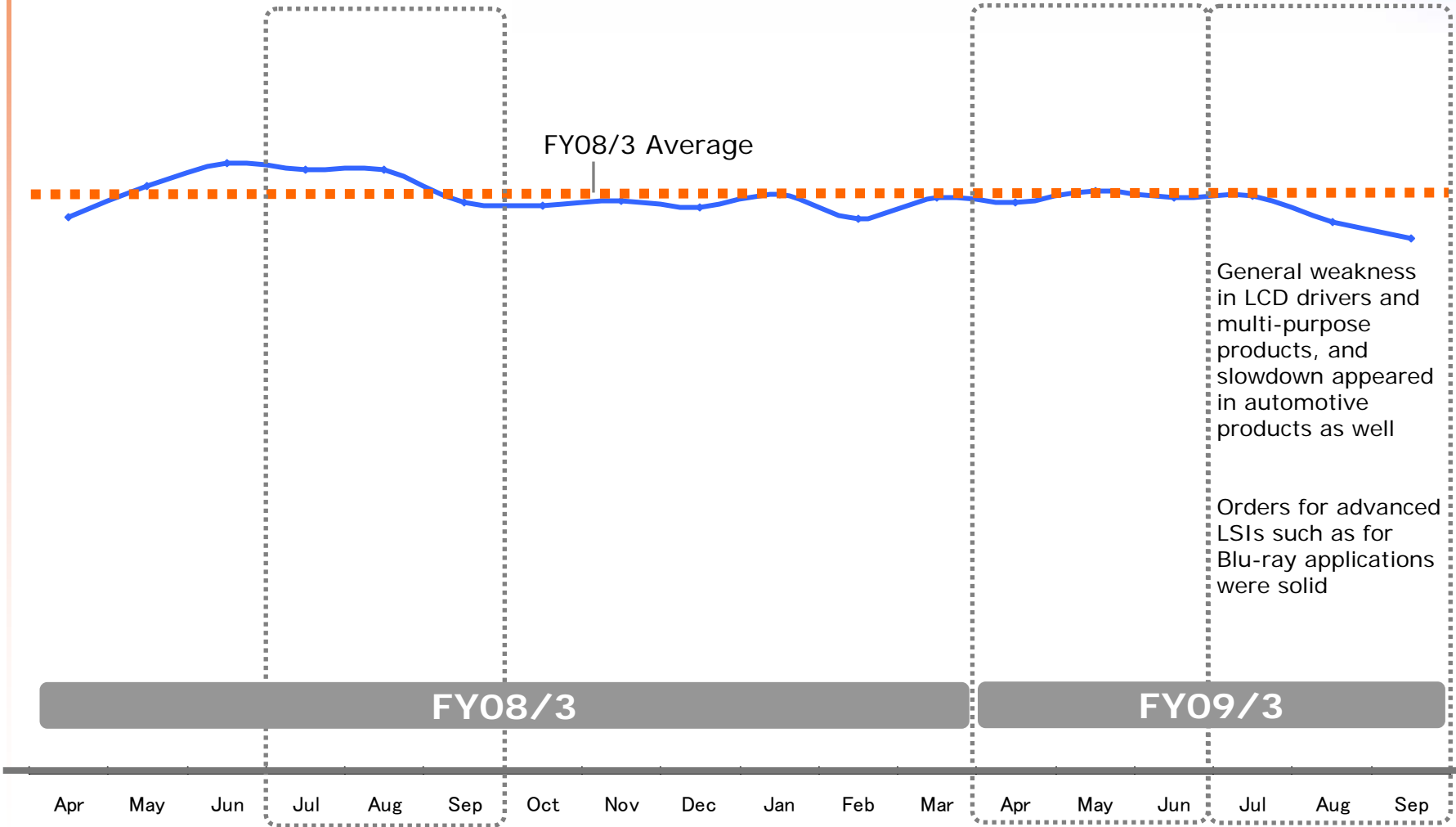
1US\$=	116 yen	100 yen	105 yen	+5 yen	100 yen	105 yen	+5 yen	100 yen	105 yen	+5 yen
1Euro=	161 yen	160 yen	163 yen	+3 yen	160 yen	145 yen	-15 yen	160 yen	145 yen	-15 yen

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

Note 2: Forecasts as of October 21, 2008.

