

FY09/3 Q3 Financial Results

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President and CEO

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NEC Electronics Corporation

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

Lowered full-year forecasts for FY09/3 due to rapidly deteriorating economic environment and yen appreciation.

(B yen)

| | Forecasts as of January 29, 2009 | Previous Forecasts (October 21, 2008) | Difference |
|------------------------------------|-------------------------------------|--|------------|
| Net Sales | 555.0 | 660.0 | -105.0 |
| Semiconductor Sales | 530.0 | 630.0 | -100.0 |
| Operating Income (Loss) | -55.0 | 1.0 | -56.0 |
| Net Income (Loss) | -65.0 | -8.0 | -57.0 |

Notes: Assumed foreign currency exchange rates for FY09/3 Q4 forecasts are as follows:
1U.S.\$=90 yen, 1 Euro=125 yen

Executive Summary

I FY09/3 Q3 Financial Results

- Due to the deteriorating economic environment and yen appreciation, semiconductor sales and operating loss were much worse than had been estimated in the most recent announcement (Oct. 21, 2008)

II FY09/3 Forecasts

- Lowered full-year forecasts on expectation that FY09/3 Q4 will be even more severe than Q3
- Realigning manufacturing framework to adapt to anticipated decrease in fab utilization rates
(estimating utilization rates of approximately 50% for FY09/3 Q4)

III Measures to Improve Future Financial Performance

- Reduce fixed costs by 80.0 billion yen over two years
(60.0 billion yen reduction in FY10/3)

I . FY09/3 Q3 Financial Results

II . FY09/3 Forecasts

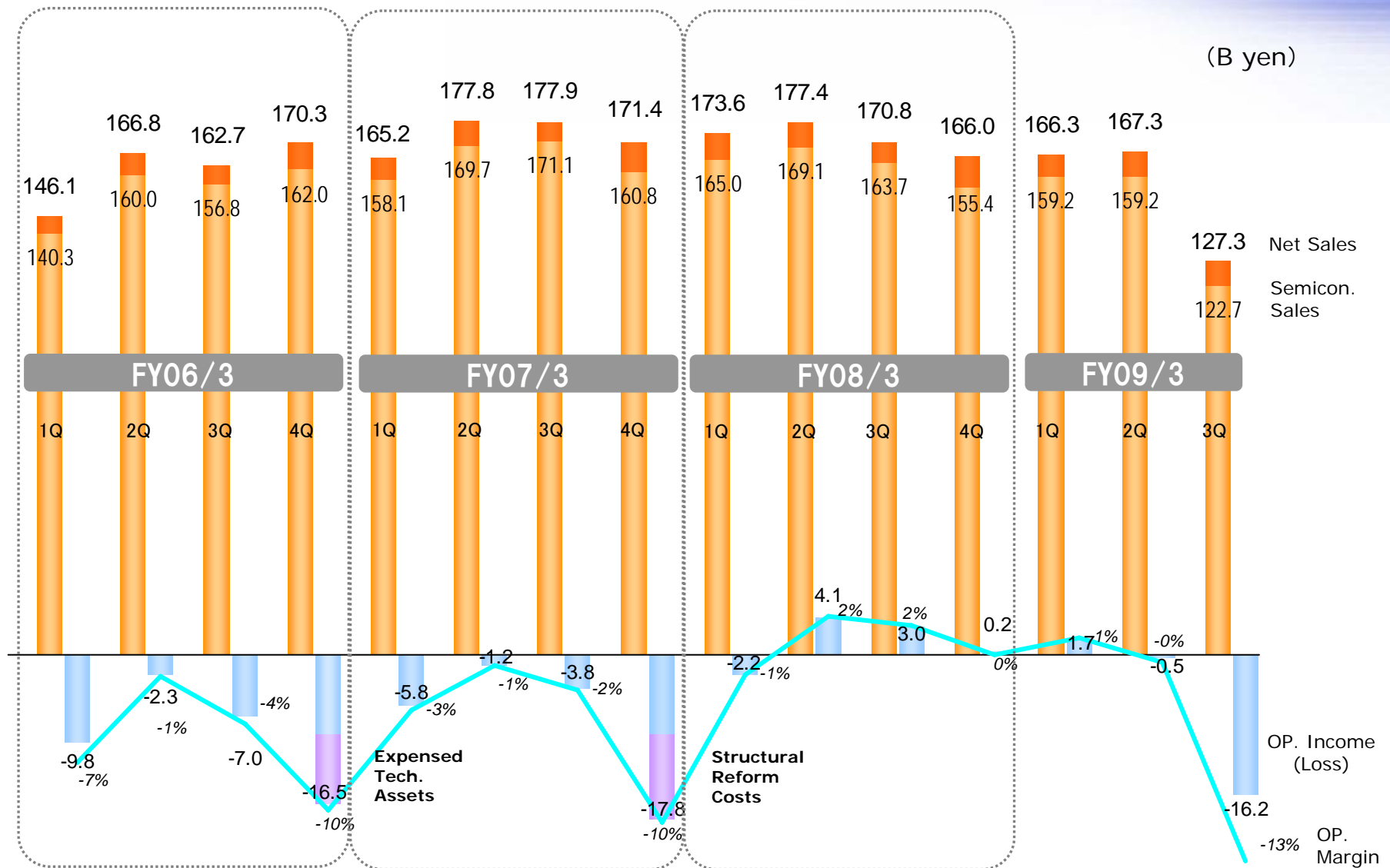
III . Measures to Improve Future Financial Performance

