

FY08/3 Q1 Financial Results and Outlook

NEC Electronics Corporation

July 30, 2007

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

I. FY08/3 Q1 Financial Results

- ✓ Sales and profits/losses were slightly better than expected

II. FY08/3 Forecasts

- ✓ Current business performance is slightly better than expected; however, FY08/3 forecasts will remain unchanged
- ✓ Aim to attain operating profits in Q2 , supported by an increase in orders

III. Measures to Improve Performance

- ✓ Continue to implement new management policies announced on February 22, 2007

I. FY08/3 Q1 Financial Results

II. FY08/3 Forecasts

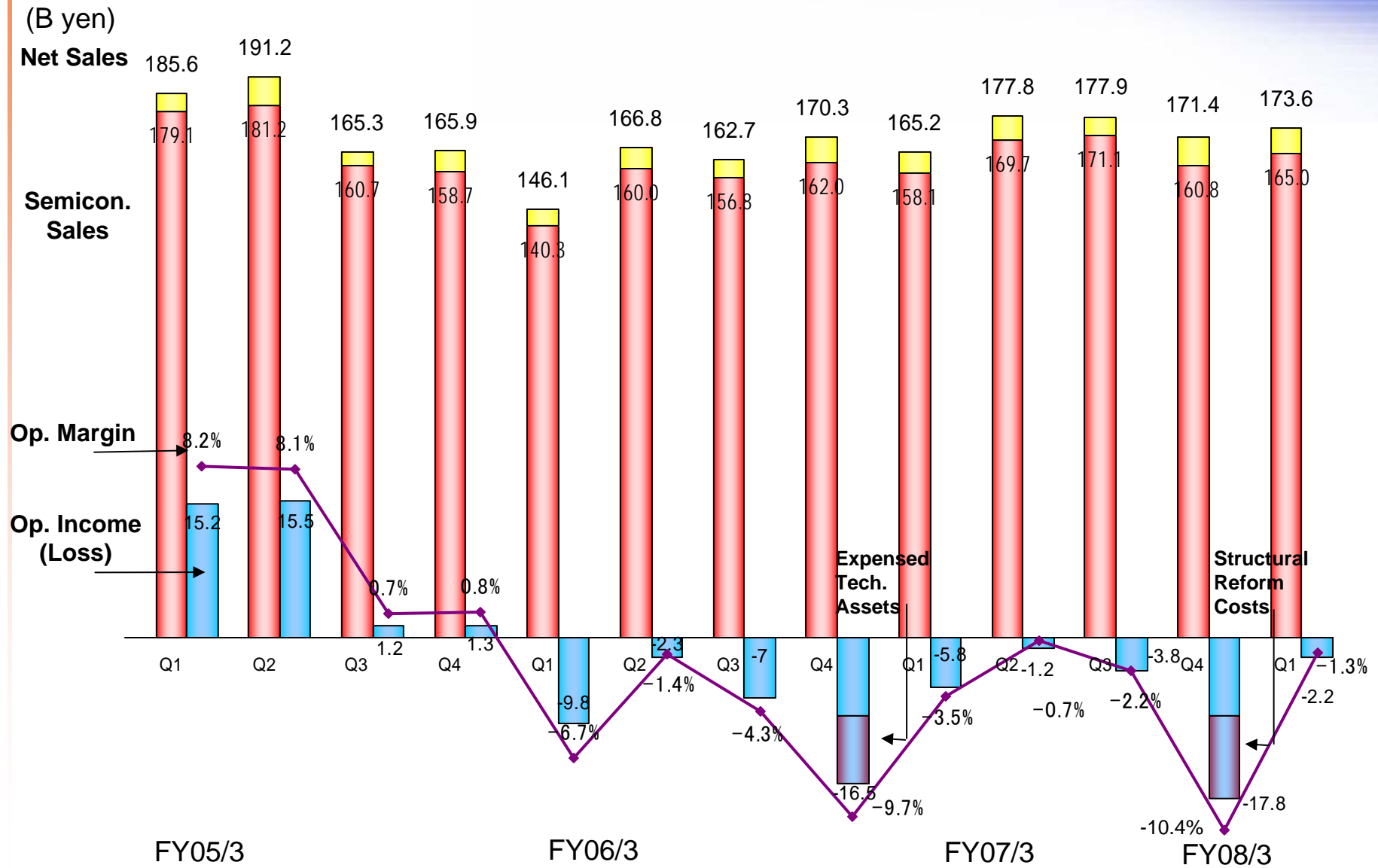
III. Measures to Improve Performance

Financial Snapshot

(B Yen)	FY07/3		FY08/3		
	Q1 June 30	Q4 March 31	Q1 June 30		