Trends in Amount of Orders

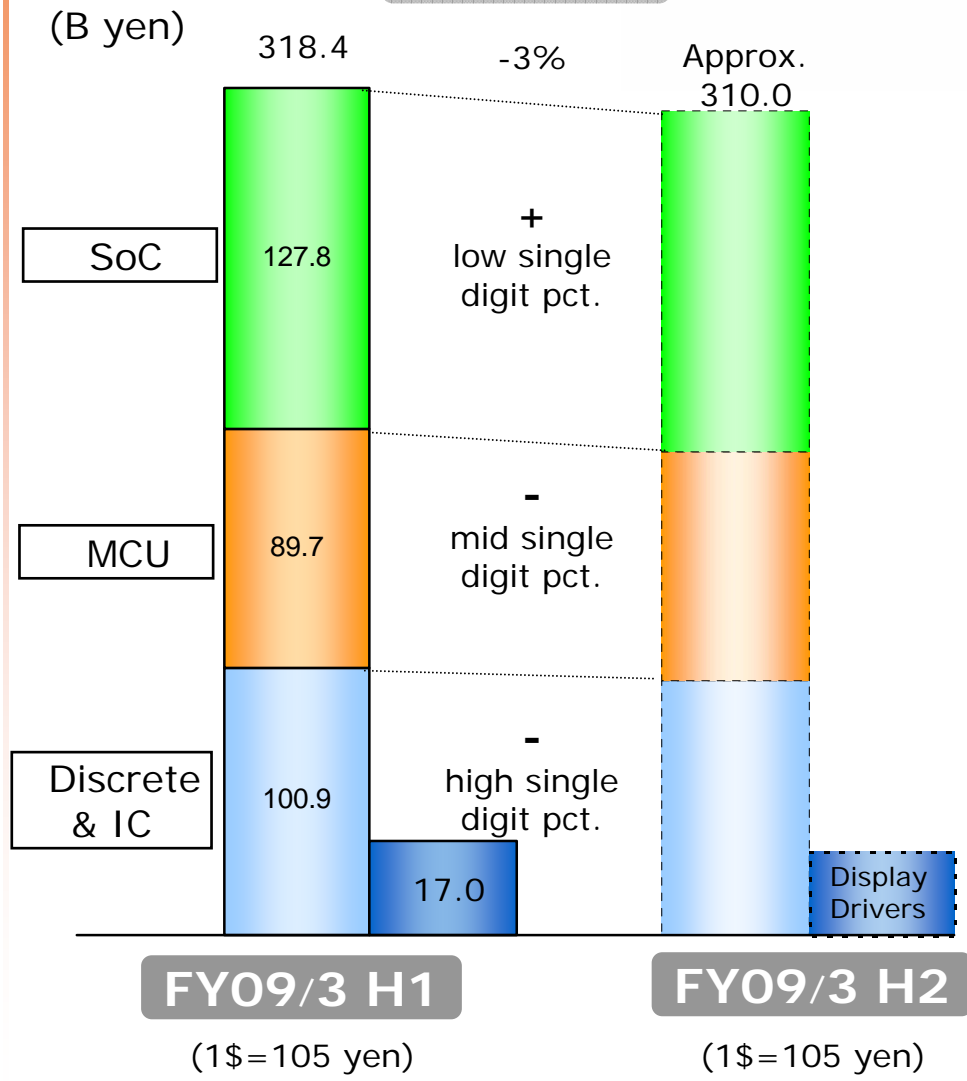
Amount of Orders (3-months moving average)



(The company's internal sales exchange rates are used to calculate amount of orders for corresponding month)

