

FY09/3 Financial Results

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President and CEO

May 11, 2009

NEC Electronics Corporation

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

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

I. FY09/3 Financial Results

Summary

Q4

Full Year

II. FY10/3 Forecasts

Financial Snapshot

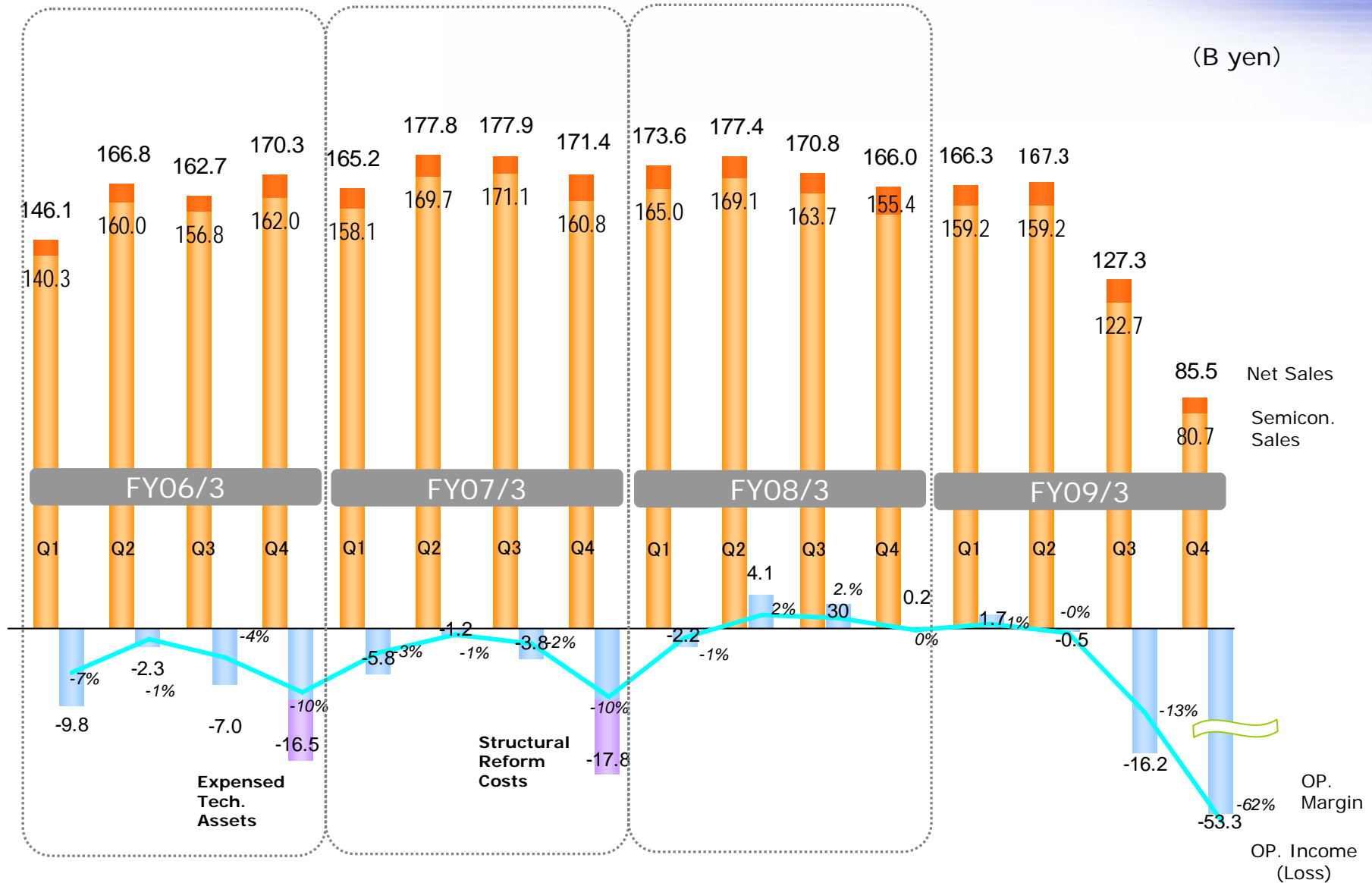
NEC

(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.

Trends in Quarterly Results

(B yen)



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

I. FY09/3 Financial Results

Summary

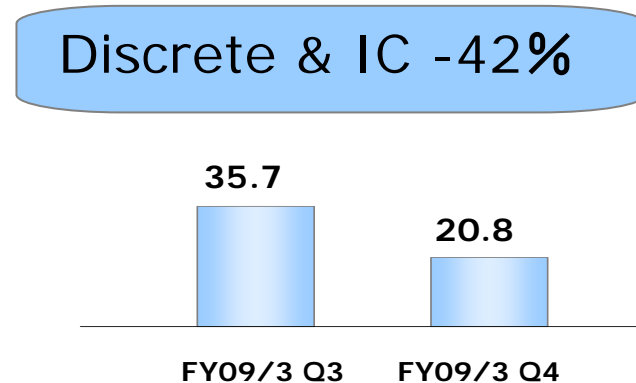
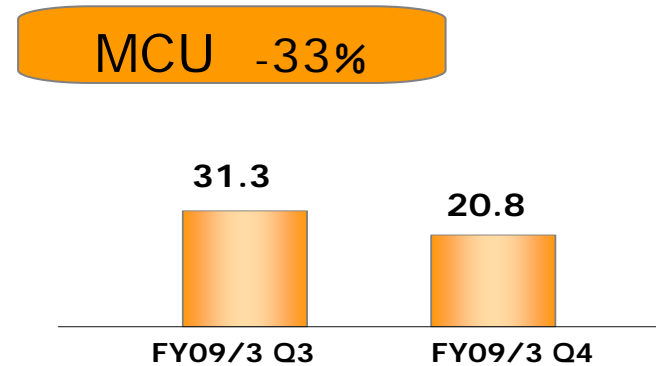
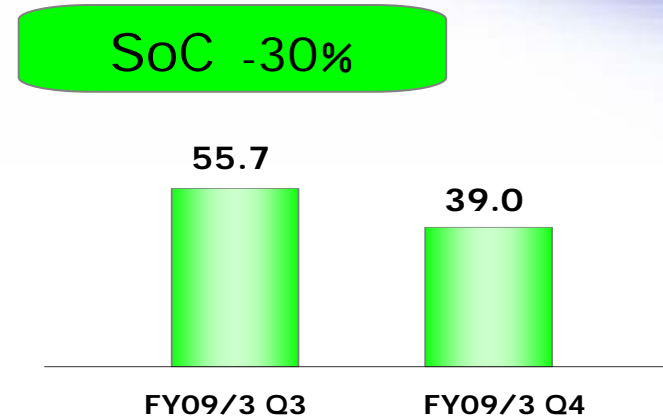
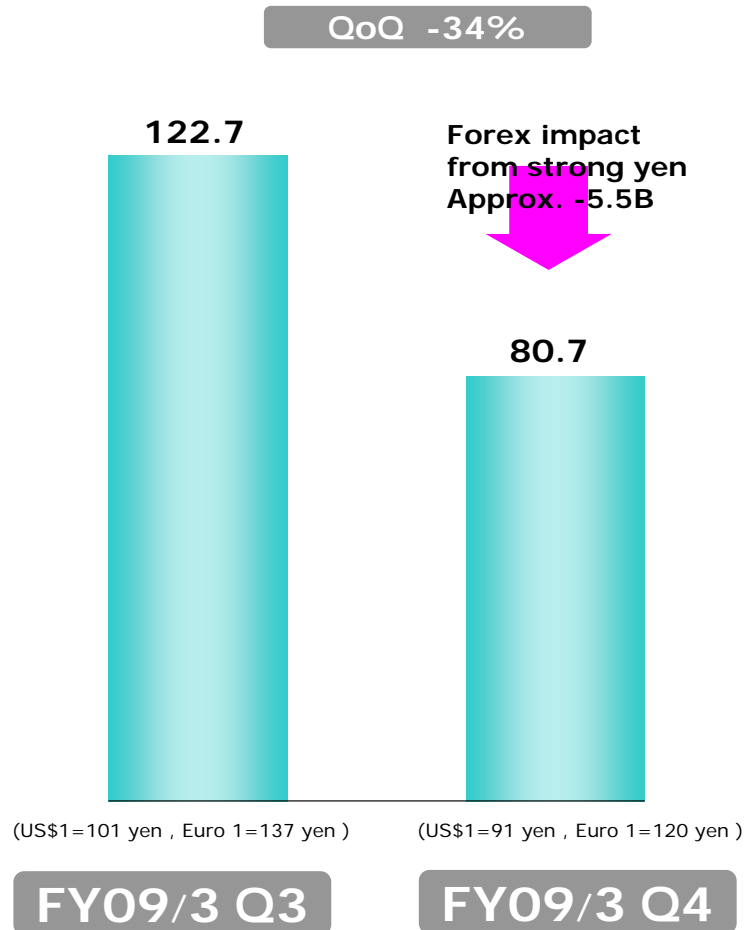
<Q4>