	Actual	Actual	Actual	YoY	QoQ
Net Sales	165.2	171.4	173.6	+8.3	+2.2
Semiconductor Sales	158.1	160.8	165.0	+6.9	+4.2
Operating Income (Loss)	-5.8	-17.8	-2.2	+3.5	+15.6
Income (Loss) Before Income Taxes	-4.8	-26.3	0.4	+5.3	+26.7
Net Income (Loss)	-6.1	-28.4	-1.3	+4.8	+27.0
Free Cash Flows	-4.6	-17.6	-5.9	-1.2	+11.7
D/E Ratio	0.49	0.51	0.50	-	-
Shareholders' Equity Ratio	40%	38%	39%	-	-
Exchange Rates	US\$1 = 115 yen 1 Euro = 142 yen	US\$1 = 119 yen 1 Euro = 156 yen	US\$1 = 119 yen 1 Euro = 160 yen		

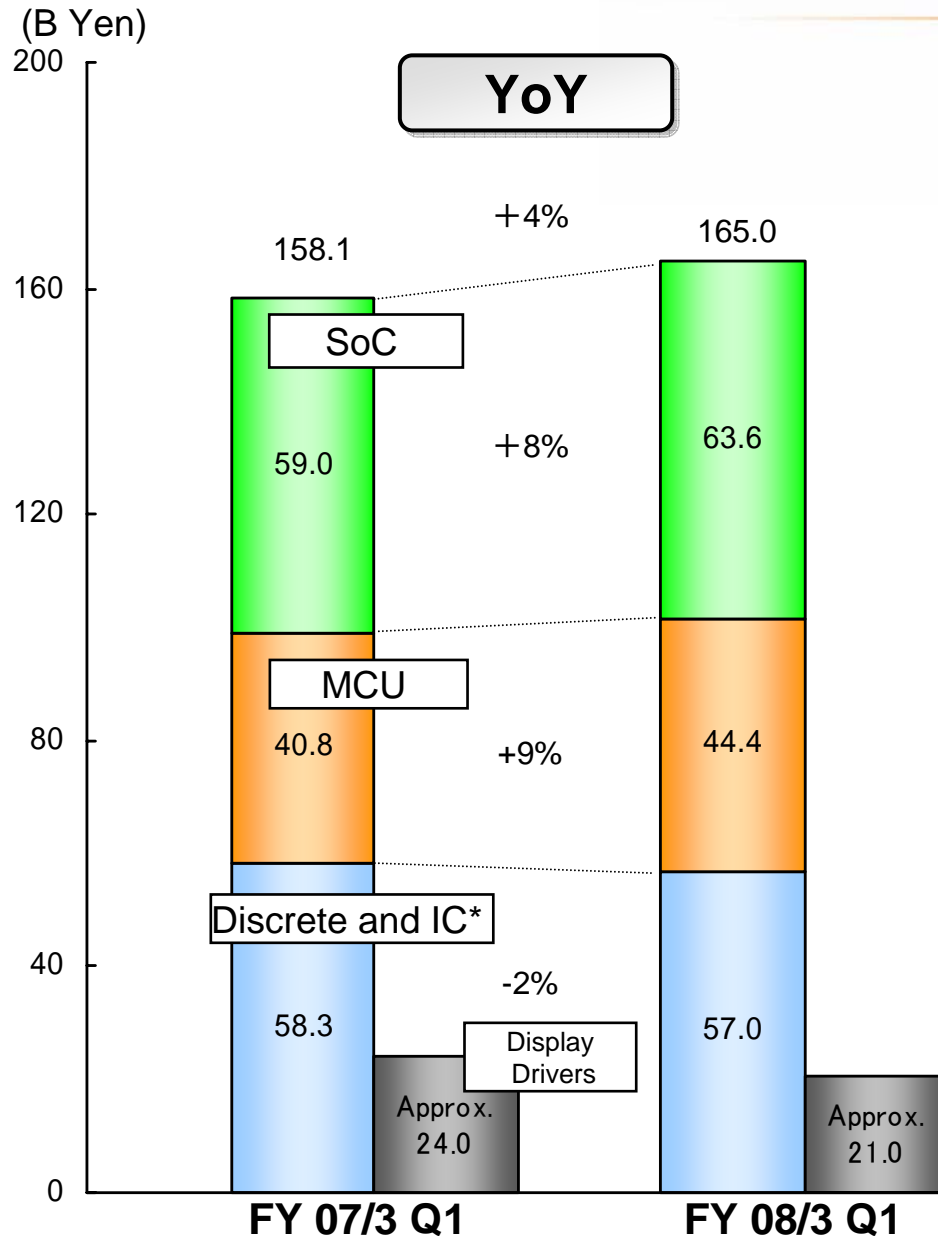
Note: NEC Electronics' consolidated information is in accordance with U.S.GAAP. However, the figure for operating income (loss) shown above represents net sales minus the cost of sales, research and development expenses, and selling, general, and administrative expenses.

