

FY10/3 Q3 Financial Results

Junshi Yamaguchi

President and CEO

January 27, 2010

NEC Electronics Corporation

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

Thank you for joining NEC Electronics' webcast.

Before we begin, please be sure to review the cautionary statement on page 20.

I . FY10/3 Q3 Financial Results

- Sustained positive free cash flows
- Decrease in sales of SoC was covered by increased MCU sales
- Operating loss improved dramatically from Q2

II . FY10/3 Forecasts

- Expect to see improvement in Q4 sales and profit from increase in production
- The full-year forecasts (announced on December 24, 2009, based on Japanese GAAP) remain unchanged

Note: NEC Electronics changed its accounting principles for its consolidated financial statements from U.S. GAAP to Japanese GAAP. Please note that this document is prepared under Japanese GAAP.

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

First, we succeeded in maintaining positive free cash flows from the second quarter.

Semiconductor sales were in line with the company's expectation. Although SoC sales were slightly lower than the initial forecast, we were able to cover this drop with an increase in MCU sales.

We also saw a dramatic improvement in operating loss from the second quarter.

Second, we expect production to increase and, sales and profits to improve in the fourth quarter. As for the full-year forecasts, we will continue to target our initial forecasts.

As announced on December 24, 2009, we changed our accounting principles from U.S. GAAP to Japanese GAAP. Please note that all contents included in this document are prepared based on Japanese GAAP unless stated otherwise.

I. FY10/3 Q3 Financial Results

II. FY10/3 Forecasts

Now let us move on to the main presentation.

Financial Snapshot

(B Yen)	FY10/3				
	Q3, 12/31			9 months cumulative	
	Actual	YoY	QoQ	Actual	YoY
Net Sales	117.9	-10.6	-1.2	339.2	-125.5
Semiconductor Sales	113.1	-10.7	-1.2	325.8	-119.0
Operating Income (Loss)	-9.3	+6.7	+6.1	-46.2	-32.9
Ordinary Profit (Loss)	-11.3	+7.5	+5.1	-49.1	-30.7
Net Income (Loss)	-14.3	+5.9	+3.8	-54.1	-33.0
Exchange Rate					
1US\$=	90 yen	11 yen strong	5 yen strong	95 yen	9 yen strong
1Euro=	133 yen	4 yen strong	2 yen strong	133 yen	21 yen strong

Note: This document is prepared under Japanese GAAP.

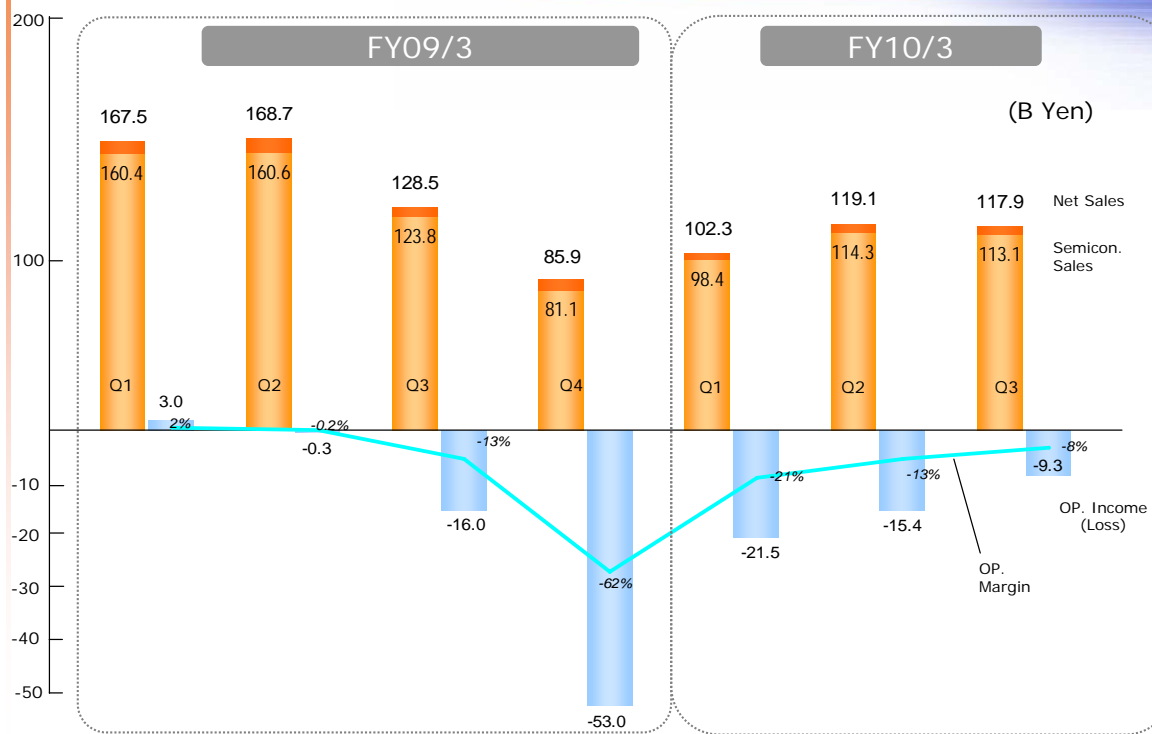
Slide 4 shows the third quarter results.

