

FY08/3 Q3 Financial Results and Outlook

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NEC Electronics Corporation

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

I. FY08/3 Q3 Financial Results

✓ Attained operating profit following Q2 results, mainly by diligent fixed cost reduction.

II. FY08/3 Full-Year Forecasts

✓ Expect to see weaker demand in Q4, however, committed to secure operating profit for 2H and aim for further improvement in financial performance.

✓ The full-year forecasts remain unchanged.

I. Q3 FY08/3 Financial Results

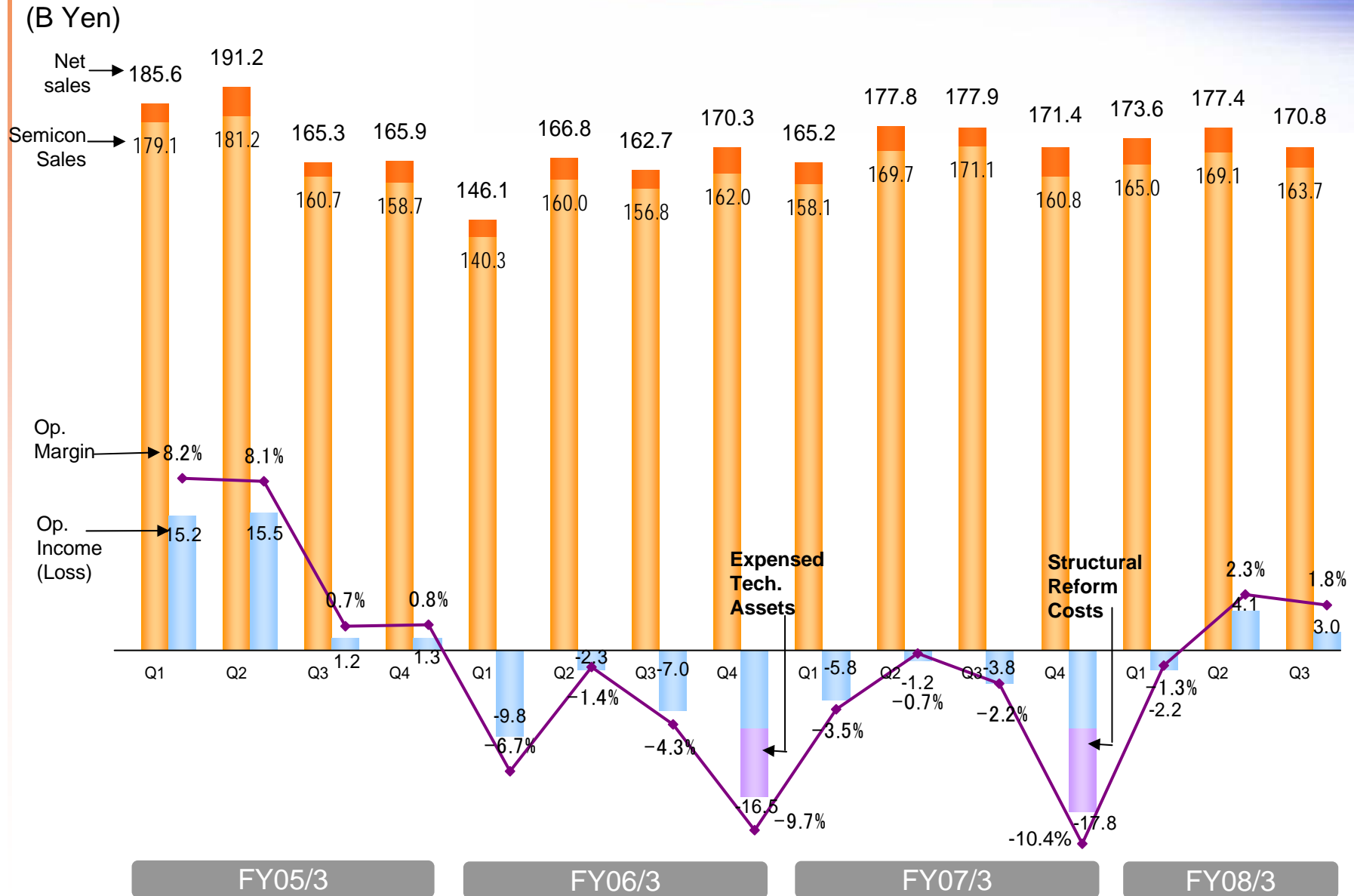
II. FY08/3 Full-Year Forecasts

Financial Snapshot

(B yen)	FY08/3				
	Q3, 12/31			9M cumulative	
	Actual	YoY	QoQ	Actual	YoY
Net Sales	170.8	-7.1	-6.6	521.8	+0.9
Semiconductor Sales	163.7	-7.4	-5.4	497.8	-1.1
Operating Income	3.0	+6.8	-1.1	4.9	+15.6
Income Before Income Taxes	1.6	+5.1	+0.3	3.5	+12.6
Net Income (Loss)	-0.9	+4.8	+0.8	-4.0	+9.2
Free Cash Flows	-1.0	+6.6	-17.2	9.3	+3.4
D/E Ratio	0.51	-	-	-	-
Shareholders' Equity Ratio	38.8%	-	-	-	-
Exchange Rates	US\$1 = 114 yen 1 Euro = 163 yen	US\$ 4 yen stronger Euro 13 yen weaker	US\$ 6 yen stronger Euro -	US\$1 = 118 yen 1 Euro = 162 yen	US\$ 2 yen weaker Euro 16 yen weaker