Trends in Quarterly Results



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

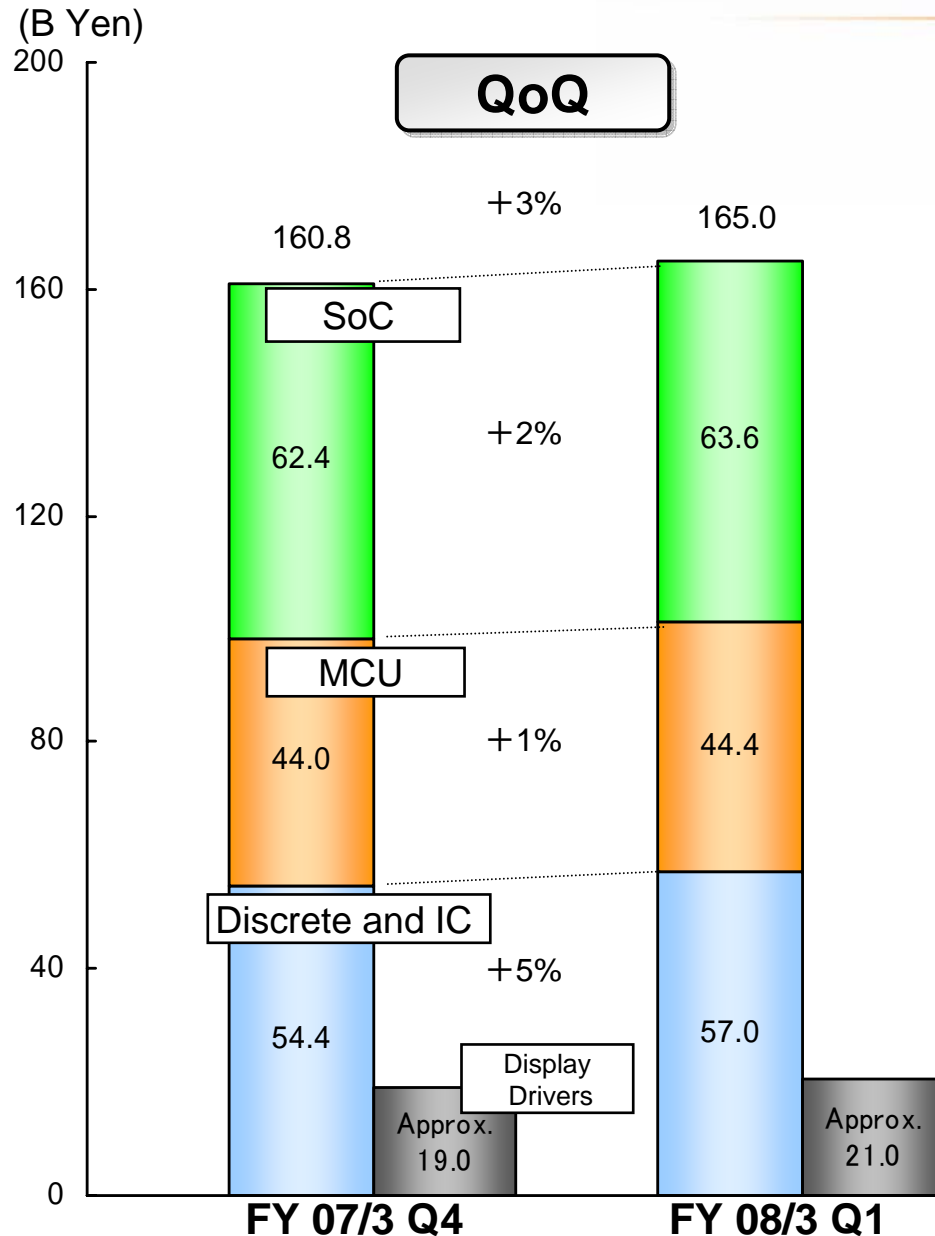
Semiconductor Sales by Platform (YoY)



+/- Factors
SoC +) LSIs for game consoles, Companion chips for mobile phones -) System memory for mobile phones, LSIs for digital cameras
MCU +) Growth in automotive MCUs +) Growth in All Flash MCUs
Discrete and IC +) Large LCD driver ICs, discrete and compound semiconductors -) Small LCD driver ICs