Semiconductor sales decreased by 1.2 billion yen quarter on quarter, down to 113.1 billion yen.

Operating loss was 9.3 billion yen, a 6.1 billion yen improvement quarter on quarter.

Ordinary loss was 11.3 billion yen and net loss was 14.3 billion yen.

Trends in Quarterly Results- Based on Japanese GAAP



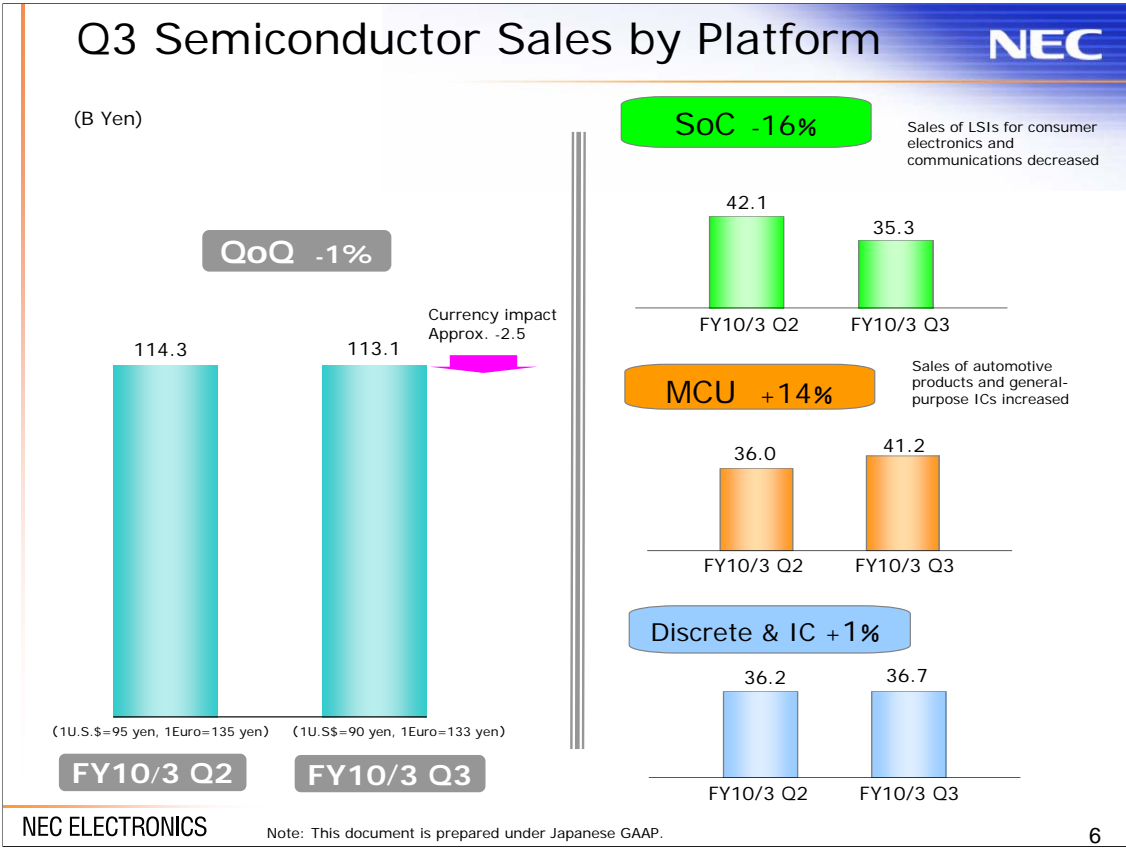
NEC ELECTRONICS

Note: This document is prepared under Japanese GAAP.

5

Slide 5 shows trends in quarterly results.

Although net sales slightly decreased in the third quarter, operating loss improved significantly.