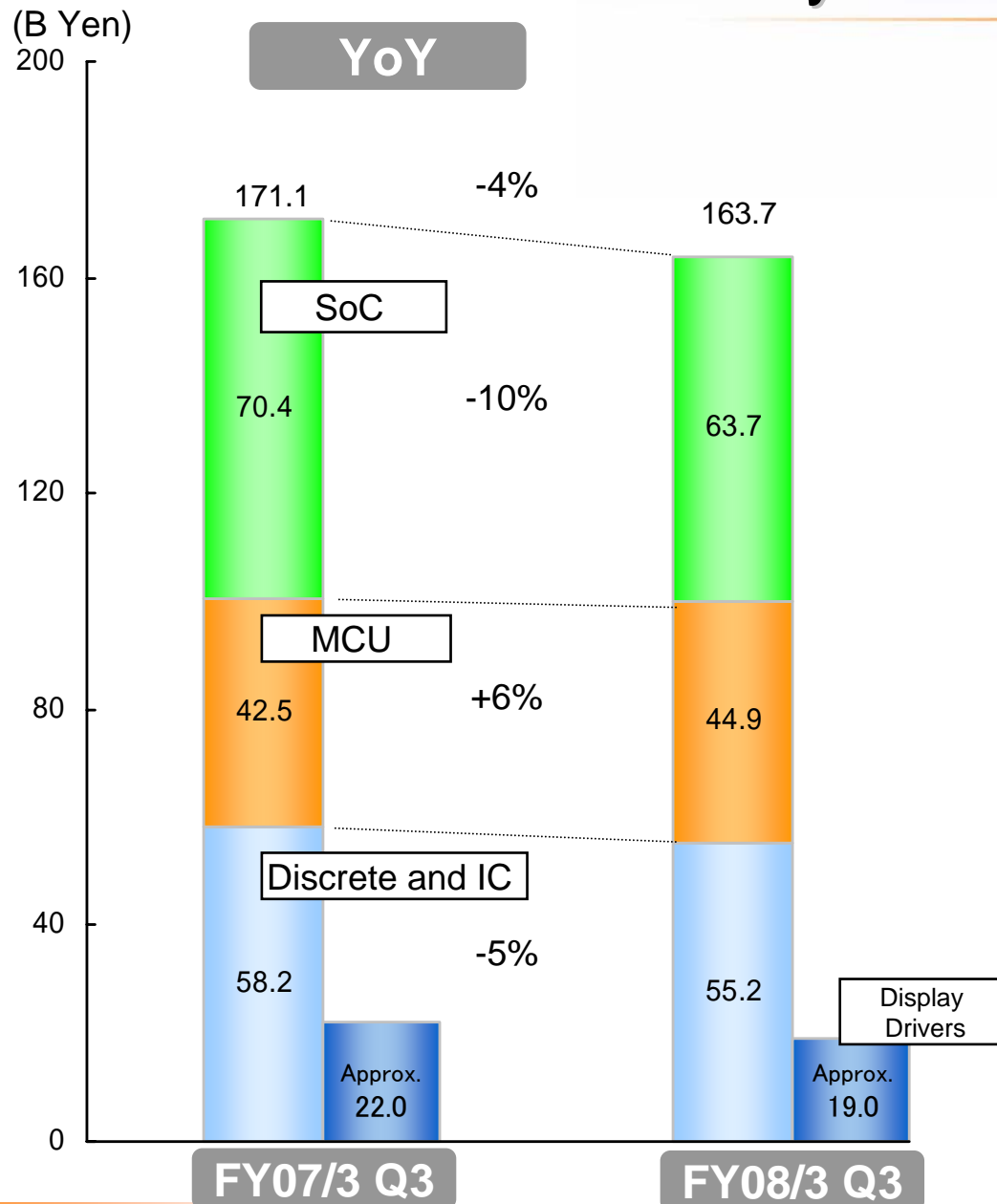
Note: NEC Electronics' consolidated information is in accordance with U.S.GAAP. However, the figure for operating income shown above represents net sales minus the cost of sales, research and development expenses, and selling, general, and administrative expenses.