Full Year

II. FY10/3 Forecasts

Q4 Semiconductor Sales by Platform

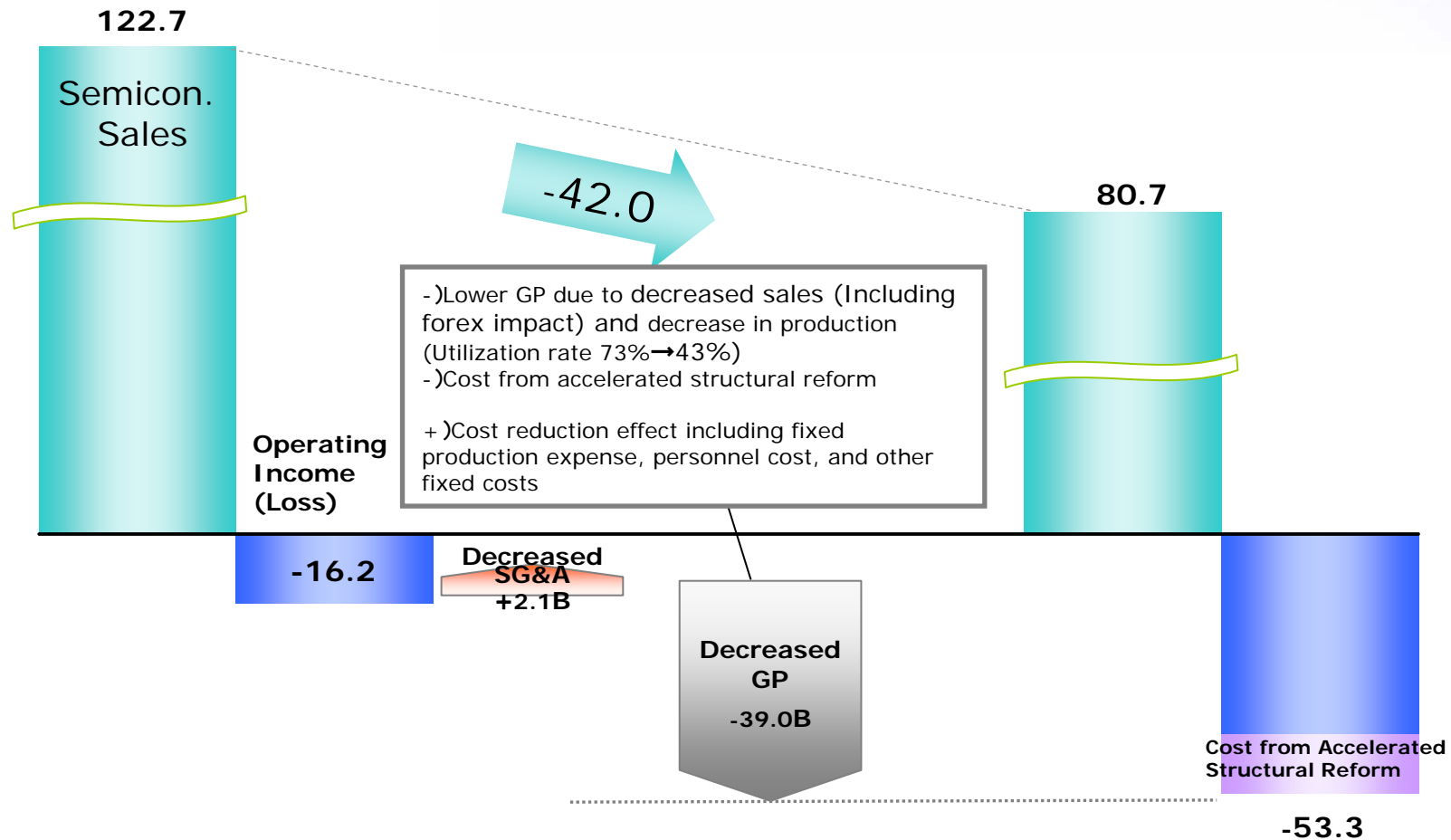
(B yen)



Factors in Operating Income (Loss)

(B yen)

QoQ



(US\$1=101 yen , Euro 1=137 yen)

(US\$1=91 yen , Euro 1=120 yen)

FY09/3 Q3

FY09/3 Q4

Non-Operating Income/Expense, Provision for Income Taxes

(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)	.6.1
			Reserved part of deferred tax liabilities due to change in tax law	

I. FY09/3 Financial Results

Summary

Q4

<Full Year>

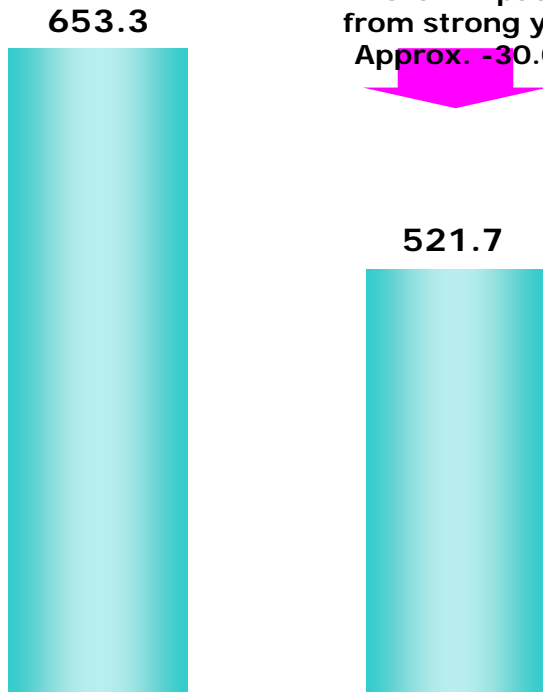
II. FY10/3 Forecasts

FY09/3 Semiconductor Sales by Platform

(B yen)