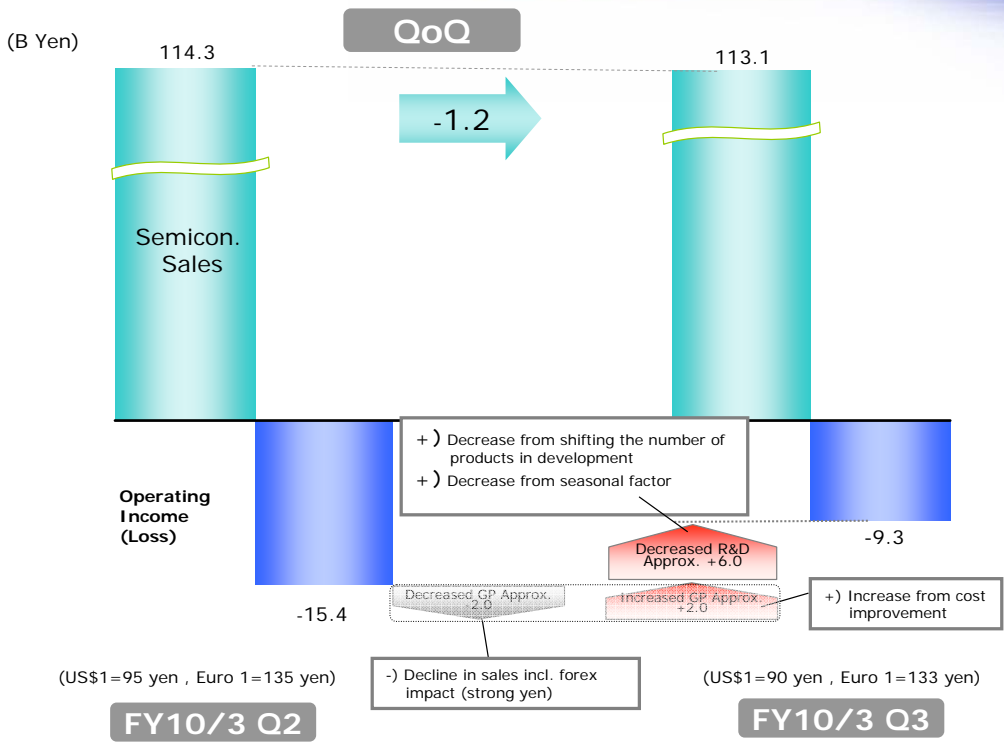


Slide 6 shows the breakdown of the third quarter sales by platform. Sales of SoCs for consumer electronics and communications decreased by 16 percent quarter on quarter.

MCUs, on the other hand increased by 14 % quarter on quarter with strong automobiles and general purpose microcontrollers.

Discrete & IC sales were in line from the second quarter and overall semiconductor sales dropped slightly.

FY10/3 Q3 Factors in Operating Income (Loss)



The next slide shows the factors affecting operating income and loss in the third quarter.

Although there was a decrease in gross profit resulting from forex impact, operating loss was 9.3 billion yen, a 6.1 billion yen improvement. This was due to cost improvement and R&D cost reduction by shifting the number of products in development.

Balance Sheets

Note: This document is prepared under Japanese GAAP.

(B Yen)	As of Mar. 31, 2009	As of Sep. 30, 2009	As of Dec. 31, 2009
Cash and Cash Equivalents	101.3	89.5	95.6
Accounts Receivable	46.4	60.4	61.2
Inventories	63.2	54.5	57.1
PP&E	216.1	209.4	205.0
Other Assets	61.2	56.6	51.0
Total Assets	488.2	470.4	469.9
Accounts Payable	61.2	68.3	78.1
Interest-Bearing Debt	111.3	139.8	141.8
Other Liabilities	121.0	110.8	112.0
Liabilities	293.5	318.9	331.9
Shareholders' Equity	202.4	162.5	148.3
Valuation and Translation Adjustments	-12.2	-15.3	-14.2
Share Subscription Rights, Minority Interest	4.5	4.2	3.9
Net Assets	194.7	151.5	138.0
Total Liabilities and Net Assets	488.2	470.4	469.9
D/E Ratio (Gross)	0.59	0.95	1.06
Equity Ratio	39%	31%	29%

Note 1) Cash and Cash Equivalents: Cash and deposits, Short-term investment securities

Note 2) Inventories: Merchandise and finished goods, Work in process, Raw materials and supplies

Note 3) Interest-bearing debt: Short-term borrowings, Current portion of long-term borrowings, Current portion of lease obligations, Bonds with share subscription rights, Long-term borrowings

NEC ELECTRONICS

Note 4) Equity: Shareholders' equity, Valuation and Translation Adjustments Note 5) D/E ratio (gross): Interest-bearing debt / Equity

8

Slide 8 shows the company's balance sheets.

Inventories were 57.1 billion yen, up from the end of September due to increased production.