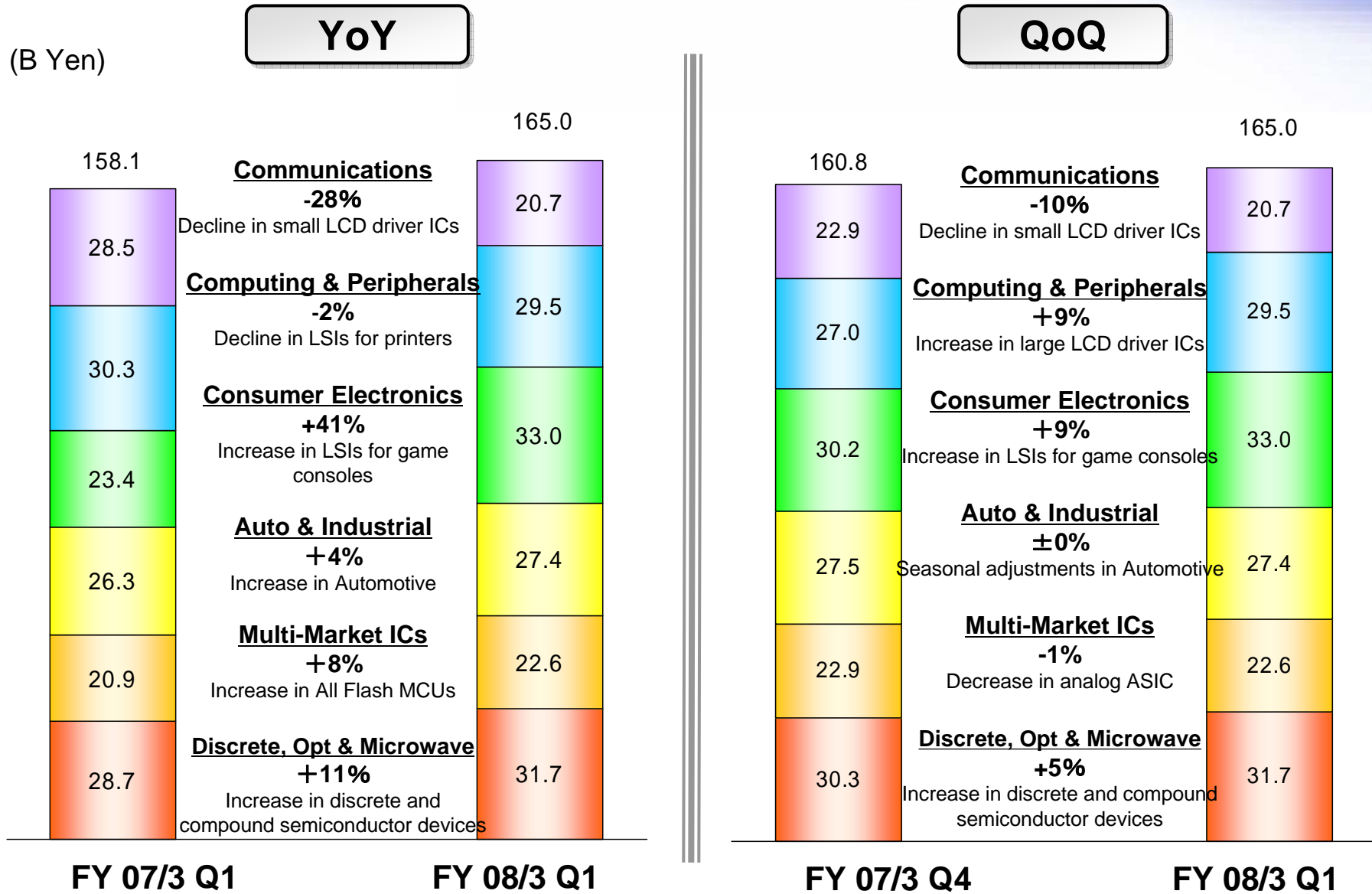
*The "Components" platform has been renamed "Discrete and IC."