YoY -20%

Forex impact
from strong yen
Approx. -30.0B



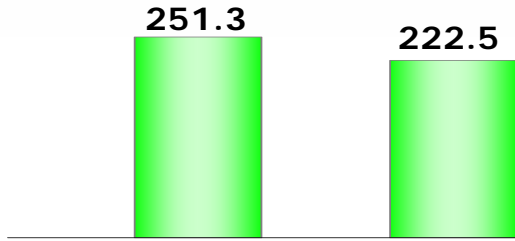
(US\$1=116 yen , Euro 1=161 yen)

(US\$1=101 yen , Euro 1=146 yen)

FY08/3

FY09/3

SoC -11%



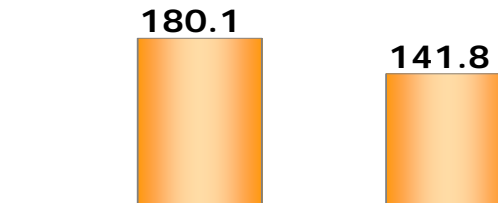
FY08/3

FY09/3

Factors

- Overall decrease in sales
- Increase in market share of ASIC
- Increase in sales of EMMA products for digital AV

MCU -21%



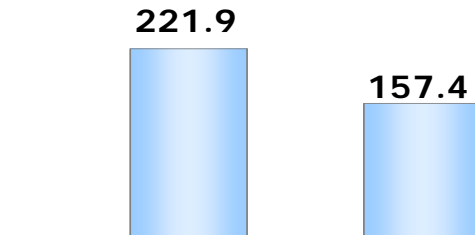
FY08/3

FY09/3

Factors

- Overall decrease in sales due to shrinkage of market

Discrete & IC -29%



FY08/3

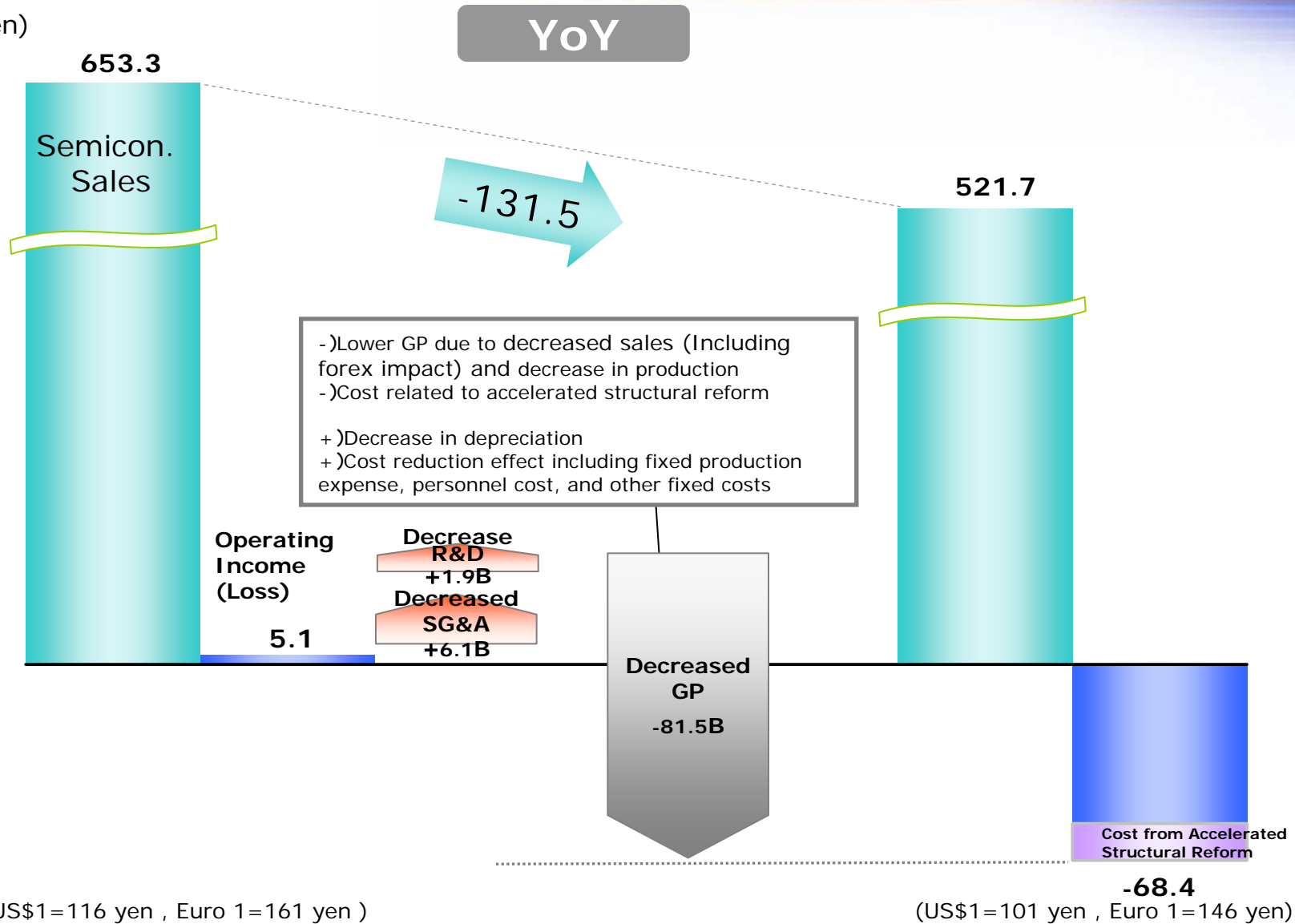
FY09/3

Factors

- Overall decrease in sales

FY09/3 Factors in Operating Income (Loss)

(B yen)



Balance Sheet

(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
<hr/>				
	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
<hr/>				
Liabilities and Shareholders' Equity		616.3	579.4	482.5
<hr/>				
D/E Ratio (Gross)		0.51	0.59	0.91
Equity Ratio		37%	34%	27%