We expect continuous increase in inventories from production rise in the fourth quarter

Debt to Equity ratio was 1.06, and equity ratio was 29%.

Cash Flows

Continuously achieved positive free cash flows in Q3

(B Yen)	FY09/3		FY10/3		
	Q3	9 Months Cumulative	Q2	Q3	9 Months Cumulative
Cash Flows from Operating Activities	10.2	28.5	11.0	13.1	-0.8
Cash Flows from Investing Activities	-7.2	-30.6	-7.3	-8.2	-32.9
Free Cash Flows	3.0	-2.0	3.7	4.9	-33.6
Cash Flows from Financial Activities	-1.0	-2.9	7.4	1.1	28.1

Slide 9 shows cash flows.

Cash flows from the operating activities improved from profit improvement.

We sustained positive free cash flows from the second quarter.

I . FY10/3 Q3 Financial Results

II . FY10/3 Forecasts

In the next section, we will discuss the full-year and the fourth quarter forecasts.

FY10/3 Financial Forecasts

The full-year forecasts remain unchanged.
(Based on Japanese GAAP)

(B Yen)	FY09/3	FY10/3					
	Full Year	1H		2H		Full Year	
	Actual	Actual	Difference from US GAAP	Forecasts as of January 27, 2010	Difference from US GAAP	Forecasts as of December 24, 2009	Difference from US GAAP
Net Sales	550.7	221.3	+0.8	Approx. 241.0	Approx. +1.0	462.0	+2.0
Semiconductor Sales	525.9	212.7	+0.9	Approx. 233.0	Approx. +1.0	447.0	Approx. +1.0
Operating Income (Loss)	-66.4	-36.9	-0.5	Approx. -10.5	Approx. -0.5	-47.5	-1.0
Ordinary Income (Loss)	-76.2	-37.8	-	Approx. -13.5	-	-51.5	-
Net Income (Loss)	-85.1	-39.8	-1.7	Approx. -19.0	Approx. -2.0	-59.0	-4.0
Exchange Rate							
1US\$=	101 yen	97 yen	-	90 yen	-	90 yen	-
1Euro=	146 yen	132 yen	-	130 yen	-	130 yen	-

NEC ELECTRONICS

Note 1) Forecasts as of December 24, 2009
Note 2) This document is prepared under Japanese GAAP.

11

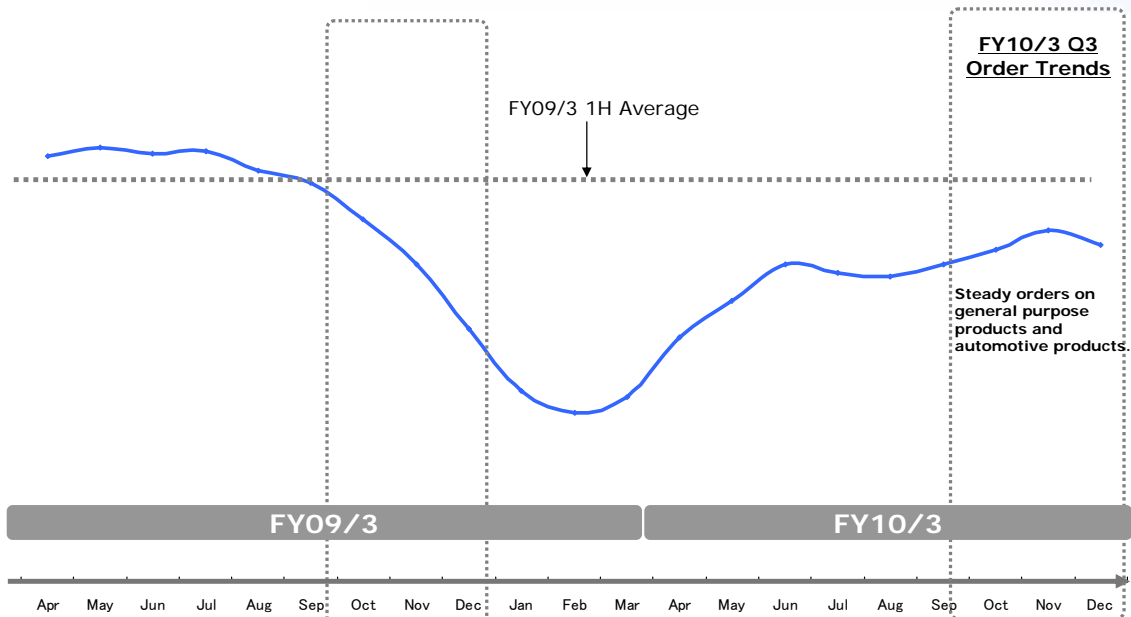
Slide 11 shows the forecasts for the fiscal year ending March 2010.