Financial Snapshot

| (B Yen) | FY09/3 | | | | |
|--|------------------------------------|--|---|------------------------------------|---|
| | Q3, 12/31 | | | 9 Months Cumulative | |
| | Actual | YoY | QoQ | Actual | YoY |
| Net Sales | 127.3 | -43.4 | -40.0 | 460.9 | -60.8 |
| Semiconductor Sales | 122.7 | -41.1 | -36.5 | 441.0 | -56.8 |
| Operating Income (Loss) | -16.2 | -19.2 | -15.7 | -15.0 | -19.9 |
| Income (Loss) Before Income Taxes | -20.1 | -21.8 | -19.8 | -20.1 | -23.6 |
| Net Income (Loss) | -19.9 | -19.0 | -19.3 | -21.8 | -17.8 |
| Free Cash Flow | 3.3 | +4.4 | +1.2 | -1.2 | -10.5 |
| D/E Ratio | 0.59 | - | - | - | - |
| Shareholders' Equity Ratio | 34.0% | - | - | - | - |
| Exchange Rates | 1US\$ = 101 yen 1Euro = 137 yen | US\$ 13 yen stronger Euro 26 yen stronger | US\$ 7 yen stronger Euro 29 yen stronger | 1US\$ = 104 yen 1Euro = 154 yen | US\$ 14 yen stronger Euro 8 yen stronger |

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

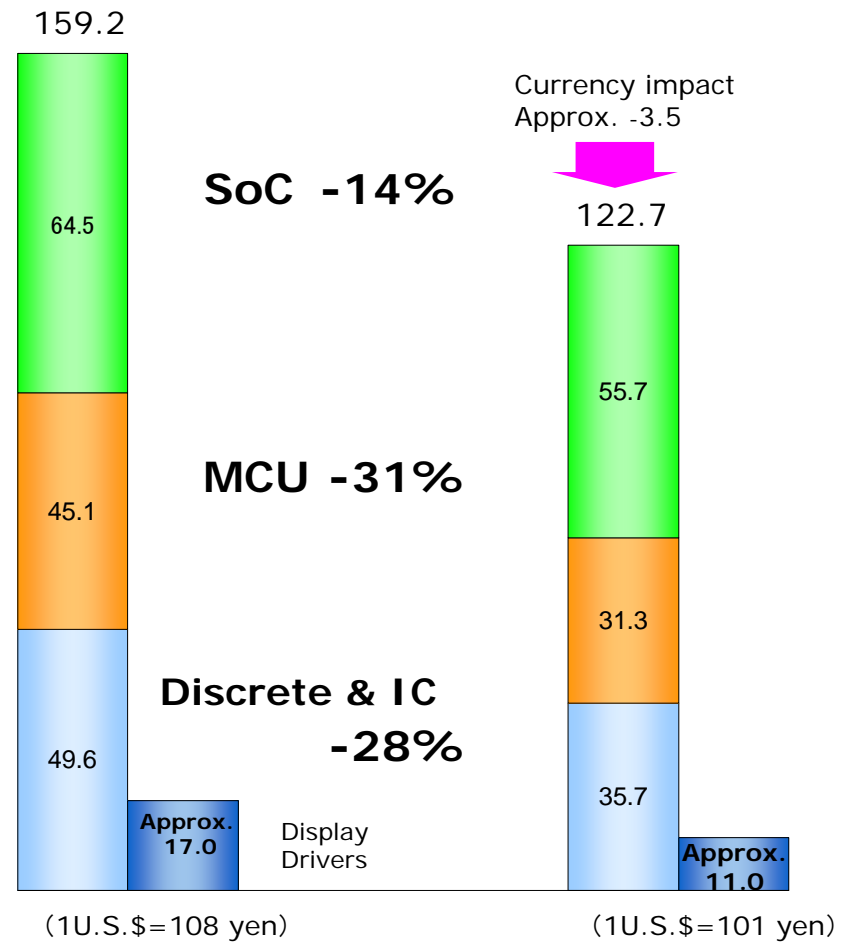
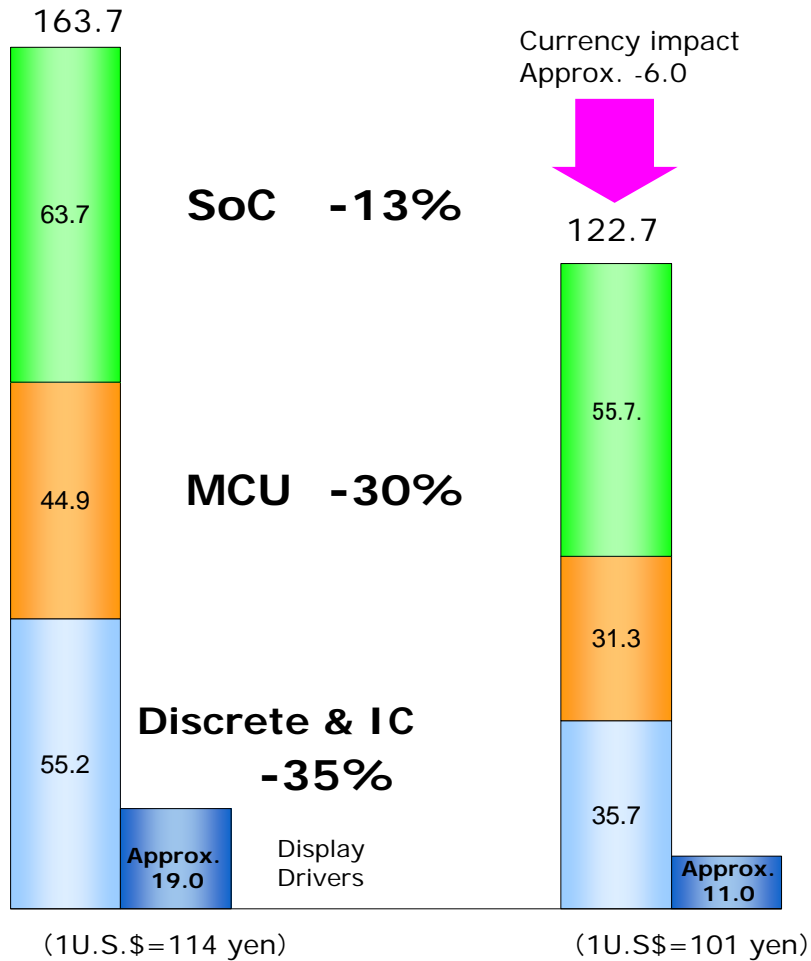
Q3 Semiconductor Sales by Platform