Trends in Quarterly Results



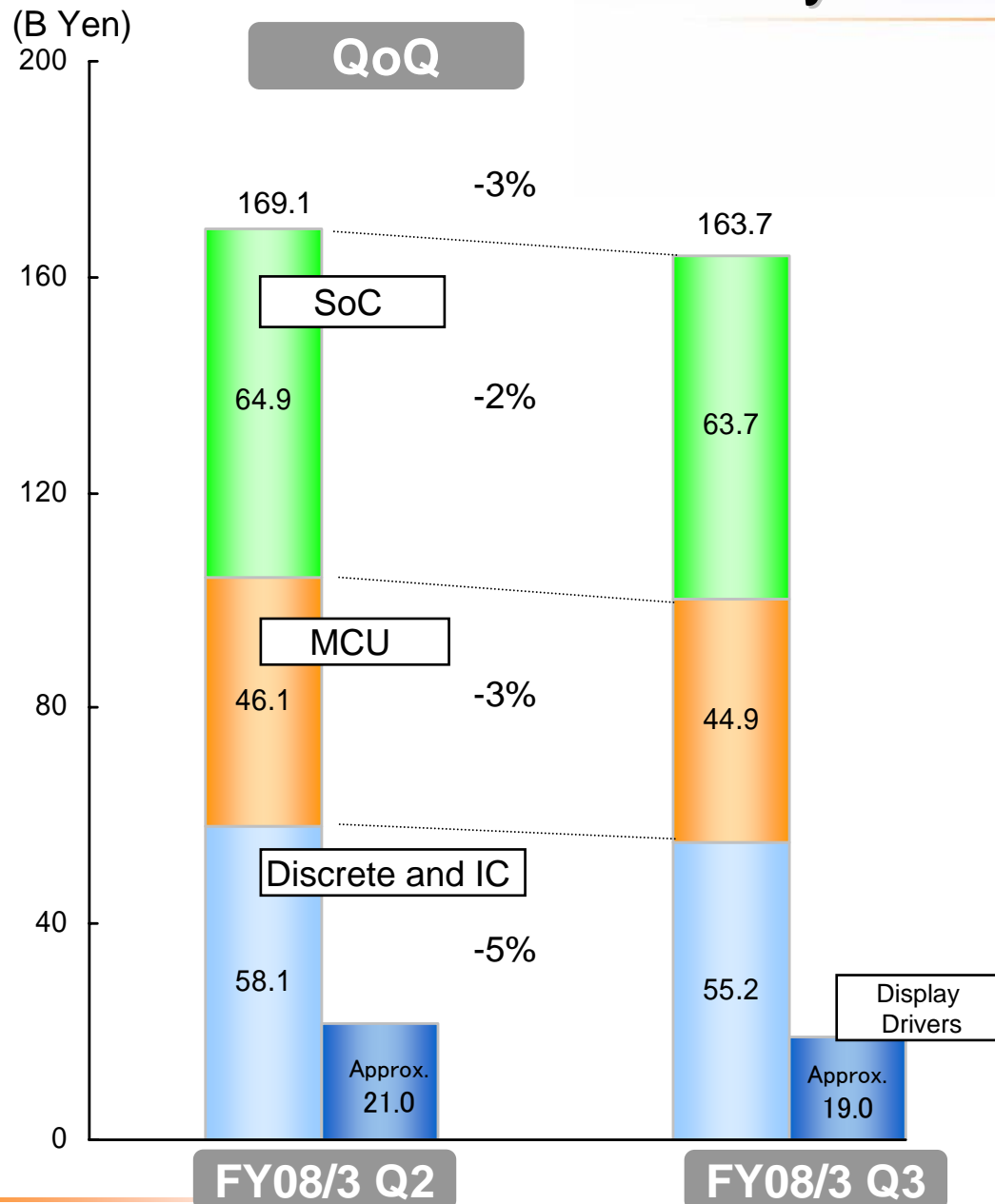
Note: Operating Income (Loss) = Net Sales – COGS – R&D – SG&A

Semiconductor Sales by Platform (YoY)



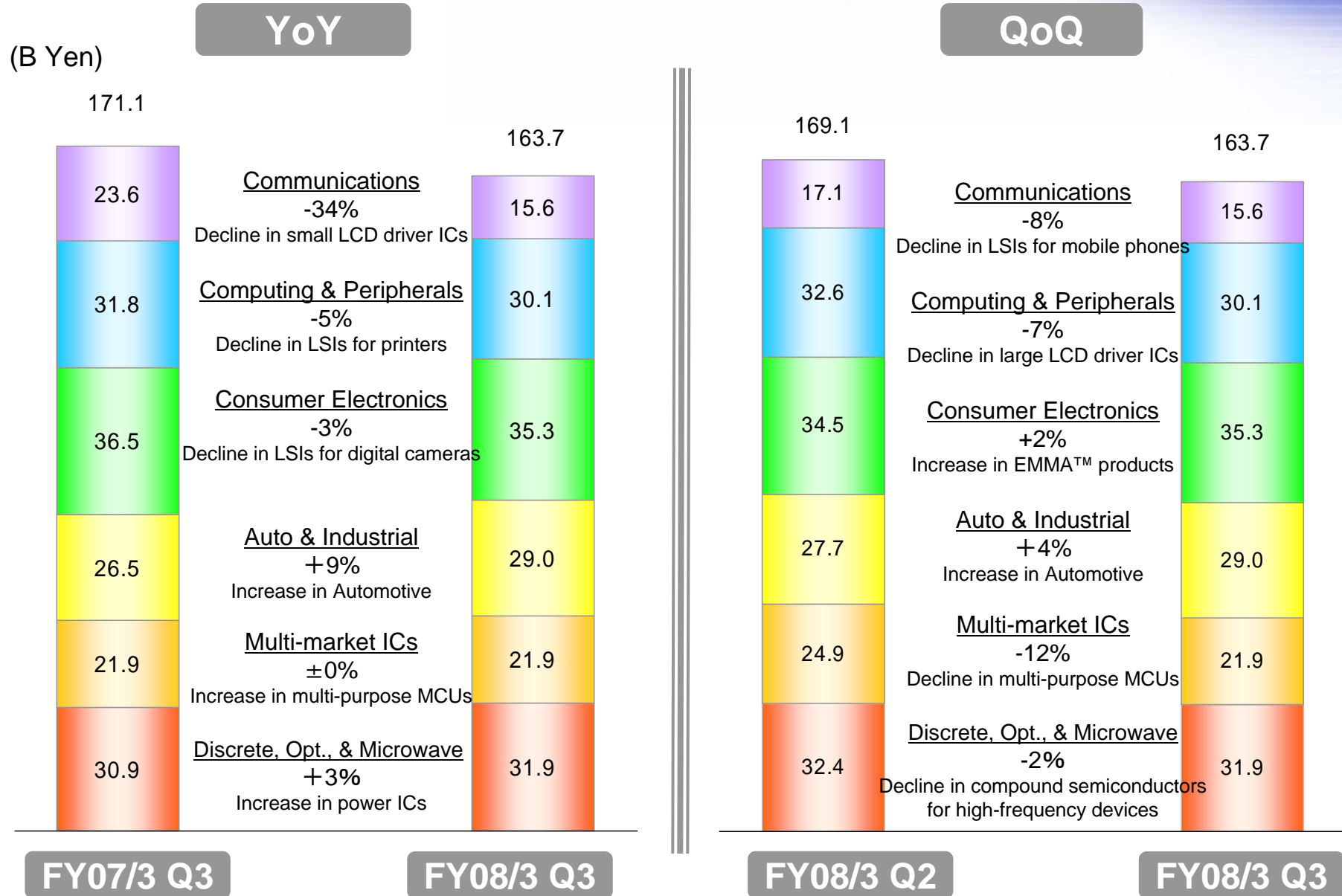
+/- Factors	
SoC	<ul style="list-style-type: none"> +) EMMA™ products for digital AV, LSIs for DVD drives (blue laser) -) LSIs for digital cameras, and digital baseband LSIs for mobile handsets
MCU	<ul style="list-style-type: none"> +) Growth in automotive and multi-purpose MCUs (Increased sales of All Flash™ MCUs)
Discrete and IC	<ul style="list-style-type: none"> +) Power transistors, optical semiconductors -) Small LCD driver ICs