Semiconductor Sales by Platform (QoQ)

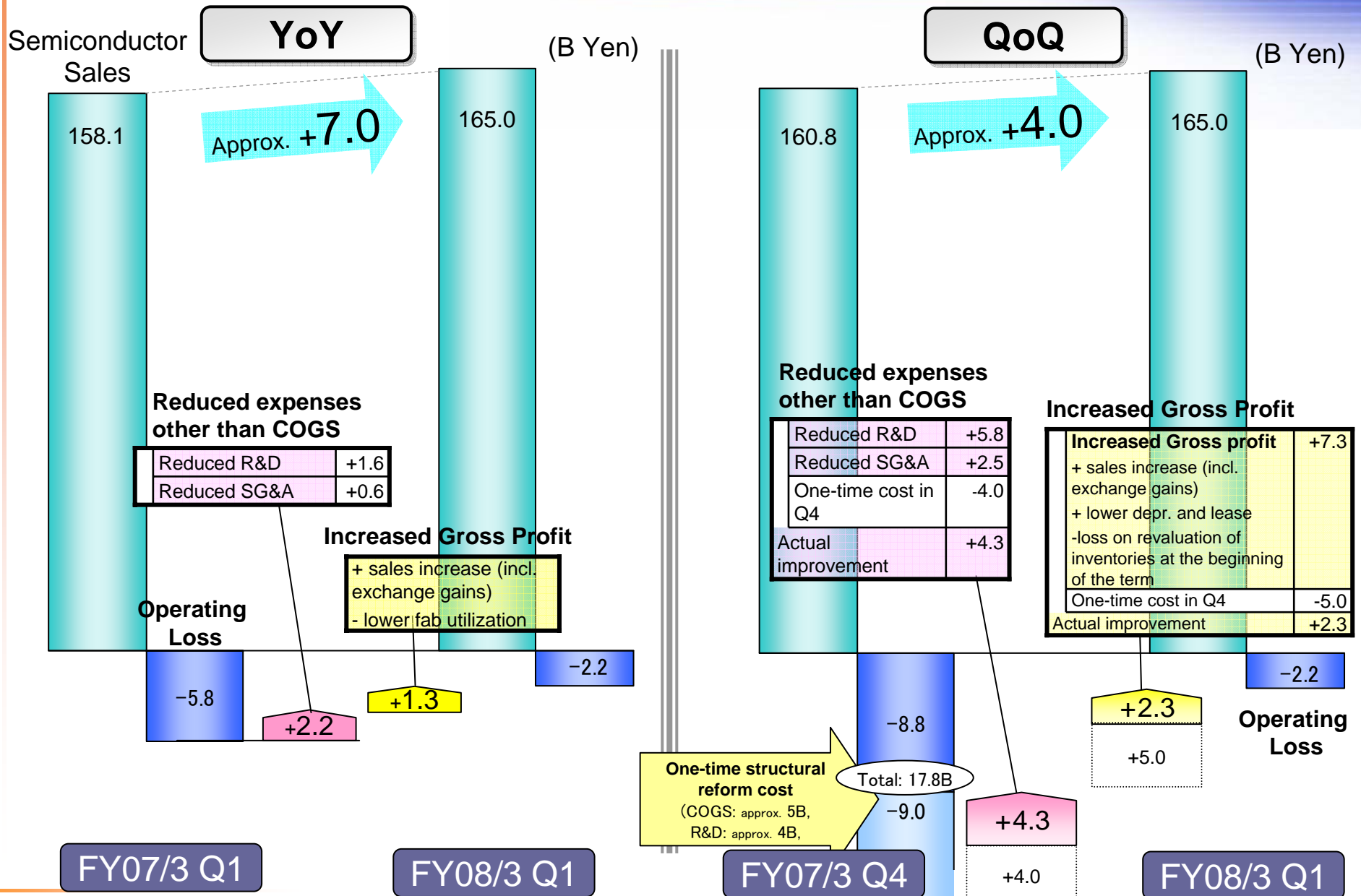


+/- Factors	
SoC	<ul style="list-style-type: none"> +) LSIs for game consoles, Companion chips for mobile phones -) System memory for mobile phones, LSIs for digital cameras
MCU	<ul style="list-style-type: none"> +) Growth in All Flash MCUs -) Seasonal declines in the Japanese automotive market
Discrete and IC	<ul style="list-style-type: none"> +) Discrete and large LCD driver ICs -) Small LCD driver ICs under continual adjustments

Semiconductor Sales by Application



Factors in Operating Loss



Items in Non-Operating Income

Item		Amount	Description	
	Interest and dividend Income	0.5 B yen		
	Other	3.2 B yen	Gains on the sale of the photomask business and assets	<ul style="list-style-type: none"> •NEC Fabserve, a wholly-owned subsidiary, transferred its photomask business to Dai Nippon Printing Co., Ltd. in June, 2007 •The name of the new company established: DNP Fine Electronics Sagamihara Co. Ltd.
			Others	<ul style="list-style-type: none"> •Disposal of idle assets •Others including foreign exchange gains
	Non-Operating Income	3.7 B yen		