Cash Flows

(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

I. FY09/3 Financial Results

II. FY10/3 Forecasts

FY10/3 Financial Forecasts

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

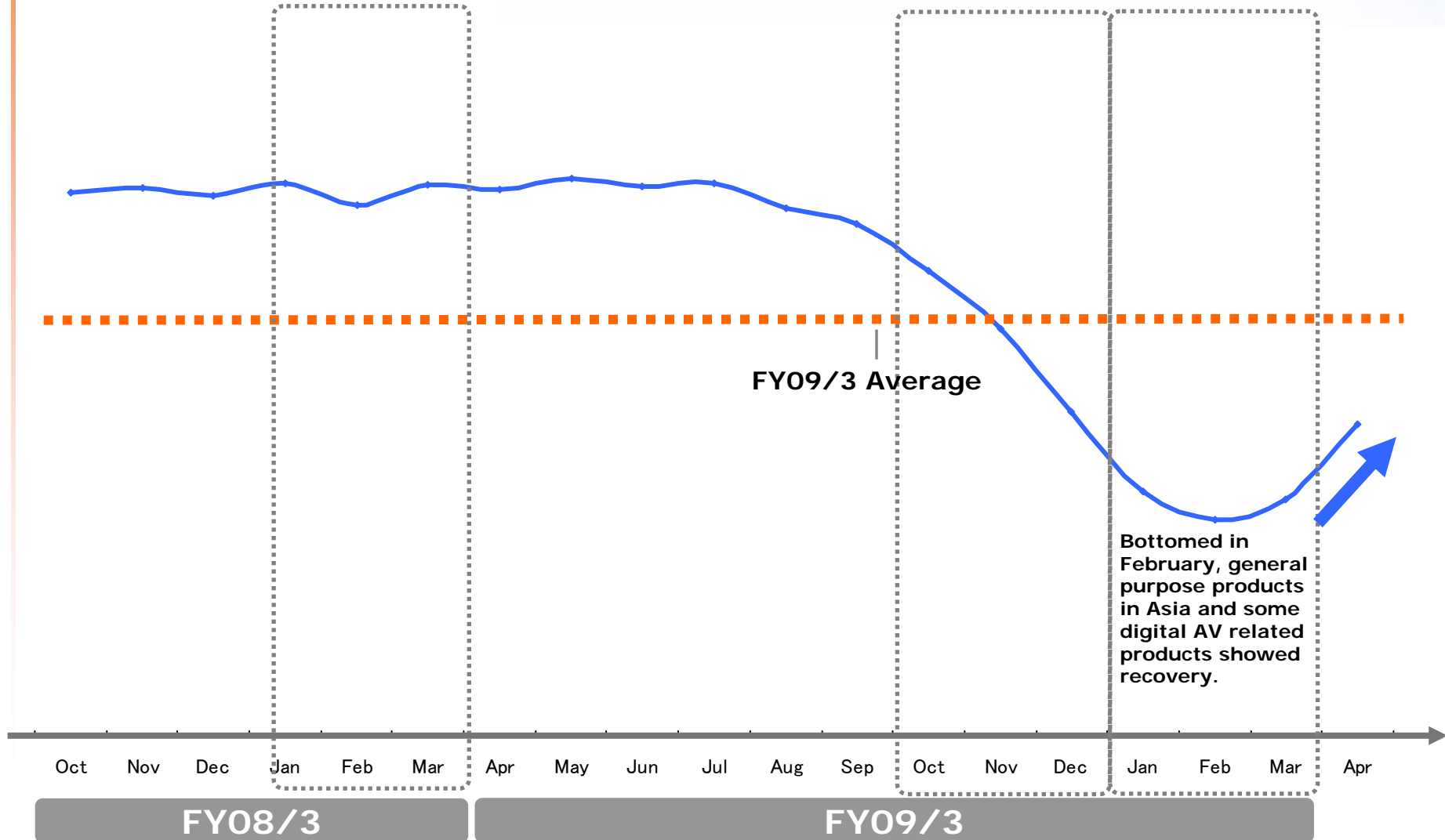
Note 1: Operating Income (Loss) = Net Sales – COGS – R&D – SG&A.

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.

Trends in Amount of Orders

Amount of Orders (3-months moving average)

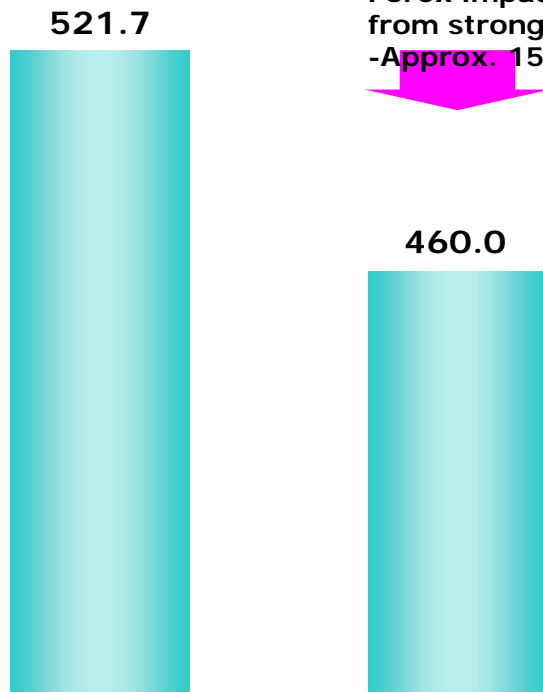


Bottomed in February, general purpose products in Asia and some digital AV related products showed recovery.

FY10/3 Semiconductor Sales Forecast

(B yen)

YoY -12%



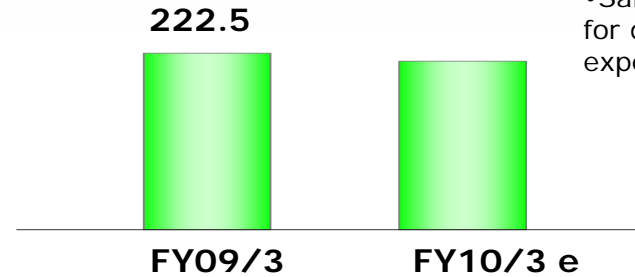
(US\$1=101 yen , Euro 1=146 yen)

(US\$1=95 yen , Euro 1=125 yen)

FY09/3

FY10/3 e

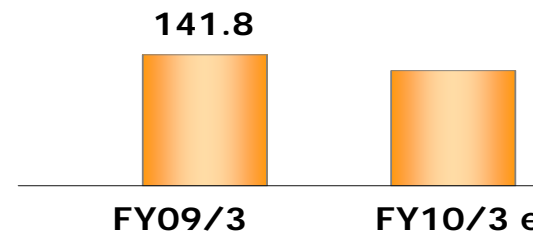
SOC Approx. -5%



Factors

- Sales of EMMA products for digital AV are expected to increase

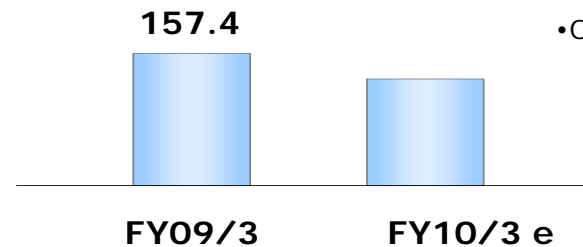
MCU Approx. -10%



Factors

- Increase in sales of multi-purpose MCUs particularly in Asia
- Automotive market expected to recover, helped by federal programs worldwide