Semiconductor Sales by Platform (QoQ)



+/- Factors	
SoC	<ul style="list-style-type: none"> +) EMMA™ products for digital AV, LSIs for game consoles -) LSIs for digital cameras, digital baseband LSIs for mobile handsets
MCU	<ul style="list-style-type: none"> +) Growth in automotive MCUs -) Inventory adjustments in some multi-purpose MCUs
Discrete and IC	<ul style="list-style-type: none"> +) Moderate growth in small LCD driver ICs -) Large LCD driver ICs

Semiconductor Sales by Application

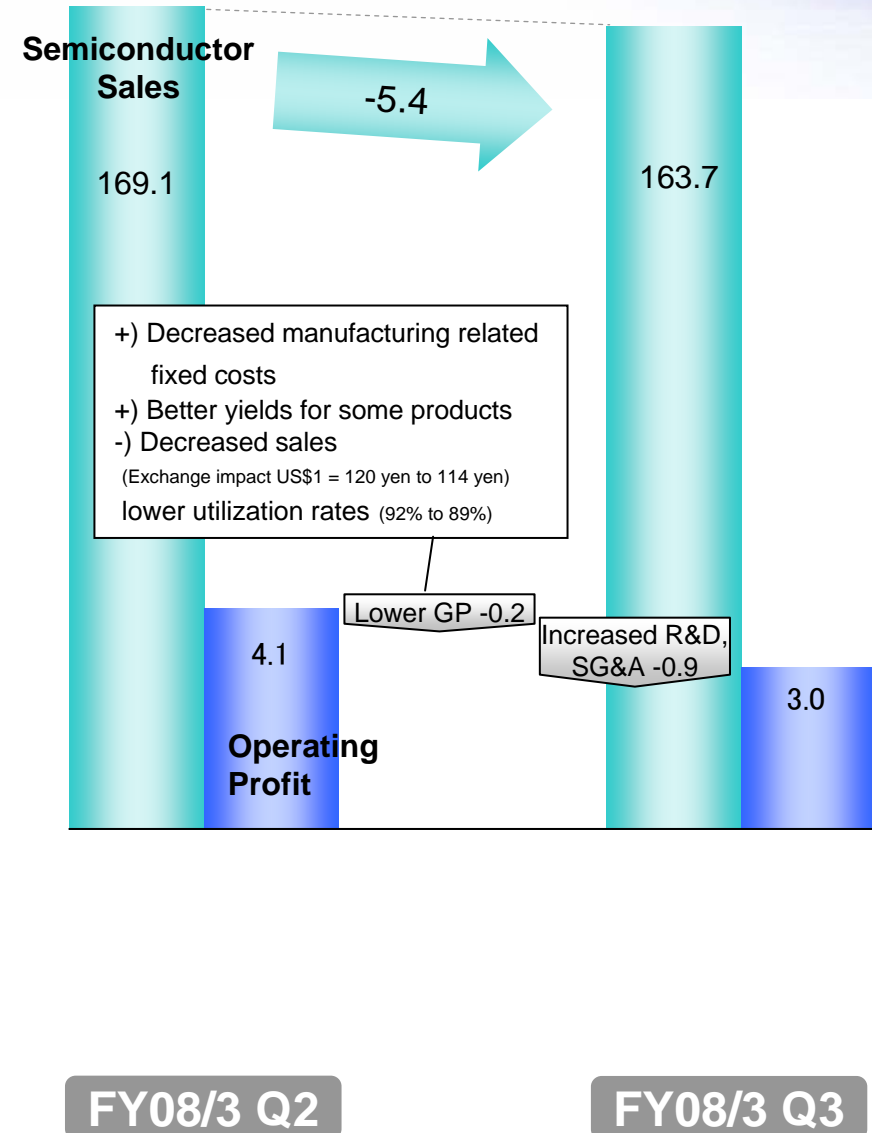
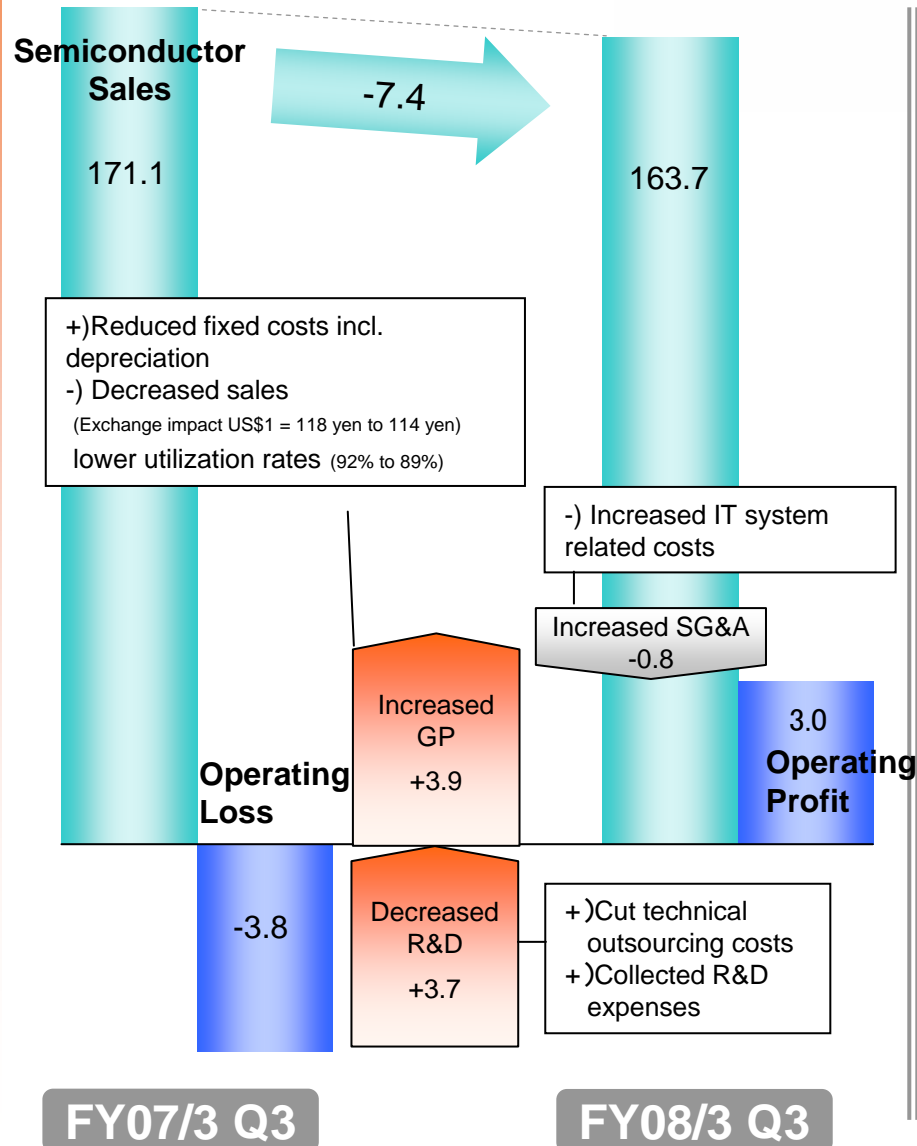


Factors in Operating Profits/Losses

(B Yen)