There is no change in the forecasts which we have announced on December 24, 2009 based on Japanese GAAP.

Trends in Amount of Orders

NEC

Amount of Orders (3-month moving average)



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

NEC ELECTRONICS

Note: This document is prepared under Japanese GAAP.

12

Slide 12 shows a three-month moving average of semiconductor orders.

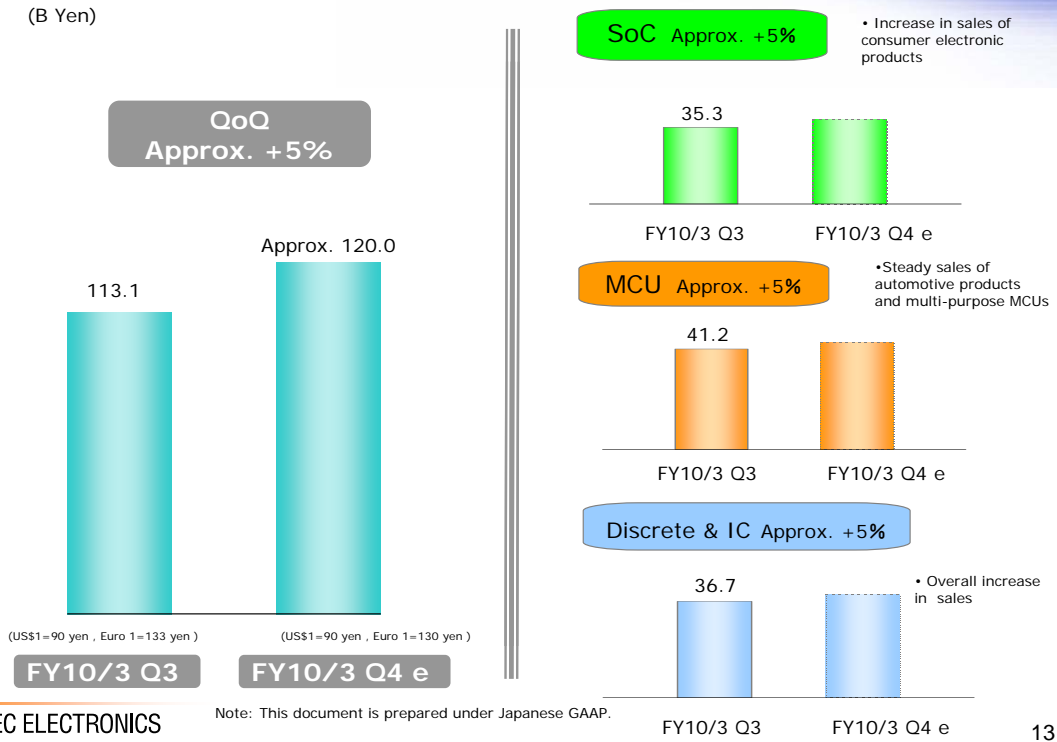
During the third quarter, the orders for the general purpose products including discrete ICs and semiconductors for automobiles increased.

Orders are showing steady movement even in January.

FY10/3 Q4 Semiconductor Sales Forecast



(B Yen)



The following slide shows the semiconductor sales outlook for the fourth quarter.

The SoC sales are expected to expand due to increase in sales of 40 and 55 nm advanced products for consumer electronics such as digital AV.

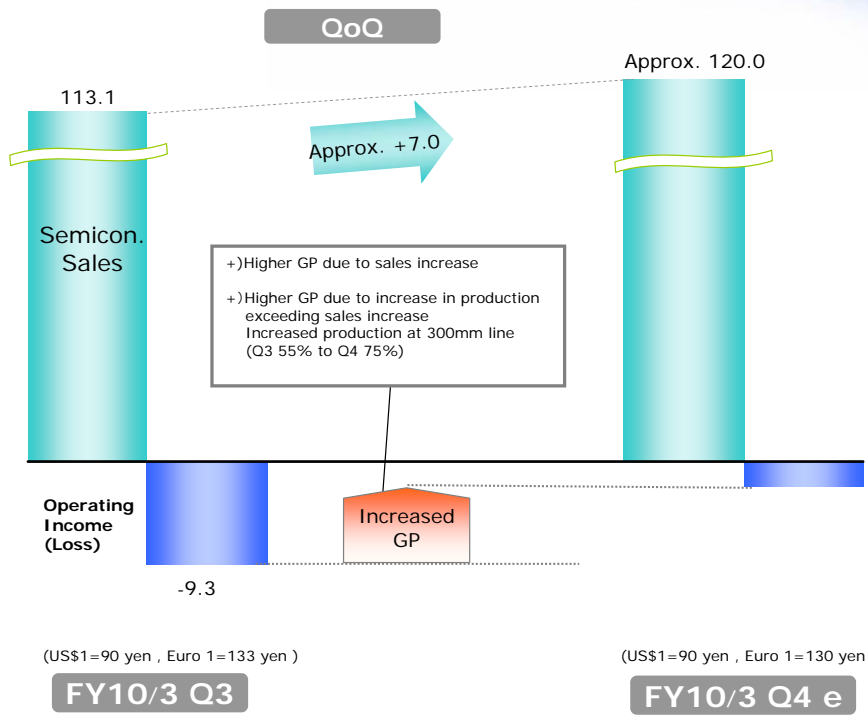
In the MCU platform, we expect sales increase with automobiles and general-purpose MCUs, and the Discrete & IC platform is expected to show healthy movement.