Discrete & IC Approx. -20%



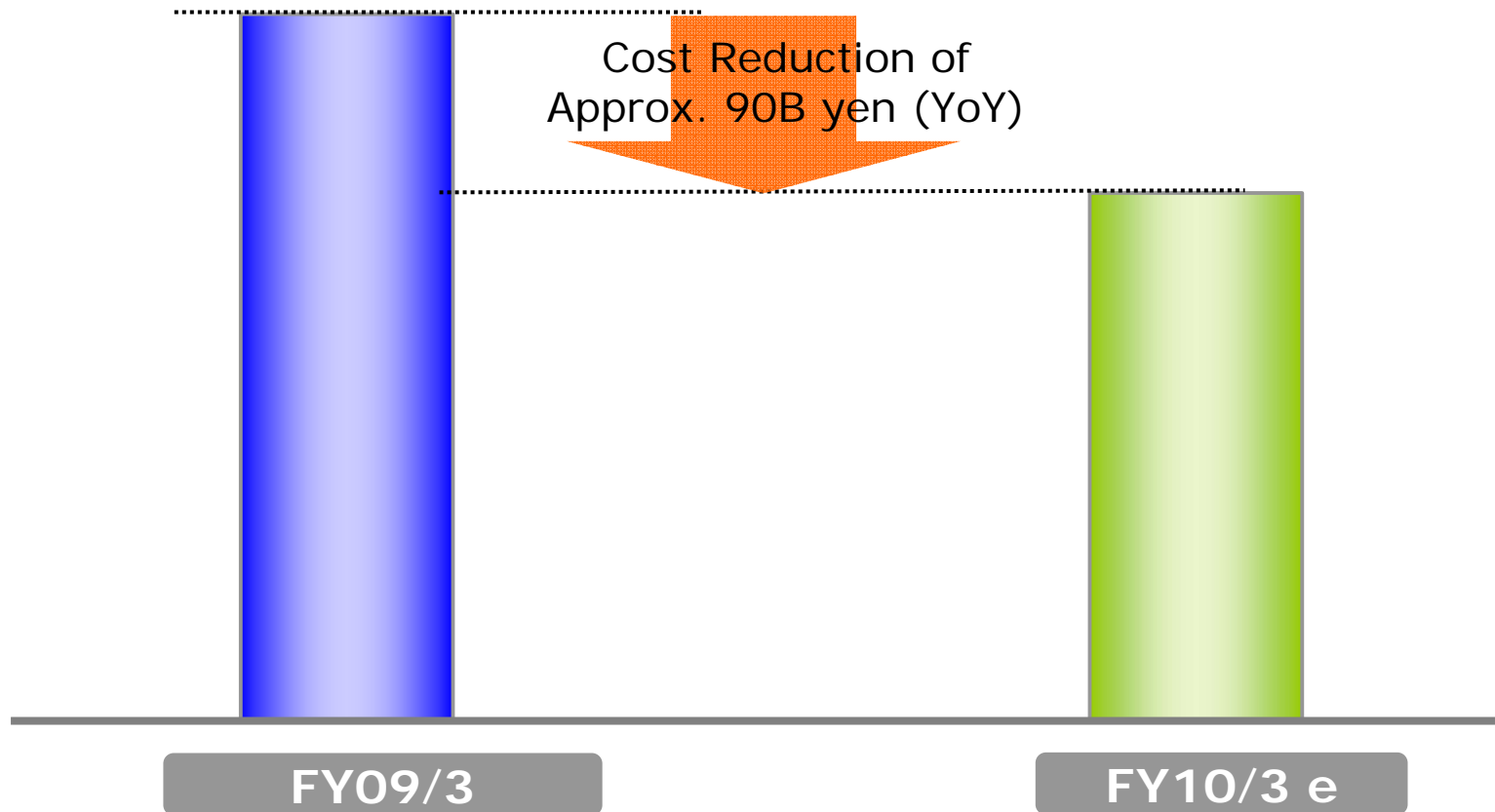
Factors

- Overall decrease in sales

FY10/3 Fixed Cost Reduction Measures

Reduce Fixed Costs by Approx. 90B Yen in FY10/3
(An additional 30B yen additional reduction as of Jan 2009)

Achieved 100B yen fixed cost reduction from the doubled figure of fixed cost in the first half of FY09/3



Measures to reduce fixed Costs by 90B Yen

■ Streamline Cost Efficiency through Structural Reform Measures Approx. 80B yen

- **Streamline equipment-related expenses (Approx. 22B yen)**
including reduction of depreciation cost, lease, maintenance cost, and power usage
- **Reduce manufacturing-related costs (Approx. 30B yen)**
including impact from decline in personnel worldwide, cutback on overtime work, reduction of temporary workforce, and outsourcing cost
- **Decrease R&D cost (Approx. 20B yen)**
including reduction of outsourcing cost by minimizing the number of products in development
- **Decrease other expenses (Approx. 8B yen)**

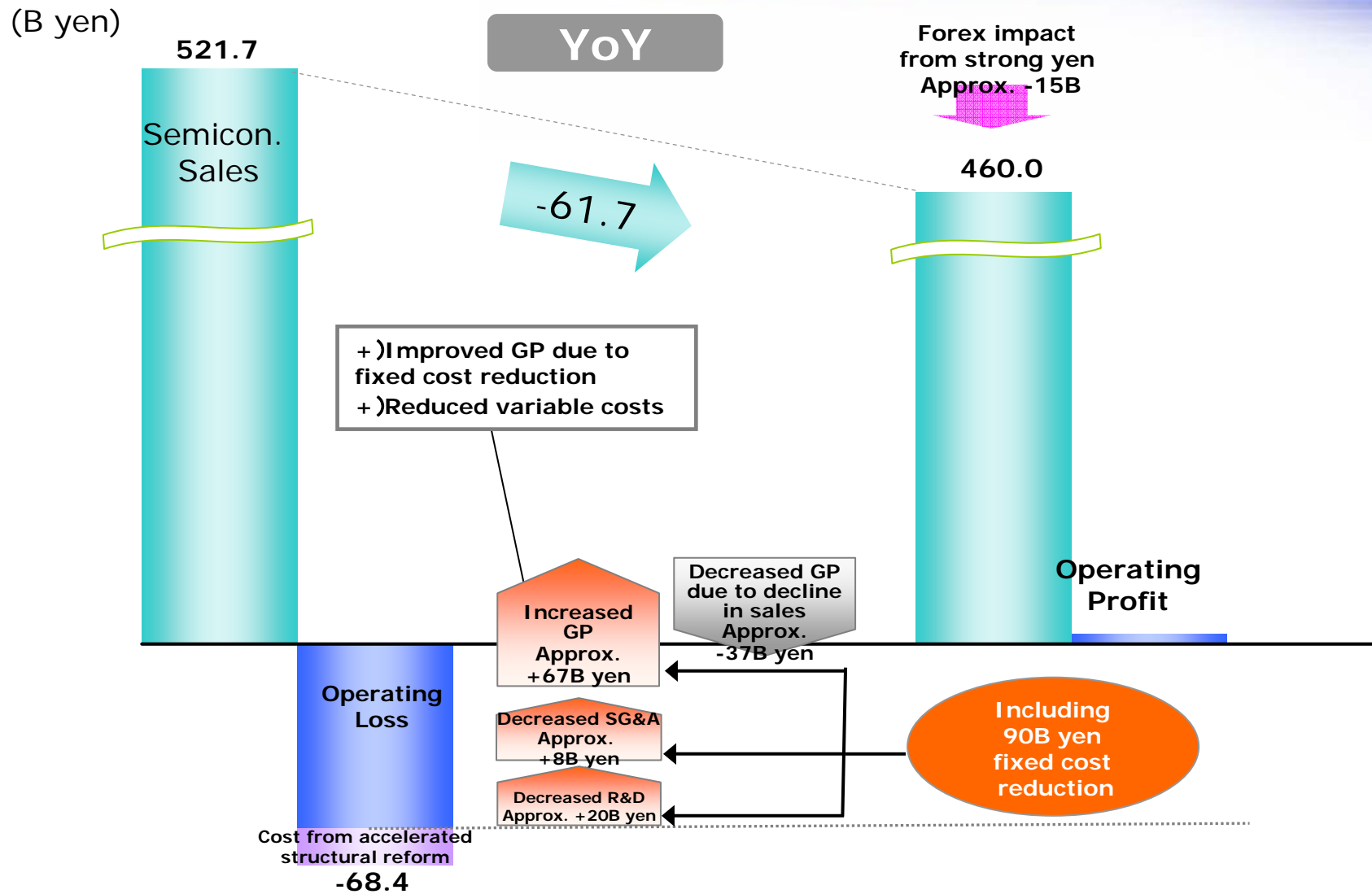
•**Closure of manufacturing lines** (at the end of CY2008) 8-inch line in Yamagata and prototype line in Sagamihara