Balance Sheet

	06/06	07/03	07/06
Cash and Cash Equivalents	204.8	185.4	177.3
Accounts Receivable	106.5	99.5	104.2
Inventories	76.1	82.6	83.4
PP&E	309.5	292.8	287.9
Other Assets	45.6	35.6	37.1
Total Assets	742.6	695.9	690.0
Accounts Payable	137.5	132.5	127.3
Debt Payable	146.6	136.0	133.7
Other Liabilities	155.1	157.5	155.5
Liabilities	439.3	426.0	416.6
Minority Shareholders' Equity	4.1	4.8	4.7
Shareholders' Equity	299.2	265.1	268.7
Liabilities and Shareholders' Equity	742.6	695.9	690.0

D/E Ratio (Gross)	0.49	0.51	0.50
Equity Ratio	40%	38%	39%

Reference

Deferred Tax Assets	10.5	10.7	11.9
Deferred Tax Liabilities	9.9	10.9	13.0

Cash Flows

(B yen)	FY07/3			FY08/3
	Q1	Q4	Full Year	Q1
Cash Flows from Operating Activities	7.8	12.7	66.7	1.5
Cash Flows from Investing Activities	-12.4	-30.3	-78.5	-7.3
Free Cash Flows	-4.6	-17.6	-11.8	-5.9

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FY08/3 Forecasts

FY08/3 forecasts remain unchanged from the previous announcement on May 14, although financial results for Q1 were slightly better than expected

(B yen)	FY07/3		FY08/3		
	Half Year	Full Year	Half Year	Full Year	
	Actual	Actual	Forecast	Forecast	YoY
Net Sales	343.0	692.3	335.0	690.0	-2.3
Semiconductor Sales	327.8	659.7	325.0	670.0	+10.3
Operating Income (Loss)	-6.9	-28.6	-5.0	0.0	+28.6
Income (Loss) Before Income Taxes	-5.6	-35.4	-12.0	-10.0	+25.4
Net Income (Loss)	-7.4	-41.5	-15.0	-15.0	+26.5

Exchange Rates	US\$1 = 115 yen 1 Euro = 145 yen	US\$1 = 117 yen 1 Euro = 149 yen	US\$1 = 115 yen 1 Euro = 150 yen	2 yen stronger/ US\$ 1 yen weaker / Euro
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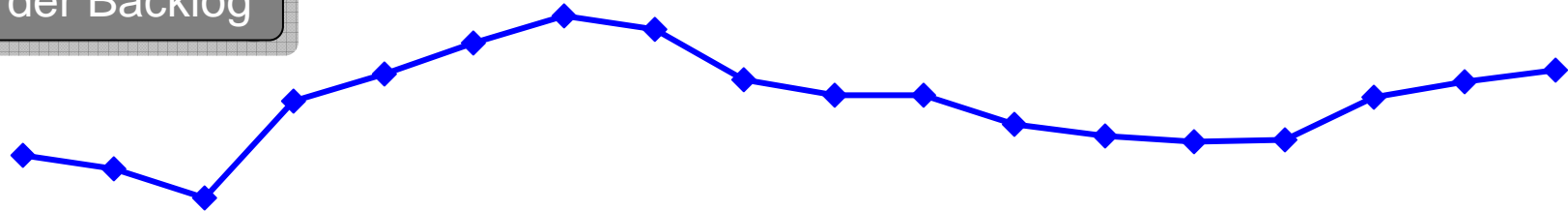
Note 1: Operating Income (Loss) = Net Sales – COGS – R&D – SG&A.

Note 2: Forecasts as of July 30, 2007.