YoY

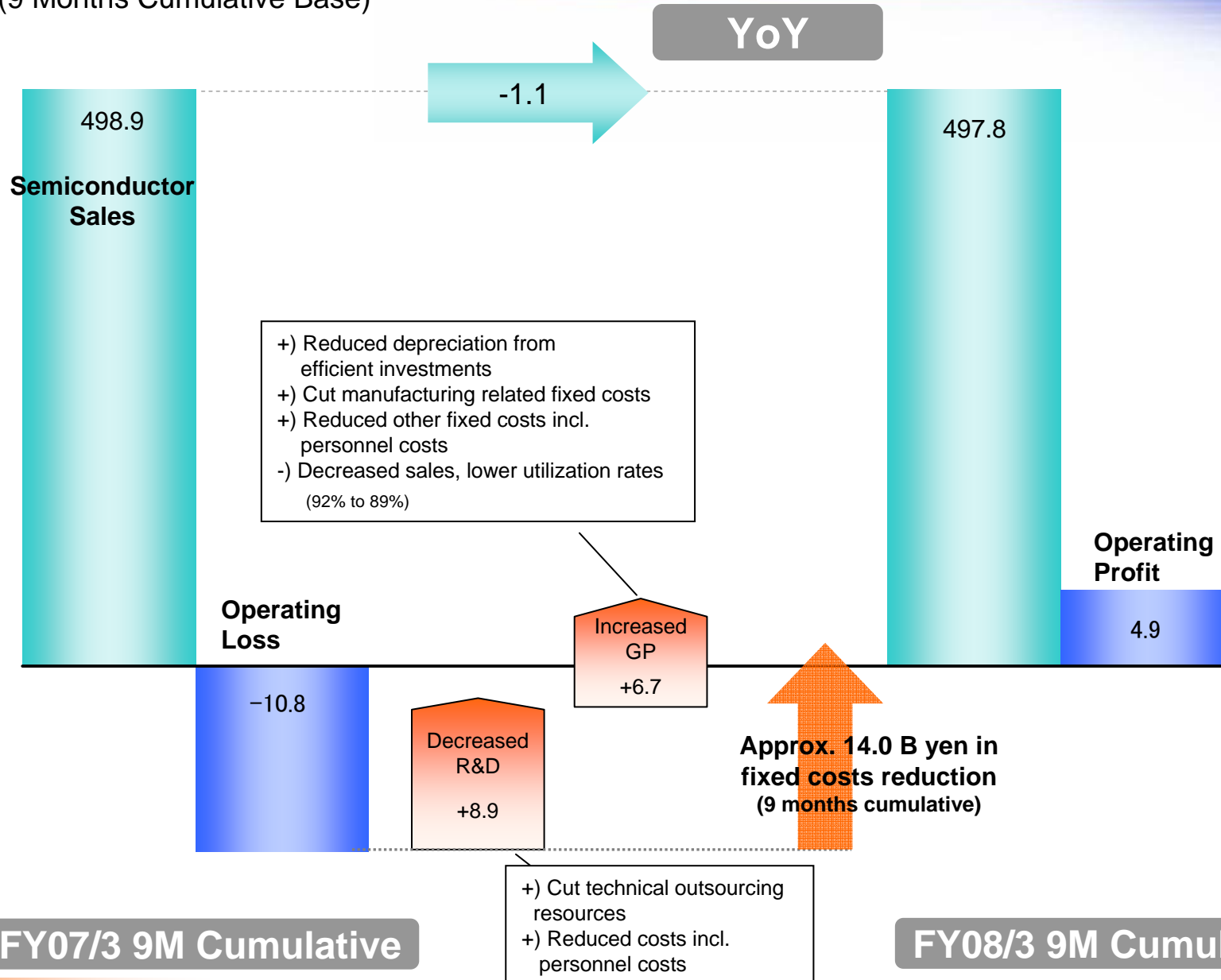
QoQ



Factors in Operating Profits/Losses

(9 Months Cumulative Base)

(B Yen)



Balance Sheet

(B Yen)		Dec.31, 2006	Sept. 30, 2007	Dec.31, 2007
	Cash and Cash Equivalents	212.6	191.4	188.9
	Accounts Receivable	105.1	100.3	92.6
	Inventories	85.5	80.2	81.1
	PP&E	309.2	282.5	273.8
	Other Assets	39.3	33.6	31.3
Total Assets		751.7	687.9	667.6
	Accounts Payable	150.7	130.0	117.4
	Debt Payable	144.7	132.9	132.0
	Other Liabilities	157.0	158.7	154.3
Liabilities		452.4	421.6	403.7
Minority Shareholders' Equity		4.6	5.3	5.1
Shareholders' Equity		294.8	261.1	258.8
Liabilities and Shareholders' Equity		751.7	687.9	667.6

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

References

Deferred Tax Assets	12.5	11.2	10.8
Deferred Tax Liabilities	12.3	13.7	14.1

Cash Flows

(B Yen)	FY07/3		FY08/3		
	Q3	9M Cumulative	Q2	Q3	9M Cumulative
Cash Flows from Operating Activities	19.5	54.1	27.7	13.6	42.8
Cash Flows from Investing Activities	-27.1	-48.2	-11.5	-14.7	-33.5
Free Cash Flows	-7.6	5.8	16.2	-1.0	9.3

I. Q3 FY08/3 Financial Results

II. FY08/3 Full-Year Forecasts

FY08/3 Full-Year Forecasts

The full-year forecasts remain unchanged, however, we are committed to securing operating profits in 2H as well, and aim for further improvements in financial performance

(B Yen)	FY07/3	FY08/3			
	Full-Year	9M cumulative	Full-Year		
	Actual	Actual	Previous Forecasts (as of Nov.13, 2007)	Forecasts (as of Jan. 28, 2008)	Difference
Net Sales	692.3	521.8	690.0	690.0	0
Semiconductor Sales	659.7	497.8	670.0	670.0	0
Operating Income (Loss)	-28.6	4.9	0	0	0
Income (Loss) Before Income Taxes	-35.4	3.5	-10.0	-10.0	0
Net Income (Loss)	-41.5	-4.0	-15.0	-15.0	0

Exchange Rates

US\$1=	117 yen	118 yen	2H: 115 yen	Q4: 115 yen
Euro1=	149 yen	162 yen	2H: 155 yen	Q4: 155 yen