•**Streamline expenses in accordance with sales decline**

■ Emergency Measures for Cost Reduction Approx. 10B yen

- Decrease personnel costs (including remunerations)
- Internal emergency cost reduction measures

FY10/3 Forecast for Operating Income (Loss)



(US\$1=101 yen , Euro 1=146 yen)

(US\$1=95 yen , Euro 1=125 yen)

FY09/3

FY10/3 e

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

NEC

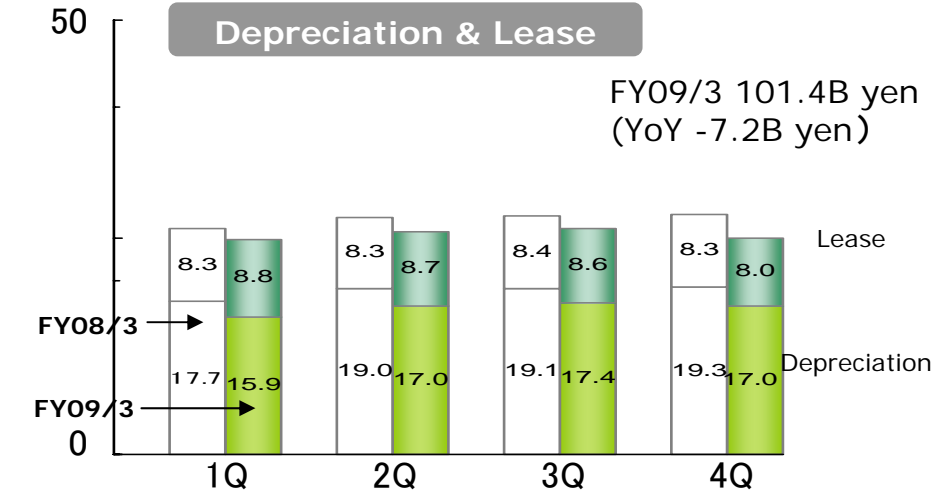
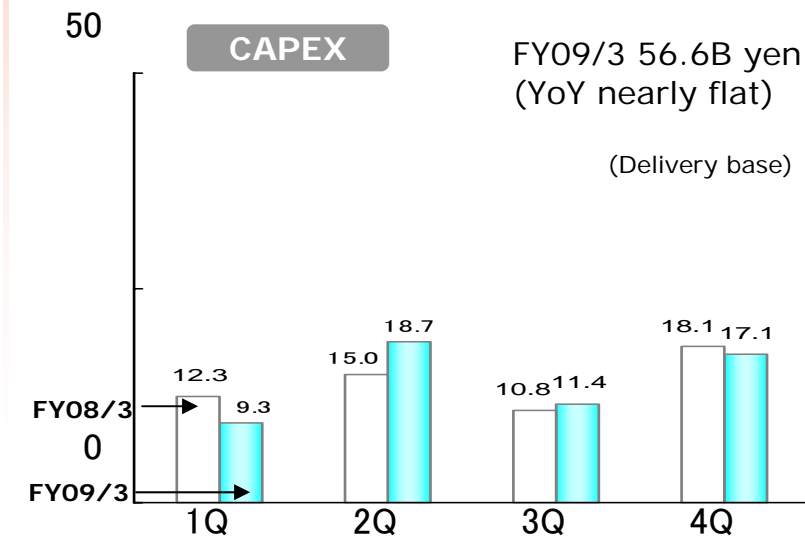
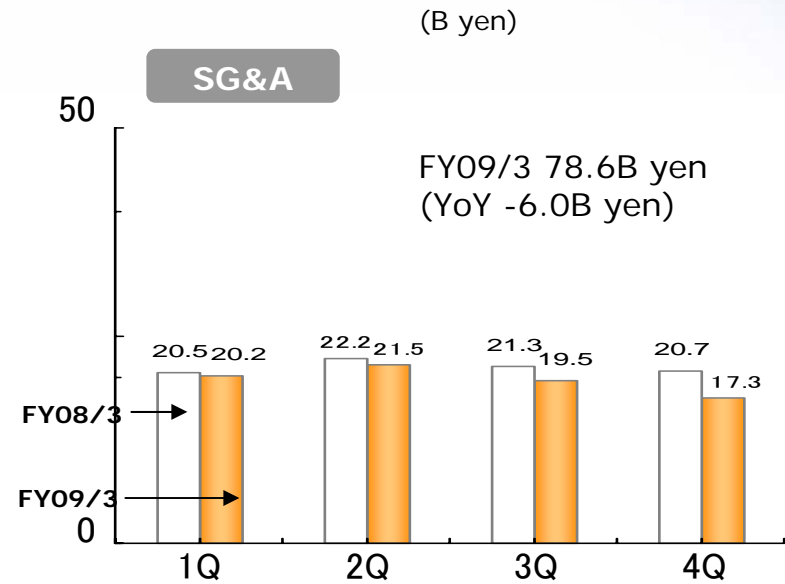
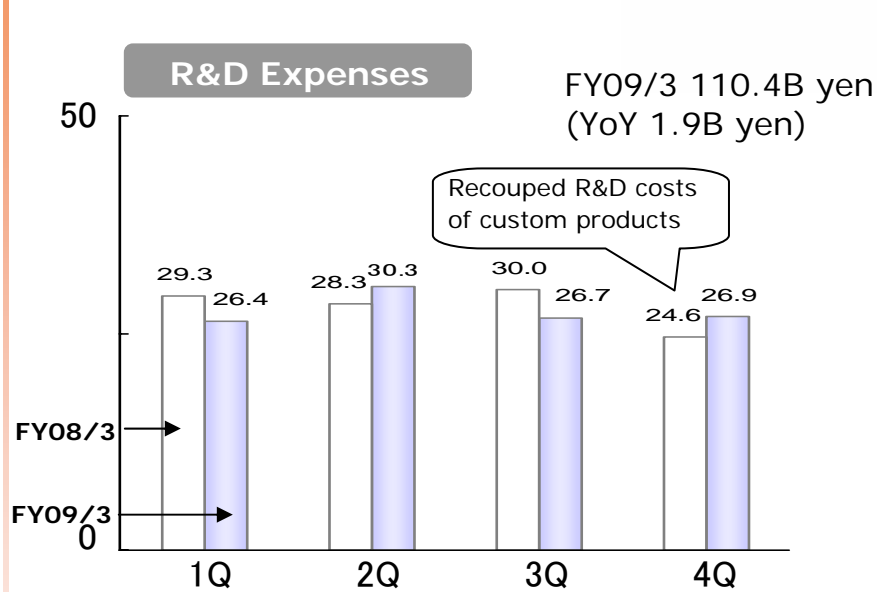
NEC Electronics Corporation