We anticipate over 5 percent increase in semiconductor sales.

Factors Affecting FY10/3 Q4 Operating Income (Loss)



(B Yen)



NEC ELECTRONICS

Note 1) GP = gross profit, R&D = research and development
 Note 2) This document is prepared under Japanese GAAP

Slide 14 shows factors affecting operating income and loss in the fourth quarter.

We expect higher gross profit due to sales expansion as well as production improvements at Yamagata's 300mm wafer line.

Q4 Measures

NEC

- Expand Sales and Achieve Profit Improvement Through Increased Production
 - Expand sales with MCUs in great demand
 - Profit improvement through increased production at 300mm line by mass production of 40/55nm products
- Continue to Attain Positive Free Cash Flow in 2H
 - Aim massive production increase of strong MCU and increase of production capacity at back-end lines outside Japan. Yet still attain profitability by suppressing investment by improving OEE (Overall Equipment Efficiency) and reallocation of equipment
- Pursue Fixed-Cost Reduction
 - Continue to achieve fixed-cost reduction of 90B yen from FY09/3
- Accelerate Structural Reforms
 - Complete realignment plans of manufacturing lines

NEC ELECTRONICS

Note: This document is prepared under Japanese GAAP.

15

Slide 15 shows measures the company will take in the fourth quarter.

First, we will strengthen productivity of our strong MCUs and steadily expand our sales.

We will also expand our 40 and 55 nm mass production aiming increase in fab utilization and profit improvement.

Second, in order to expand our sales, we will bolster front-end line capacity of MCUs and increase production capacity at back-end lines at foreign sites.

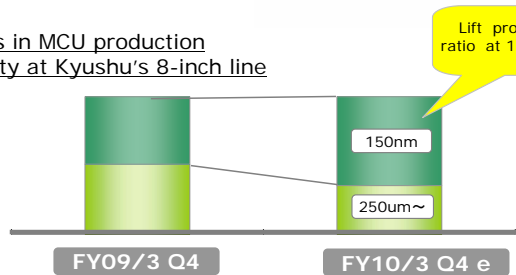
On the other hand, we will maintain positive cash flows by minimizing cash spending from investing activities by improving production efficiency and reuse of equipments.

As for fixed-cost reduction, we will steadily implement all measures to achieve yearly reduction of 90 billion yen fixed-cost. We will also further accelerate our structural reforms by implementing new realignment plans of our manufacturing lines.

Let us explain in more details about the measures in the next few slides.

Expand Sales Through Increased Production Capacity

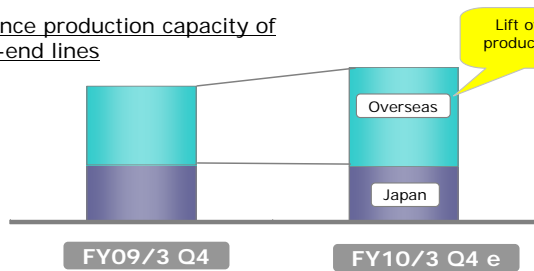
Trends in MCU production capacity at Kyushu's 8-inch line



Miniaturization at Kyushu's 8-inch line

- Achieve miniaturization with minimum investment (productivity improvements, reuse equipment of former Yamagata's 8-inch line)
- Increase production at 150nm line with MCUs

Enhance production capacity of back-end lines



Increase production capacity at back-end lines

- Enhance production capacity focusing on overseas sites

Slide 16 explains an overview of our plan to enhance production for sales expansion.

We will promote miniaturization with minimum investment by productivity improvement and reallocation of equipment from the former Yamagata 8-inch line. This will contribute to upgrade the production ratio of 150nm process line at NEC Semiconductors Kyushu Yamaguchi's 8-inch line for our strong MCUs.