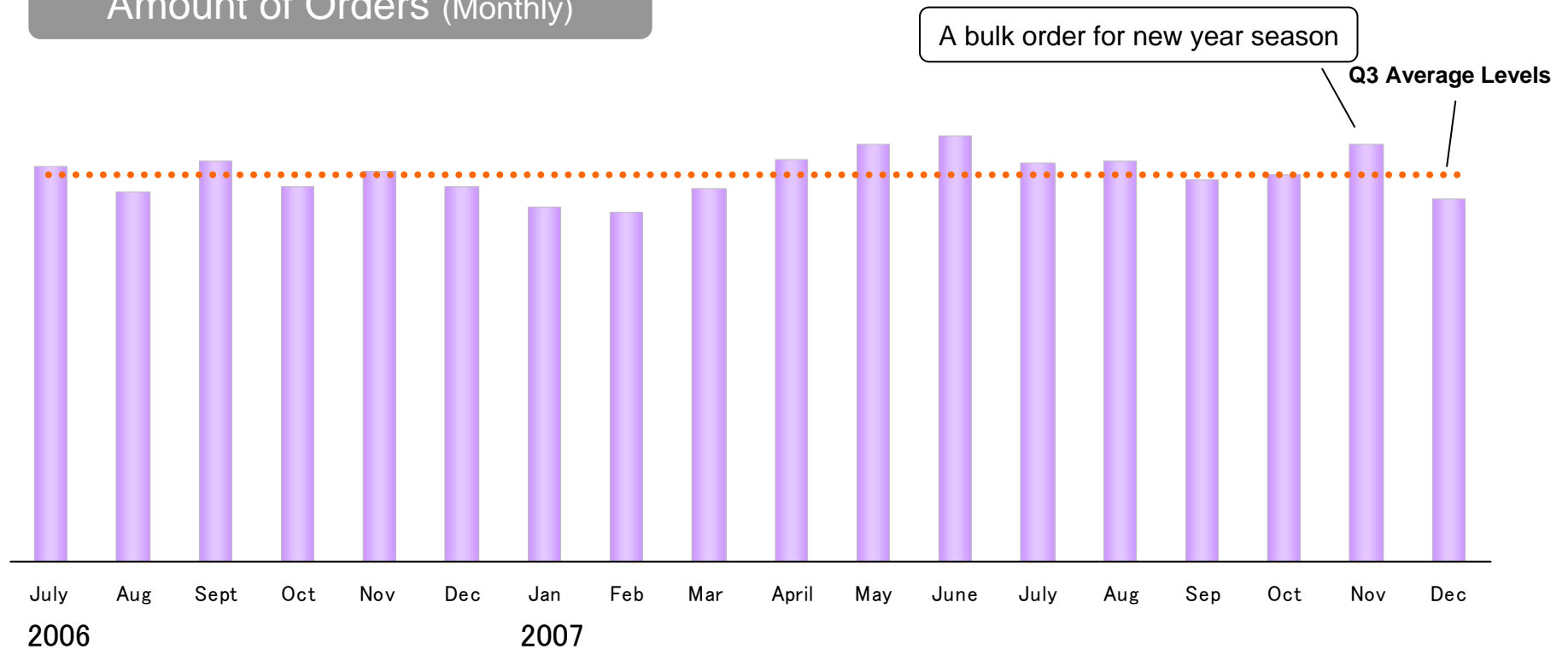
Note 1: Operating Income (Loss) = Net Sales – COGS – R&D – SG&A.

Note 2: Forecasts as of January 28, 2008.

Trends in Amount of Orders

December orders partially saw a negative impact from the previous month, but in general, orders for products in some consumer electronics area and PC market were weak. Overall, Q3 order levels on average were flat quarter on quarter.