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

FY09/3 Operating Expenses and CAPEX NEC



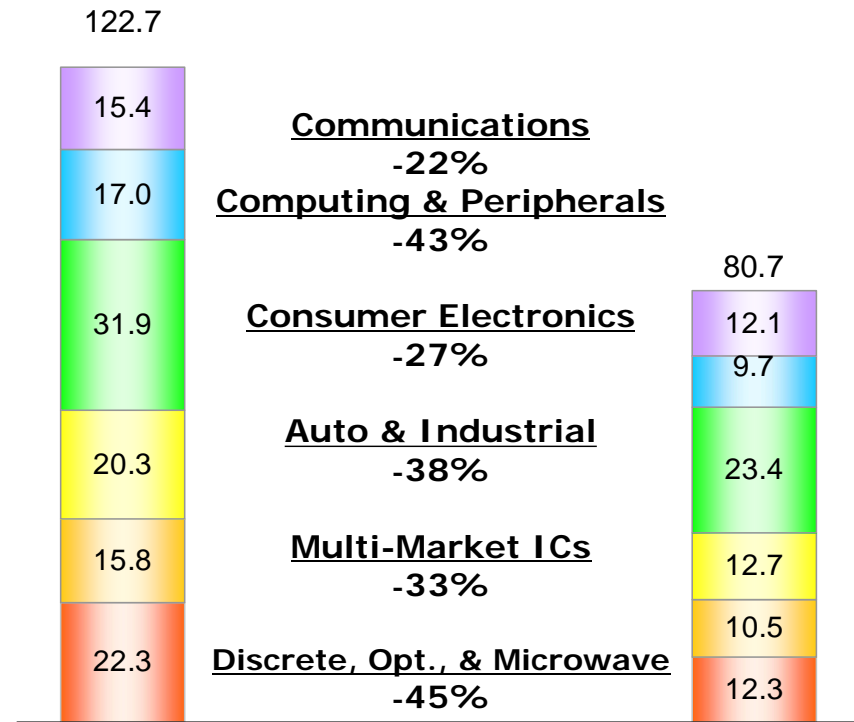
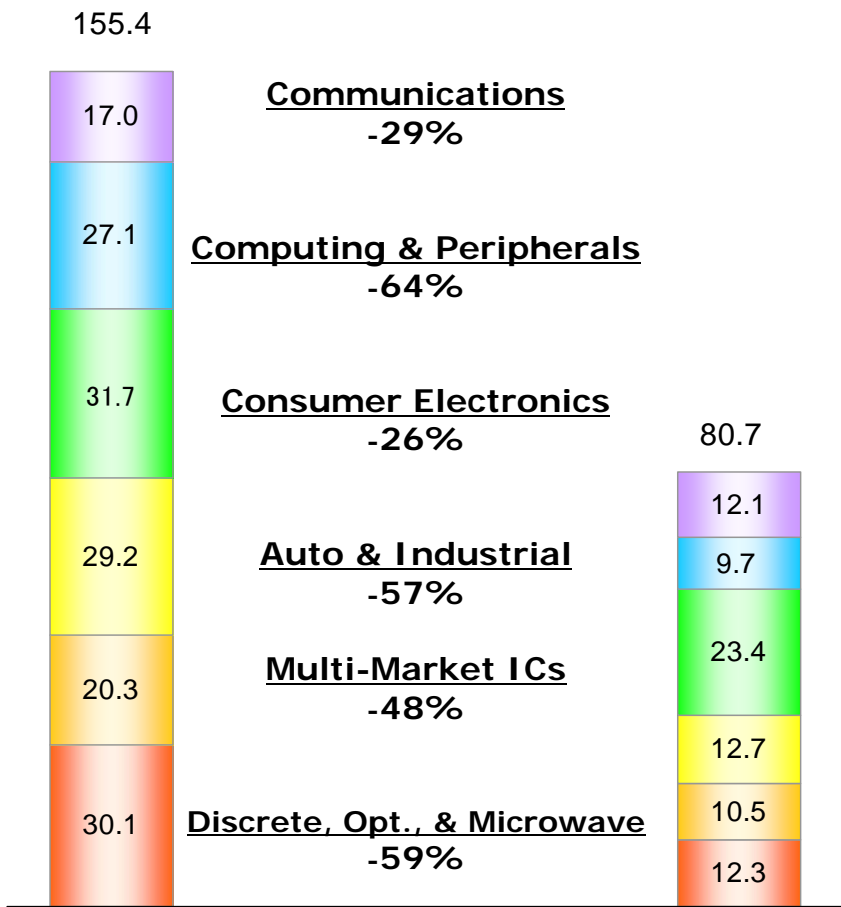
Depreciation and lease included in COGS, R&D and SG&A.
Depreciation based on cash flow basis

Q4 Semiconductor Sales by Application

YoY-48%

QoQ-34%

(B yen)



FY08/3 Q4

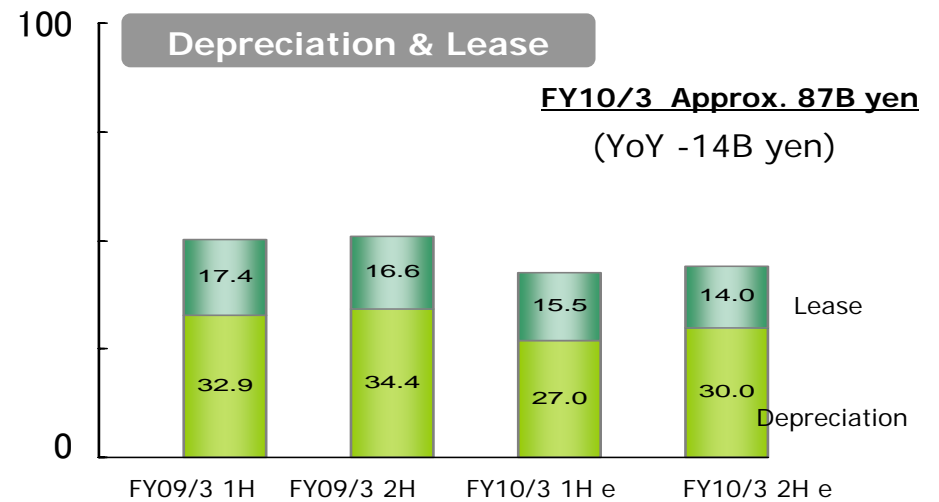
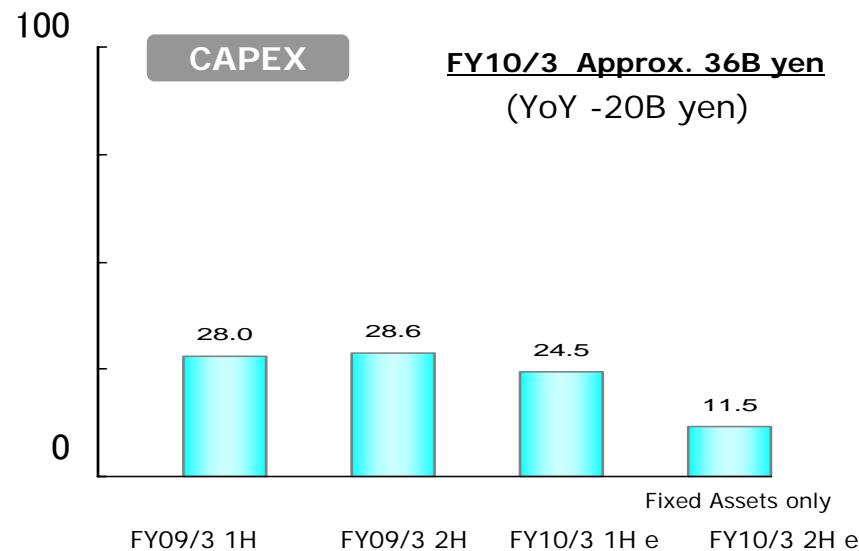
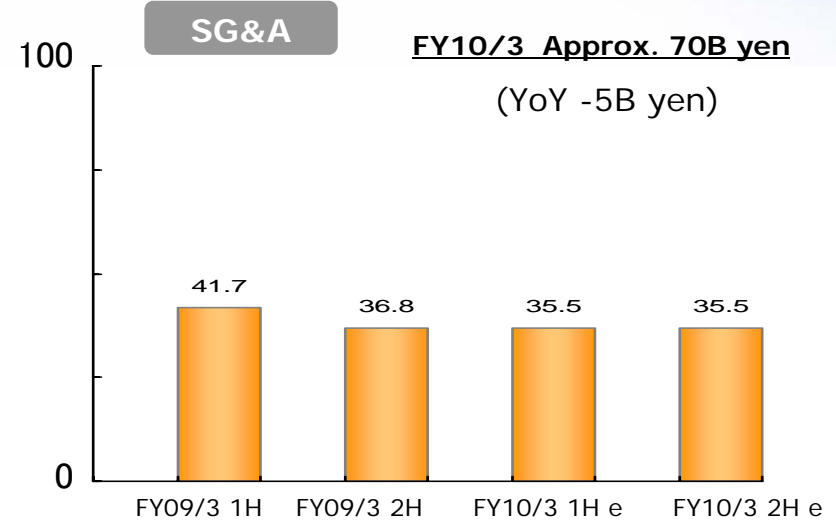
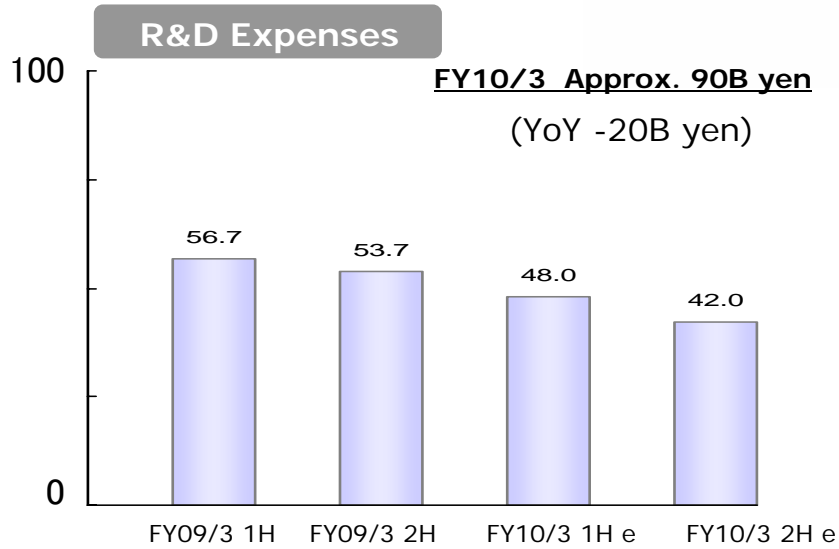
FY09/3 Q4