YoY -25%

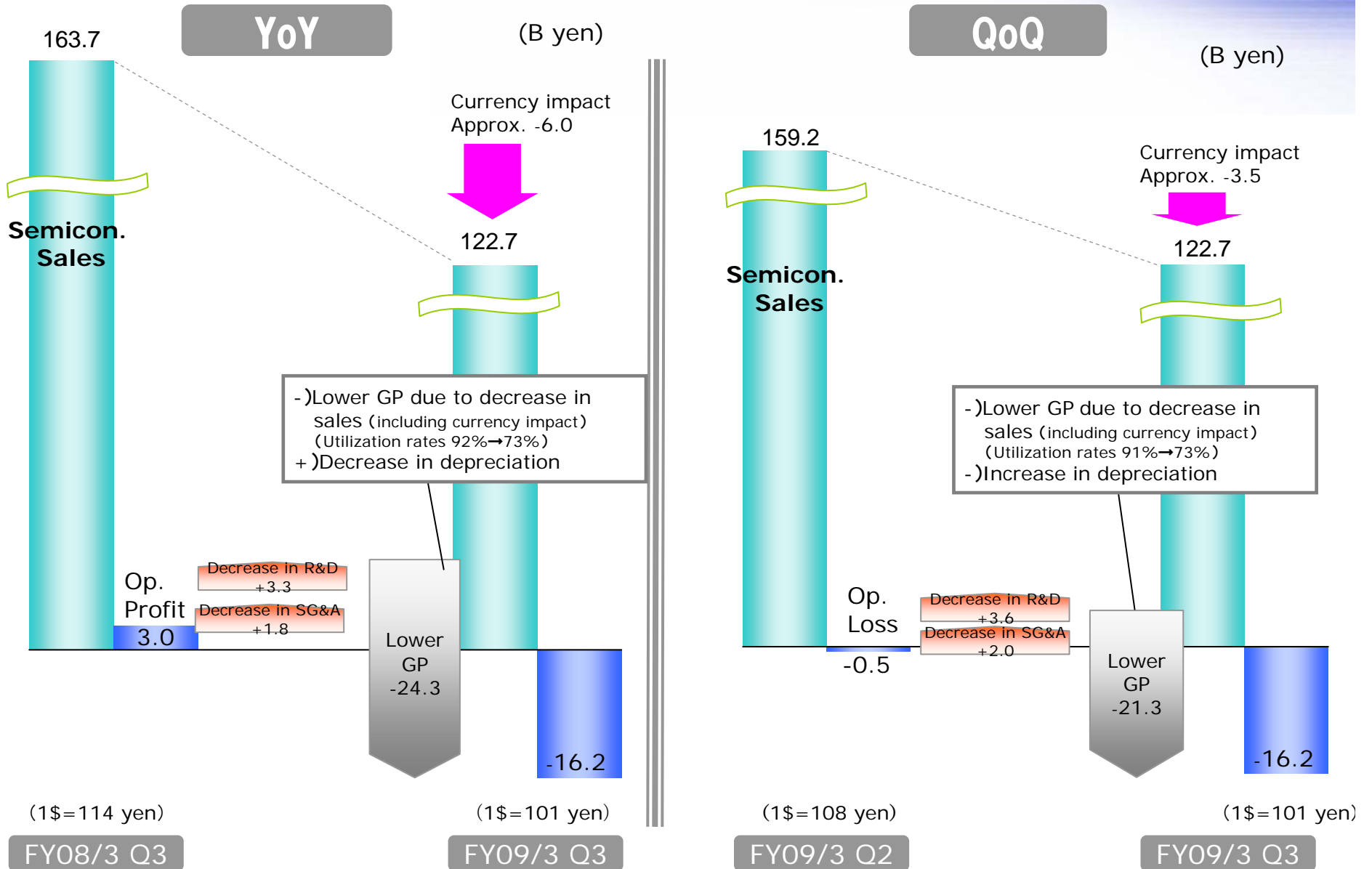
QoQ -23%

(B yen)

(B yen)



Factors in Operating Income (Loss)



Balance Sheets

| (B yen) | | As of Dec. 31, 2007 | As of Sep. 30, 2008 | As of Dec. 31, 2008 |
|---------|---|------------------------|------------------------|------------------------|
| | Cash and Cash Equivalents | 188.9 | 158.0 | 156.5 |
| | Accounts Receivable | 92.6 | 95.3 | 68.1 |
| | Inventories | 81.1 | 82.0 | 82.1 |
| | PP&E | 273.8 | 257.0 | 244.7 |
| | Other Assets | 31.3 | 29.7 | 28.0 |
| | Total Assets | 667.6 | 622.0 | 579.4 |
| | Accounts Payable | 118.3 | 111.9 | 110.9 |
| | Debt Payable | 132.0 | 117.1 | 117.0 |
| | Other Liabilities | 153.5 | 162.9 | 149.4 |
| | Liabilities | 403.7 | 392.0 | 377.3 |
| | Minority Shareholders' Equity | 5.1 | 5.2 | 5.2 |
| | Shareholders' Equity | 258.8 | 224.8 | 196.9 |
| | Liabilities and Shareholders' Equity | 667.6 | 622.0 | 579.4 |
| | | | | |
| | D/E Ratio (Gross) | 0.51 | 0.52 | 0.59 |
| | Equity Ratio | 39% | 36% | 34% |

Cash Flows

| (B yen) | FY08/3 | | FY09/3 | | |
|--------------------------------------|--------|---------------------|--------|------|---------------------|
| | Q3 | 9 Months Cumulative | Q2 | Q3 | 9 Months Cumulative |