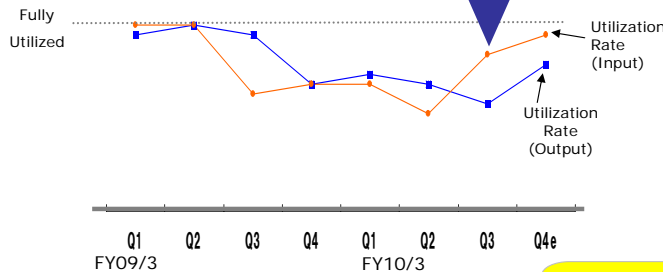
As for the back-end lines, we will reinforce production capacity centering on overseas sites to construct strong manufacturing system with cost competitiveness.

Enhance Production for Sales Expansion and Profit Improvement



Improve Fab Utilization Rate at 300mm line and Promote Miniaturization

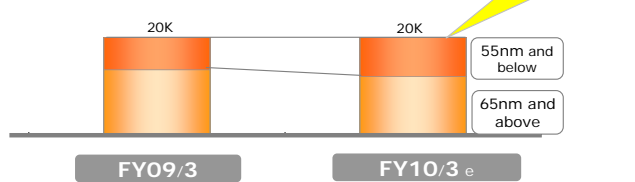
Trends in fab utilization rates at Yamagata's 300mm line



Improve fab utilization at Yamagata's 300mm line

- Recovery trend shown in utilization rate due to 40nm and 55nm products
- Expect full-capacity operation at a wafer input base
- Raise utilization rate at 55nm and below

Trends in production capacity at Yamagata's 300mm line



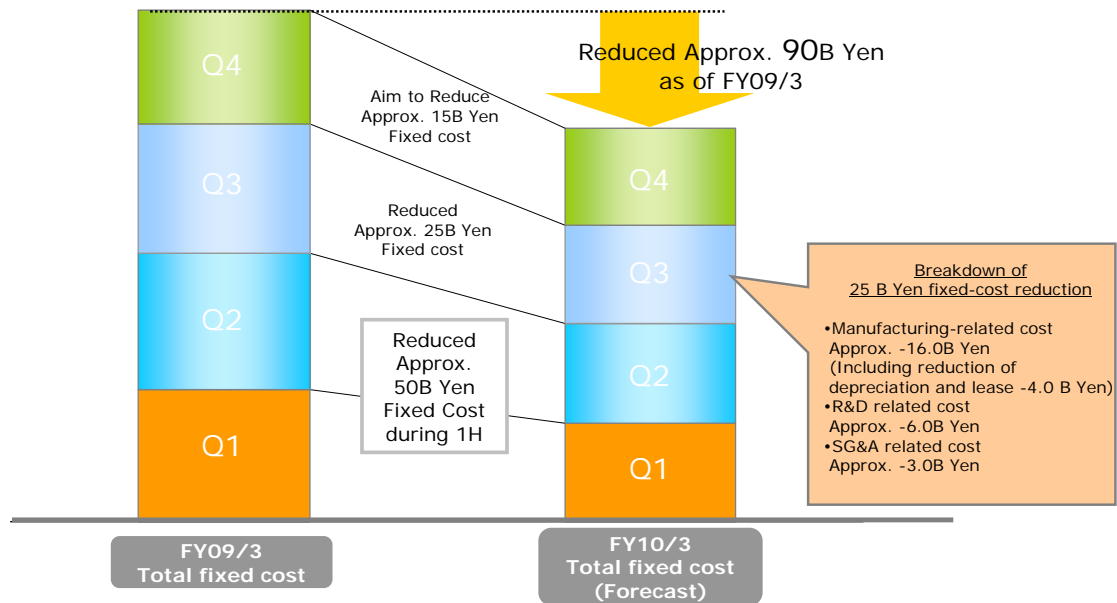
Slide 17 explains our strategies in improving fab utilization and miniaturization at our 300mm line.

By expanding mass production of the company's advanced products, we expect Yamagata's 300-mm line to be close to fully-utilized at a wafer input base in the fourth quarter.

We will aim to promote miniaturization by increasing the production of 55 nm and below by 40nm design tapeout.