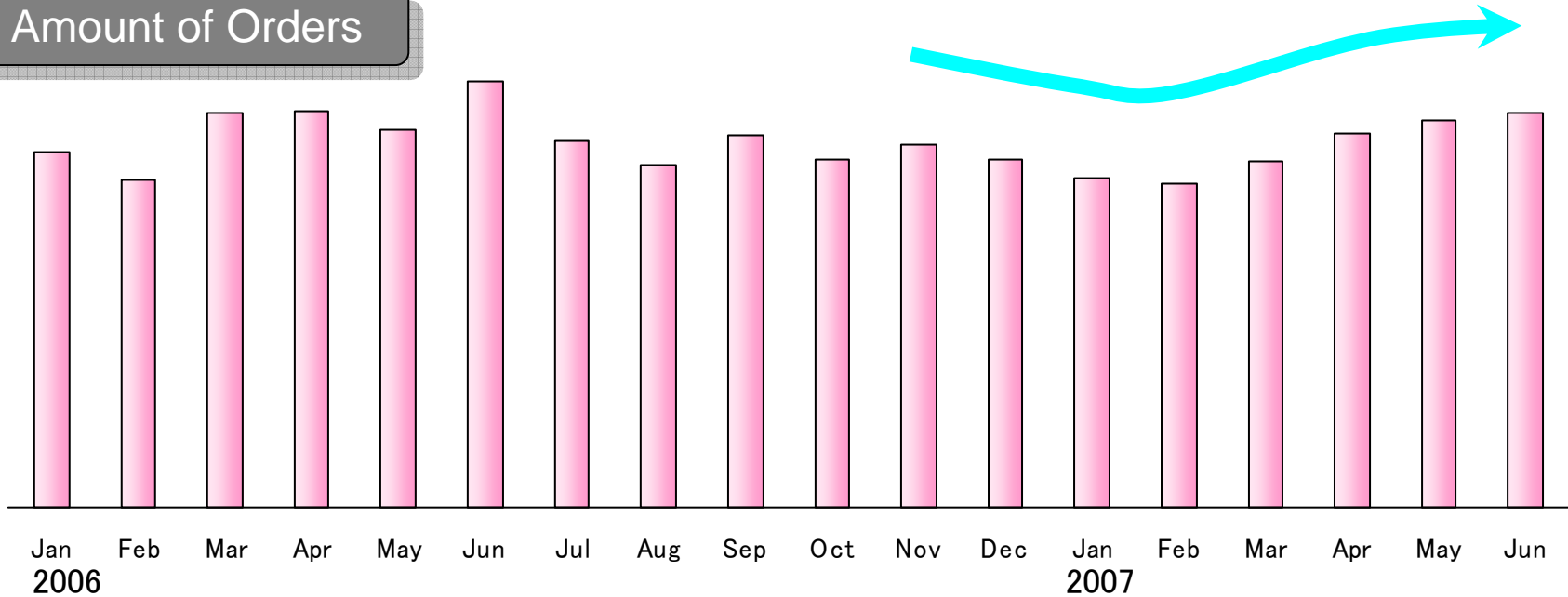
Order Backlog and Amount of Orders

Order backlog and amount of orders are recovering

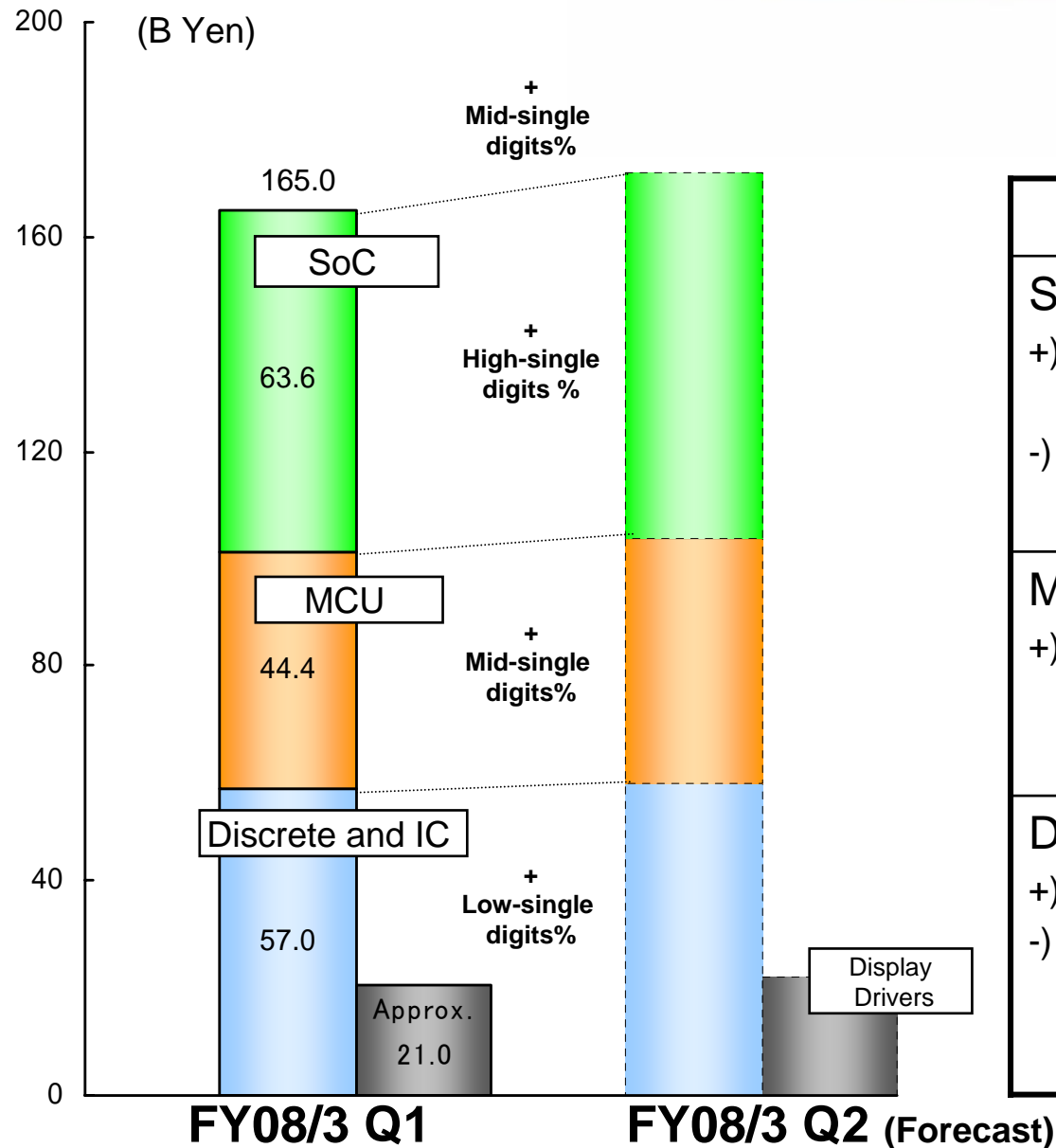
Order Backlog



Amount of Orders



Semiconductor Sales by Platform (QoQ Forecast) **NEC**



+/- Factors
SoC +) LSIs for digital AV, incl. EMMA LSIs for printers -) Digital Baseband LSIs and system memory for mobile phones
MCU +) Automotive and general-purpose MCUs
Discrete and IC +) Large LCD driver ICs, discrete -) Small LCD driver ICs under continual adjustments

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Progress of New Management Policies (Announced on Feb. 22, 2007)

Executing New Management Policies

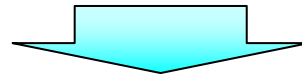
Item	Primary Measures	Status
Reallocate development resources	Reduce technology outsourcing costs roughly equivalent to 600 people	Completed
	Shift development resources equivalent to approx. 400 employees	Halfway Complete <small>(Expect to complete all 400 by the end of the fiscal year)</small>
Reorganize front-end lines	Phase out 8-inch manufacturing in Yamagata by the end of CY2008 and reallocate equipment	Begun notifying customers
	Shift production from 6-inch lines in Kyushu and Kansai to 8-inch lines	Underway
Shift back-end production overseas	Ratio of back-end production overseas (unit base) FY07/3: approx. 45% → FY09/3: approx. 65%	Underway
Corporate reorganization	Established 3 business units (SoC, Microcomputer, and Discrete and IC), enhance profit management by business unit	Completed
Reduce Fixed Costs for FY08/3	Reduce technology outsourcing, fixed production costs by limiting CAPEX etc, and other fixed costs including personnel costs	Underway <small>Aim to reduce by 20B yen from FY07/3</small>