| Cash Flows from Operating Activities | 13.6 | 42.8 | 14.6 | 10.5 | 29.4 |
| Cash Flows from Investing Activities | -14.7 | -33.5 | -12.5 | -7.2 | -30.6 |
| Free Cash Flows | -1.0 | 9.3 | 2.1 | 3.3 | -1.2 |

I . FY09/3 Q3 Financial Results

II . FY09/3 Forecasts

III . Measures to Improve Future
Financial Performance

FY09/3 Financial Forecasts

Revised full-year forecasts on assumption of further downturn in business environment

| (B yen) | FY08/3 | FY09/3 | | | | |
|-----------------------------------|-----------|----------|--|----------------------------------|------------------------------------|--------------------------------|
| | Full-Year | 9 Months | Full Year | | | |
| | Actual | Actual | Previous Forecasts (October 21, 2008) | Forecasts as of January 29, 2009 | Difference from Previous Forecasts | Difference from FY08/3 Results |
| Net Sales | 687.7 | 460.9 | 660.0 | 555.0 | -105.0 | -132.7 |
| Semiconductor Sales | 653.3 | 441.0 | 630.0 | 530.0 | -100.0 | -123.3 |
| Operating Income (Loss) | 5.1 | -15.0 | 1.0 | -55.0 | -56.0 | -60.1 |
| Income (Loss) Before Income Taxes | -3.3 | -20.1 | -4.0 | -62.0 | -58.0 | -58.7 |
| Net Income (Loss) | -16.0 | -21.8 | -8.0 | -65.0 | -57.0 | -49.0 |