Progress on 90 B Yen Fixed Cost Reduction

Reduced Fixed Costs by Approx. 25 B Yen in FY10/3 Q3, YoY



NEC ELECTRONICS Note 1) R&D = research & development expenses, SG&A = selling general & administrative expenses excluding R&D expenses. Note 2) This document is prepared under Japanese GAAP

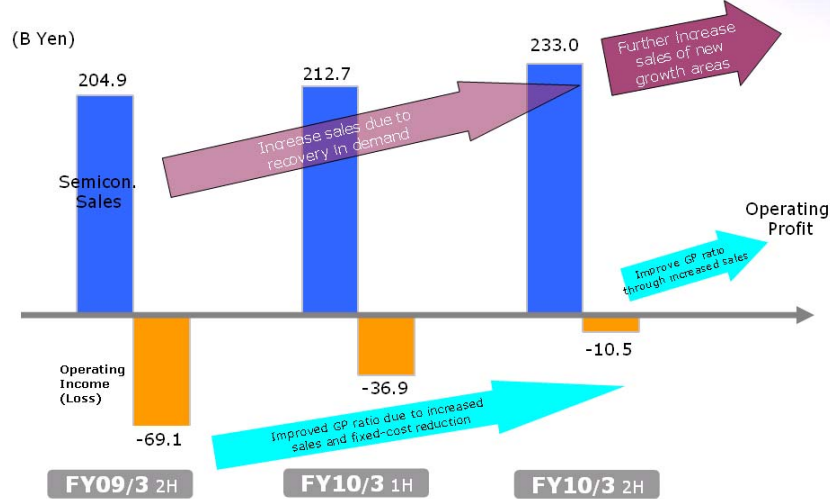
The next slide shows our progress in fixed cost reduction measures.

As planned, we succeeded in reducing fixed costs of approximately 25 billion yen year on year.

We will continue to target reduction of approximately 15 billion yen in the fourth quarter in order to achieve our goal of reducing total of 90 billion yen fixed cost.

Summary

- Promote sales expansion through production enhancement and earnings recovery by fixed-cost reduction to meet full-year financial objectives



The last slide is a summary of today's presentation,

As you can see from the graph, our business performance has been steadily improving.

We plan to aim sales expansion through production enhancement as well as profit improvement through fixed-cost reduction, in order to achieve our full-year target.

NEC

NEC Electronics Corporation

Cautionary Statements

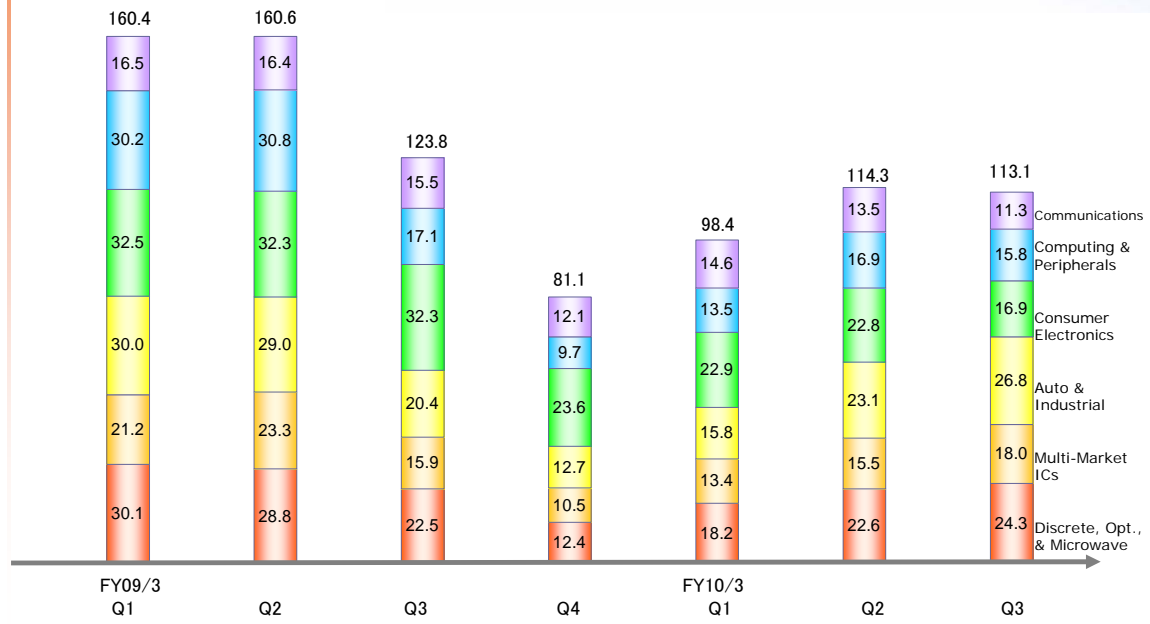
The statements in this presentation with respect to the plans, strategies and forecasts of NEC Electronics and its consolidated subsidiaries (collectively "we") are forward-looking statements involving risks and uncertainties. We caution you in advance that actual results could differ materially from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

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

Appendix: Semiconductor Sales by Application



(B Yen)



Major Operating Expenses and CAPEX