(Status as of July 30, 2007)

Notice Concerning the Ratio of Shares Held by the "Special Few"

Notice issued by the Tokyo Stock Exchange (TSE) concerning the ratio of the number of shares held by the "Special Few" on July 10, 2007.

- NEC Electronics' shares held by the "Special Few"* as of March 31, 2007 exceeded 75%, meeting the TSE's criteria for delisting.
- The company's shares are now in a grace period for the purpose of delisting from April 1, 2007 to March 31, 2008.



- ✓ The TSE announced a "Comprehensive Improvement Program for Listing System 2007" on June 22, 2007, and if these new criteria are implemented, it is expected that NEC Electronics will no longer meet the criteria for delisting.
- ✓ We will continue to carefully monitor the changing criteria, and work diligently to maintain our listing on the TSE.

*The ratio of the number of a company's shares held by the "special few" is defined under TSE rules as the aggregate number of shares owned by the ten largest shareholders (minus the number of shares deemed evidently as those not owned for firmly-committed purposes), the shares owned by the officers of the company, and the listed company itself if it owns treasury stock, divided by the number of listed shares.

- Financial results for Q1 were slightly better than expected; however, full-year forecasts remain unchanged
- Aim to attain operating profits in Q2, supported by increasing orders
- Continue to implement new management policies announced on Feb 22, 2007

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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.