Exchange Rates

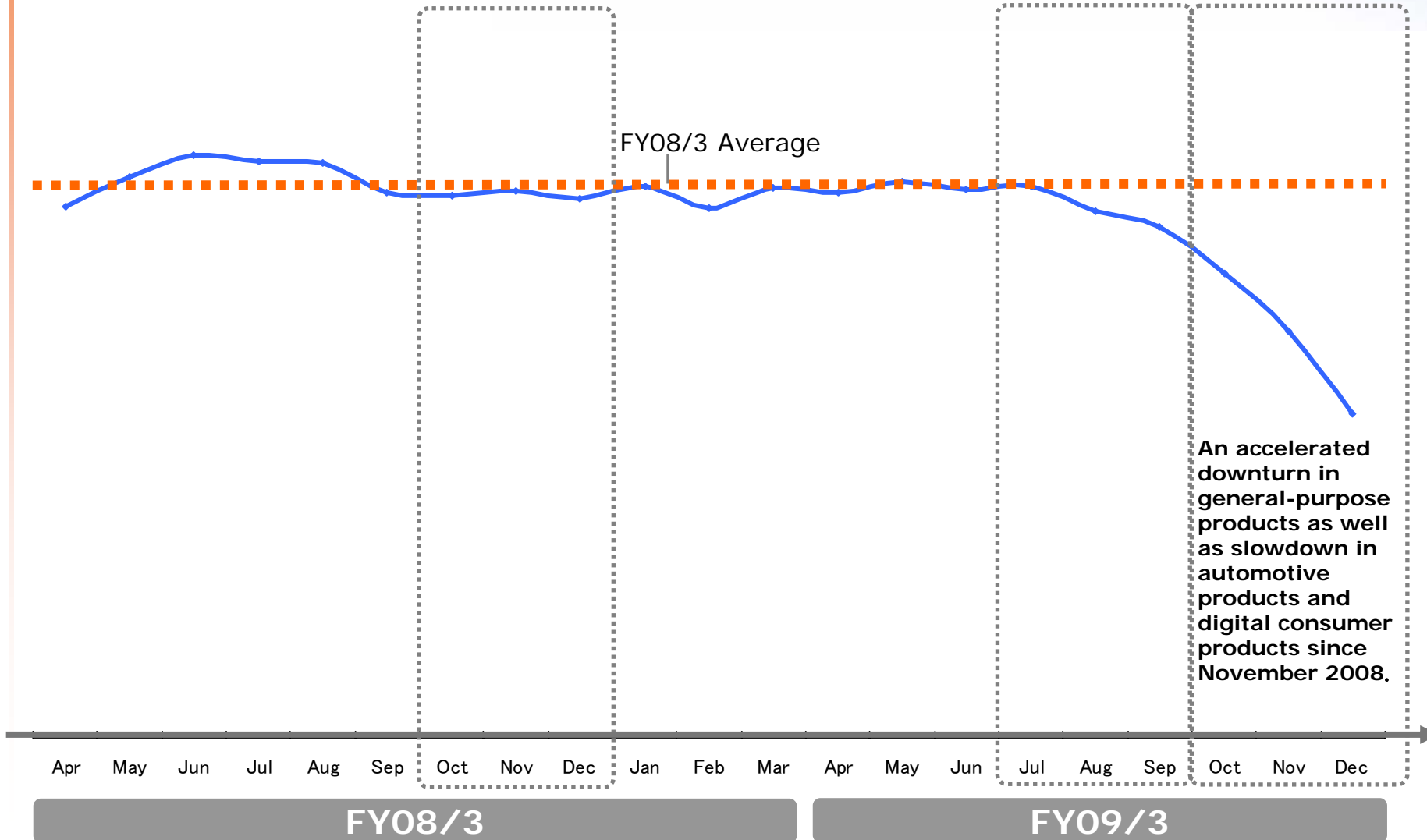
| | | | | | | |
|--------|---------|---------|---------|------------|--|--|
| 1US\$= | 116 yen | 104 yen | 105 yen | Q4 90 yen | | |
| 1Euro= | 161 yen | 154 yen | 145 yen | Q4 125 yen | | |

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

Note 2: Forecasts as of January 29, 2009.

Trends in Amount of Orders

Amount of Orders (3-months moving average)

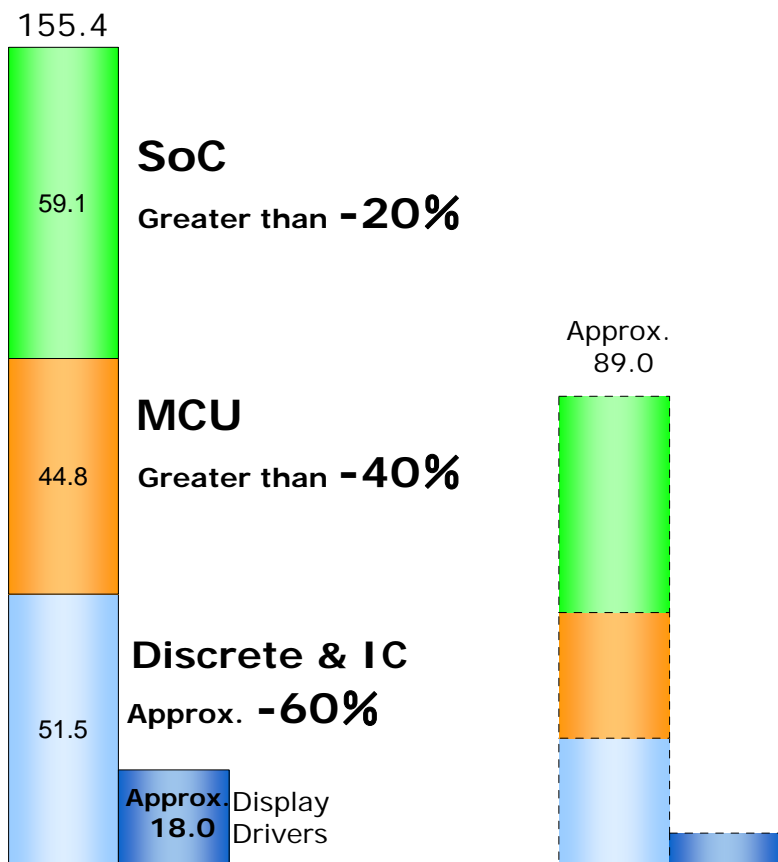


An accelerated downturn in general-purpose products as well as slowdown in automotive products and digital consumer products since November 2008.