Semiconductor Sales by Platform (HoH Comparison)

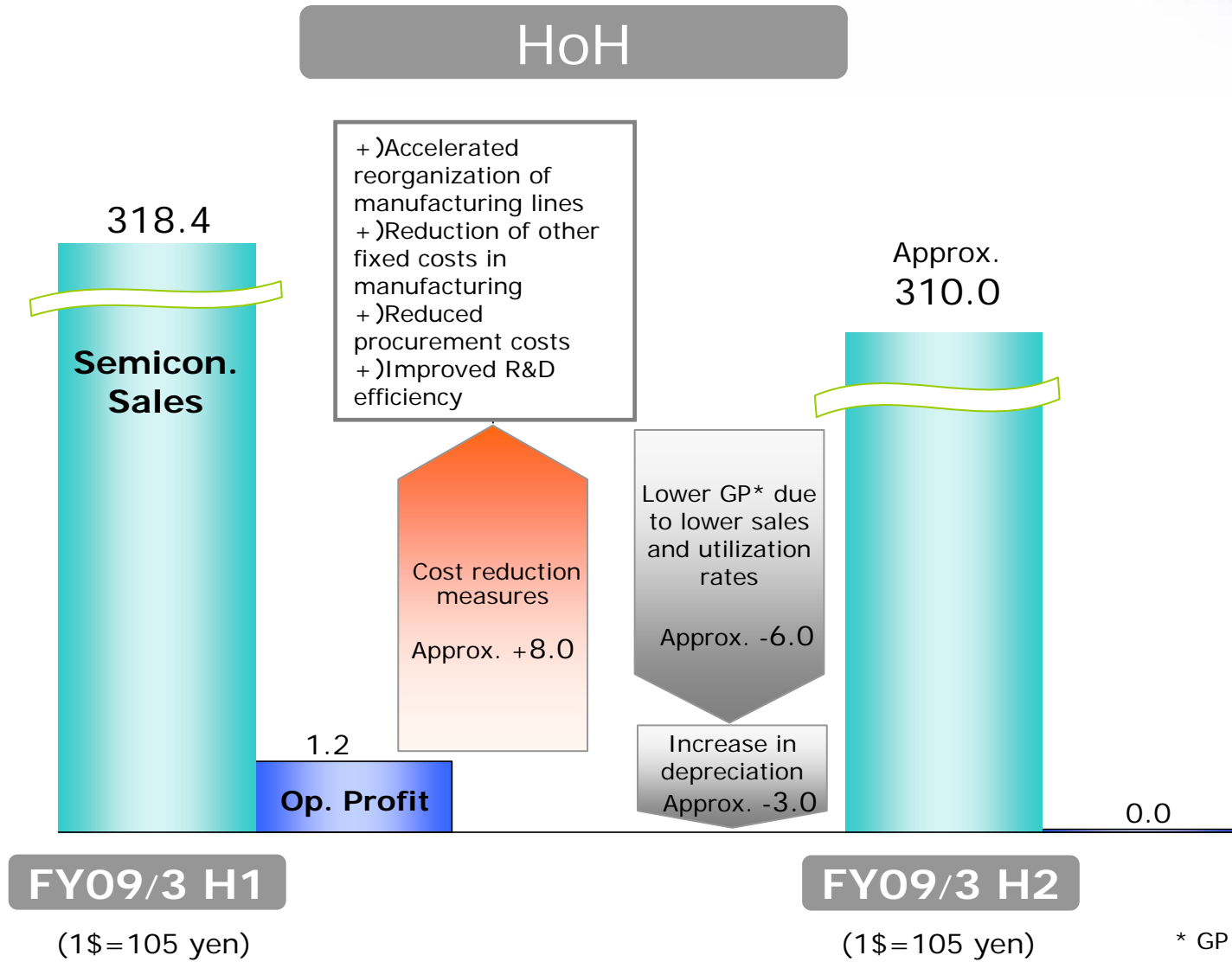
HoH



+/- Factors	
SoC	+) EMMA for digital AV applications -) Some ASICs
MCU	-) Automotive and multipurpose MCUs
Discrete & IC	-) Overall decline