FY09/3 Q3

FY09/3 Q4

FY10/3 Operating Expenses and CAPEX Outlook NEC

(B yen)



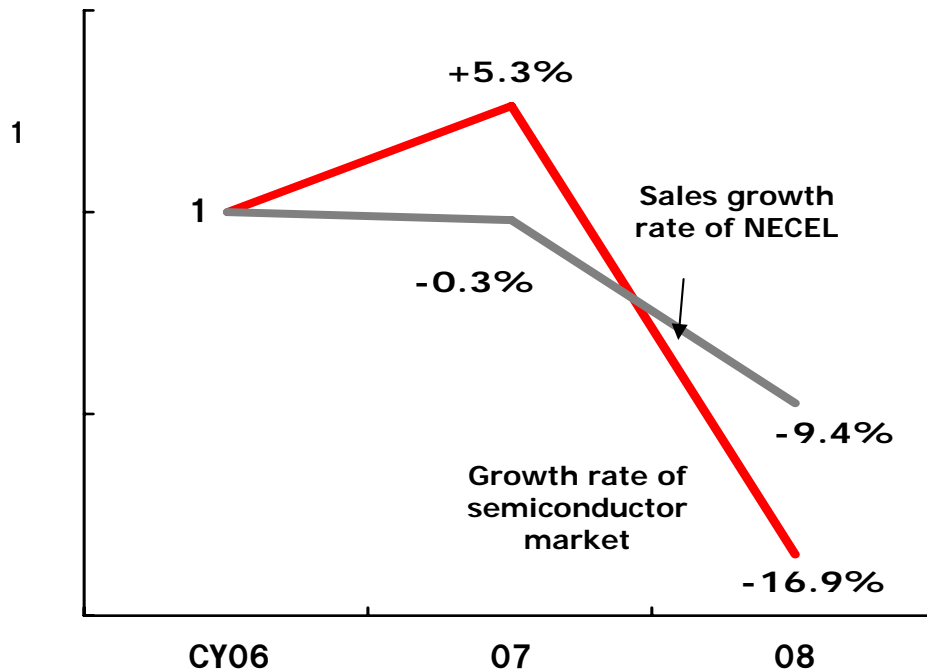
Depreciation and lease included in COGS, R&D and SG&A.
Depreciation based on cash flow basis

Company's Position in Semiconductor Market

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

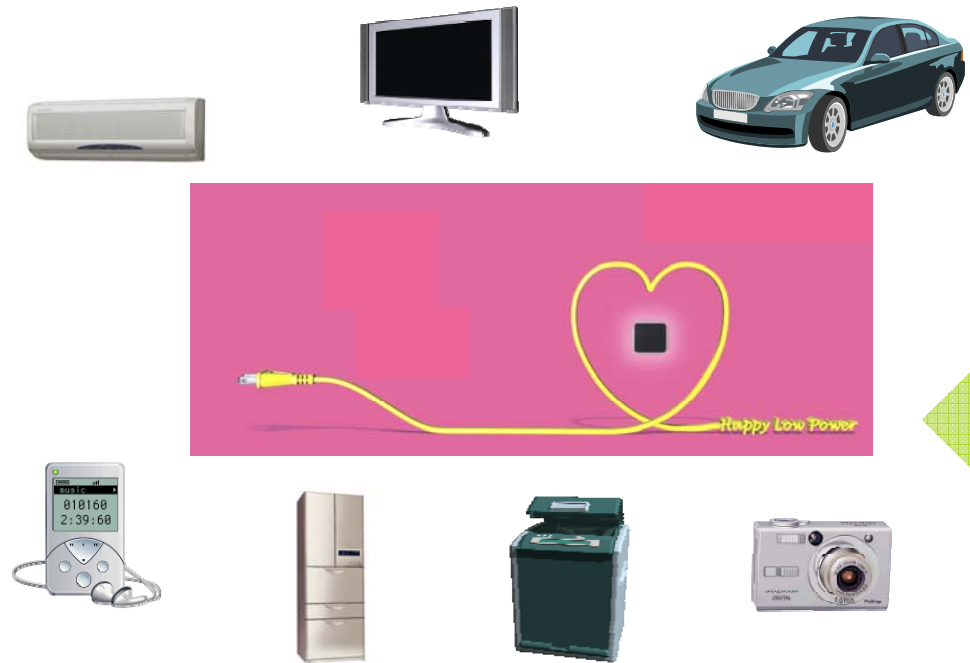
CY06	CY07	CY08
		10th NECEL
12th NECEL	12th NECEL	

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 CO₂ 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