FY09/3 Q4 Semiconductor Sales Outlook by Platform NEC

(B yen)

YoY
Approx. -43%



(1\$=109 yen)

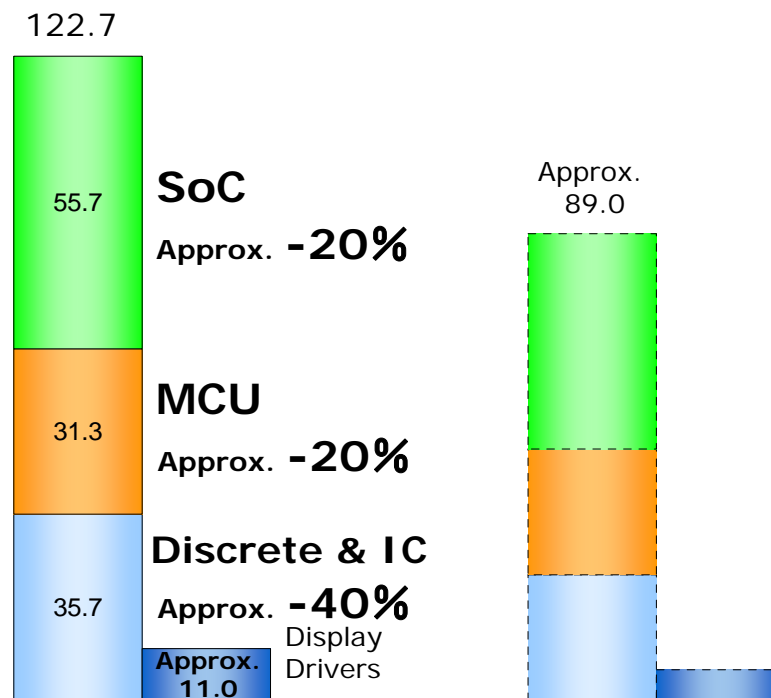
FY08/3 Q4 Actual

(1\$=90 yen)

FY09/3 Q4 Outlook

(B yen)

QoQ
Approx. -27%



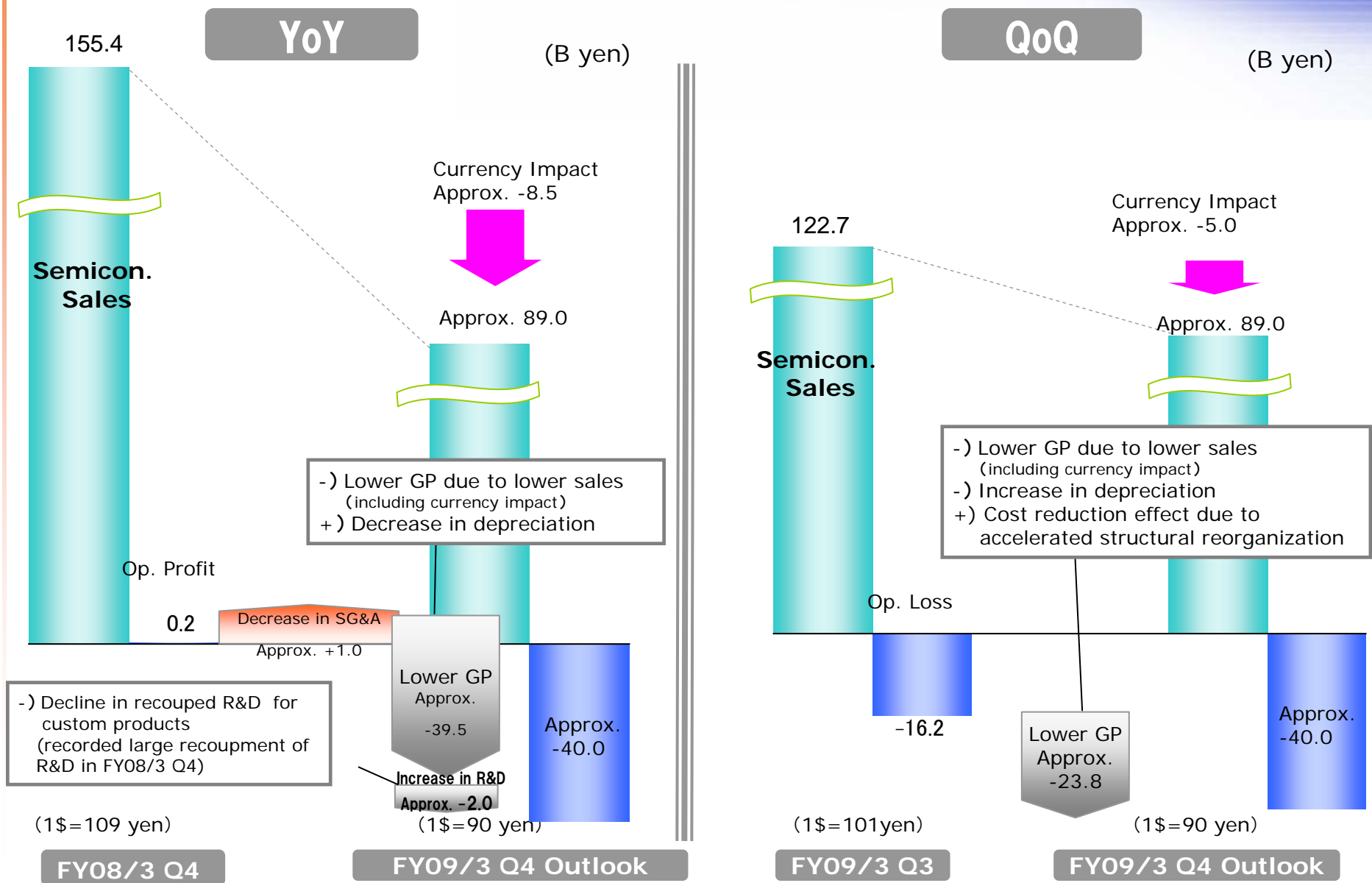
(1\$=101 yen)