Factors Affecting H2 Op. Profit

(B yen)



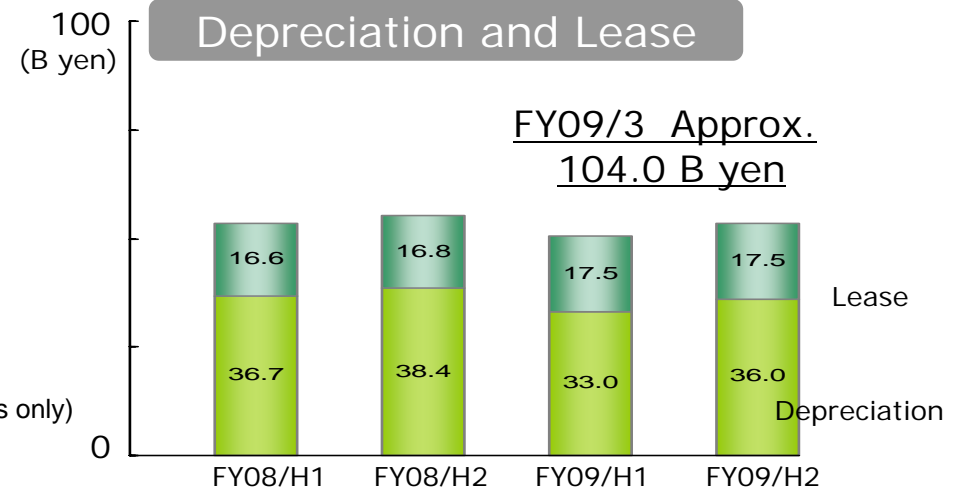
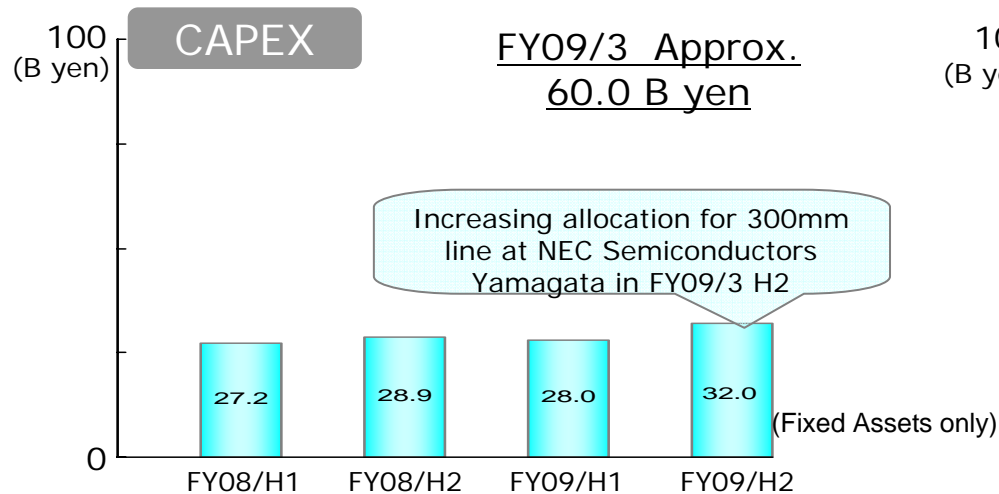
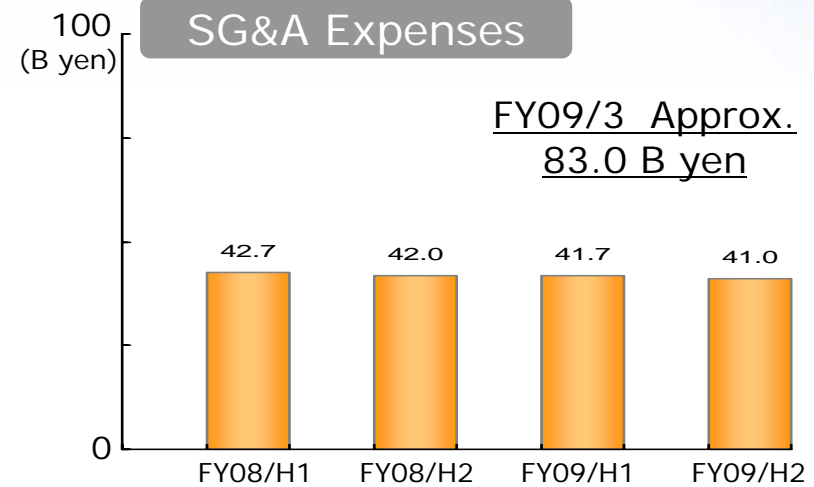
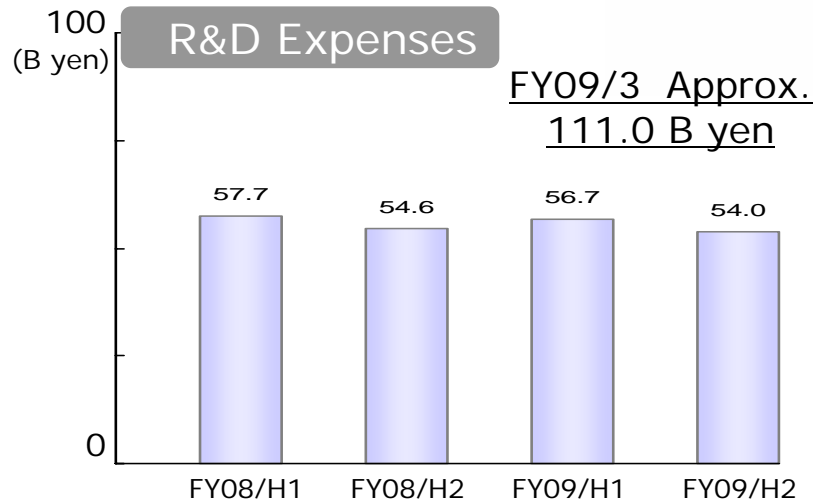
Cost reductions starting with accelerated closure of certain manufacturing lines

- Accelerate Closure of Certain Manufacturing Lines
 - NEC Semiconductors Yamagata 8-inch line
(Originally scheduled for December 2008, now moved up to November 2008)
 - 300mm line at Sagamihara
(Originally scheduled for March 2009, now moved up to December 2008)

- Improve Management Efficiency
 - Reduce fixed costs associated with manufacturing
 - Further reduction in procurement costs
 - More efficient use of R&D expenses

**Reducing costs by approx. 8.0B yen
compared to the first half**

Major Operating Expenses and CAPEX



Note : The figures for operating expenses and CAPEX for the second half have been revised as of October 29, 2008

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

Summary

Revised second half and full-year forecasts due to deteriorating economic situation

Despite lower forecasts, plan to attain operating profits in second half and full year with additional cost-cutting measures

- Considering additional cost-cutting measures in anticipation of further market declines

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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.

1. Business Highlights

- Collaboration in leading edge process technology
- Progress in strategic products

2. Semiconductor Sales by Application

Collaboration in Leading Edge Process Technology

Collaborating with IBM on developing 32-nanometer process technology (announced September 17, 2008)

- Sharing of process and IP cores with global partners

Progress on Key Business Areas

Embedded-DRAM LSIs

- Expanded range of applications (digital AV, mobile handsets, communications equipment, and automotive)
- Steadily increased number of design-ins and customers

EMMA (Enhanced Multi-Media Architecture)

- Increasing new design-ins for Blu-Ray devices
- Growing orders of EMMA for digital televisions

Appendix: Semiconductor Sales by Application NEC

(B yen)