FY09/3 Q3 Actual

(1\$=90 yen)

FY09/3 Q4 Outlook

FY09/3 Q4 Factors Affecting Op. Profit/Loss



I . FY09/3 Q3 Financial Results

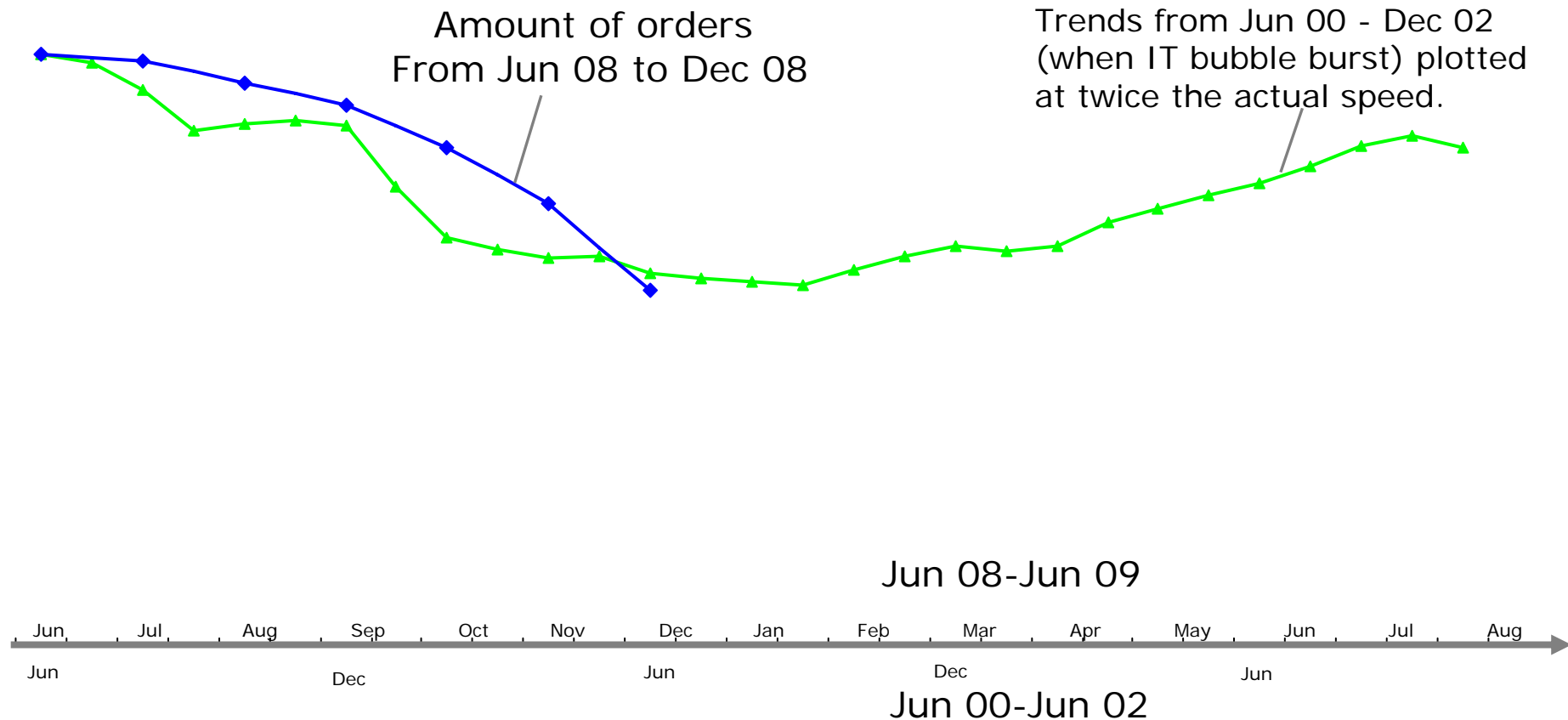
II . FY09/3 Forecasts

**III . Measures to Improve Future
Financial Performance**

Trends in Amount of Orders Compared with IT Bubble

Index of 3-month moving average*

(The company's amount of sales in June is used to calculate amount of orders for corresponding month)



New Management Strategies

- Reduce fixed costs by 80 billion yen over two years

- FY10/3 Reduce fixed costs by approx. 60 billion yen
- FY11/3 Reduce fixed costs by approx. 20 billion yen

* Additional cost reduction under consideration.

**Improve the break-even point for FY11/3
to approx. 500 billion yen**

- Accelerate the Structural Reorganization

- Accelerate the realignment of some fabrication lines

- Concentrate Management Resources on Growing Markets

- Channel resources to growing market for environmentally-friendly and low power consumption "eco-products"

Reduce Fixed Costs by 60B Yen in FY10/3

■ Reduce manufacturing-related fixed costs by approx. 30.0 billion yen

- Cost reduction effect from closure of certain fabrication lines
(Approx. 8.0 billion yen)
Closure of 8-inch line in Yamagata and 300mm prototype line in Sagamihara, Japan
- Cost reduction effect from personnel expenses as a result of production adjustment
(Approx. 10.0 billion yen)
Alteration of work shift schedule
Contract of approx. 1,200 temporary employees expiring
- Cost reduction effect from reduced Capex
(Approx. 12.0 billion yen)
Decrease in depreciation and lease payment
Minimize the Capex to below 40.0 billion yen in FY10/3

■ Reduce R&D expenses by approx. 20.0 billion yen

- Decrease the number of products in development with more stringent ROI standards
- Improve development efficiency, utilize development resources overseas
(India, China, etc.)

■ Reduce other corporate expenses by approx. 10.0 billion yen

- Reduction of personnel costs (for corporate officers and managers)
- Enforce strict limits on expenses

Aiming to accelerate some of the cost cut effects to FY09/3

Accelerate Realignment of Fabrication Lines

Shougang NEC Electronics Co., Ltd.
 (jointly established with Shougang Group)
 Front end: Considering sale in FY10/3 1H

NEC Electronics America, Inc.
 (Roseville)
 Closure of 6-inch line
 scheduled for March 2010*

New

NEC Semiconductors (Malaysia) Sdn. Bhd.
NEC Semiconductors Singapore Pte. Ltd.

● Front-end (wafer processing)
 ▲ Back-end (Assembly & Testing)

Japan

NEC Semiconductors Yamagata, Ltd.
 8-inch line closed (Nov 2008)

NEC Semiconductors Kansai, Ltd.

Sagamihara prototype line
 closed (Dec 2008)

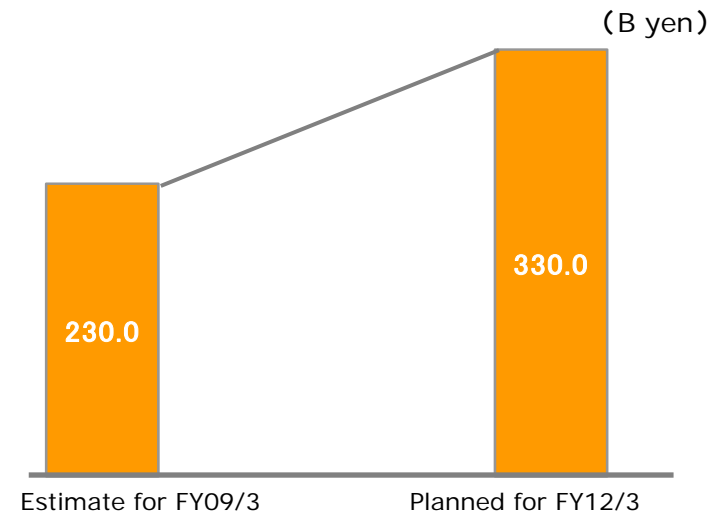
NEC Semiconductors Kyushu Yamaguchi, Ltd.
 Closure of 6-inch line at Kyushu
 Kawashiri Plant scheduled for
 March 2010

Accelerated Initially scheduled for Sep 2010

*Cost reduction effect to be reflected on FY11/3

Eco-products to Drive Sales Growth

Channel management resources toward 'eco-products' that contribute to reduced CO₂ emissions



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



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

Persevere in executing crucial structural reforms

- Improve the break-even point for FY11/3 to 500.0 billion yen
(Reduce fixed costs by 80.0 billion yen over the next two years)
- Cultivate markets for eco-products to drive new sales growth

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.

Appendix: Semiconductor Sales by Application

(B yen)