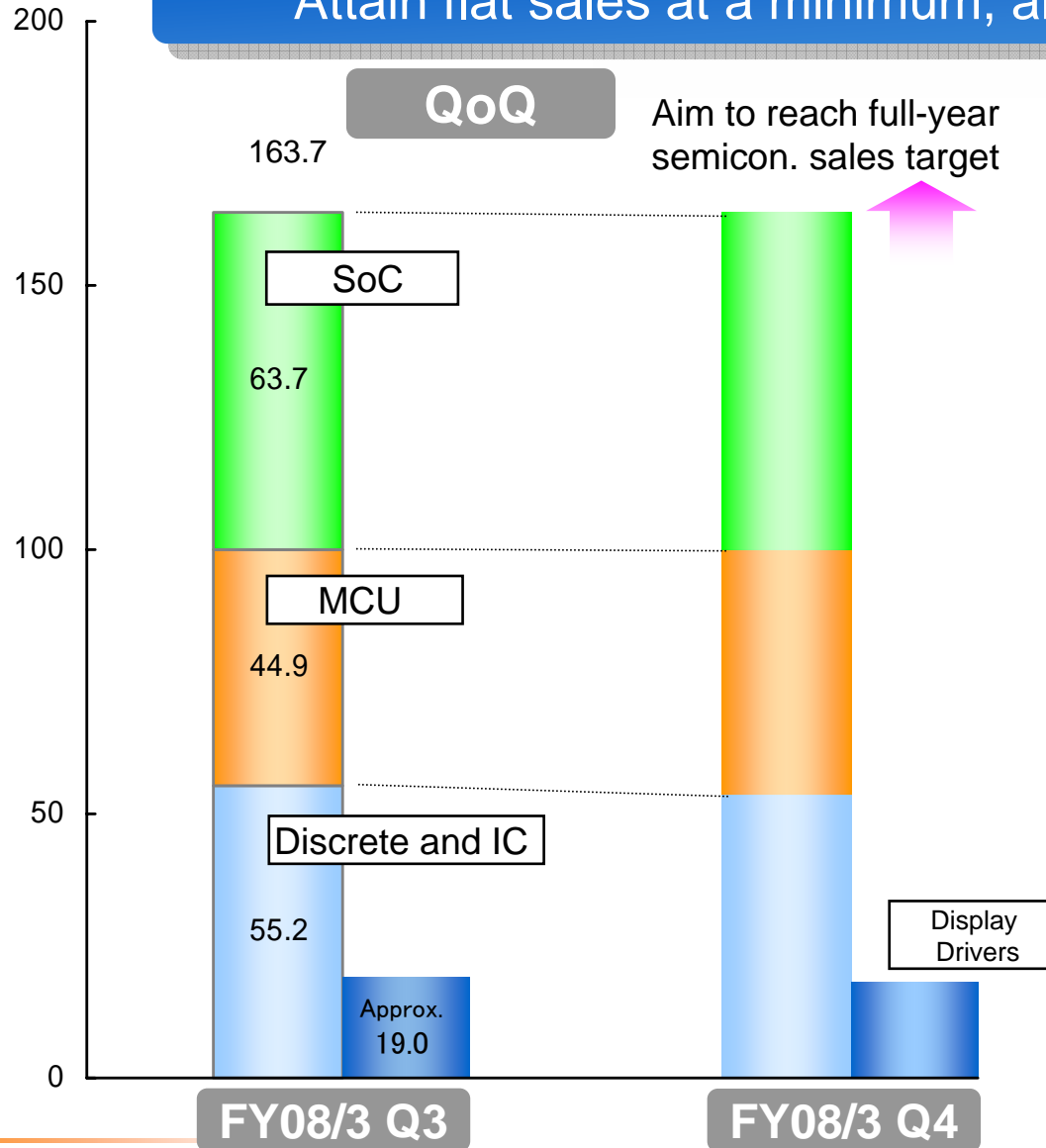
Amount of Orders (Monthly)



Semiconductor Sales by Platform (QoQ Forecast)

(B Yen)

Attain flat sales at a minimum, aim for further sales growth

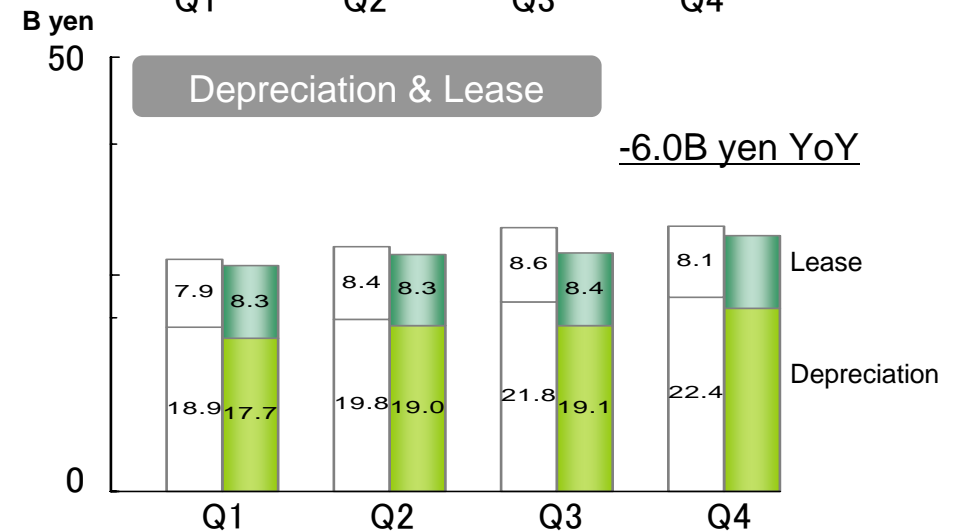
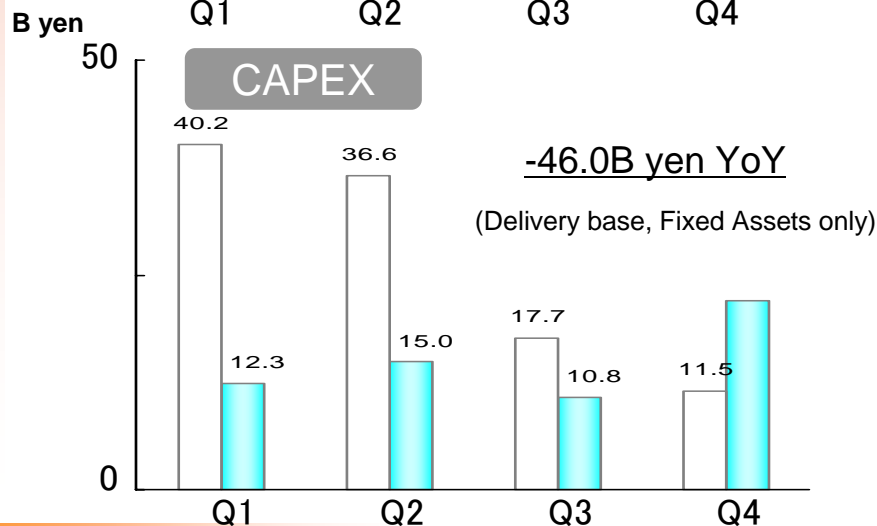
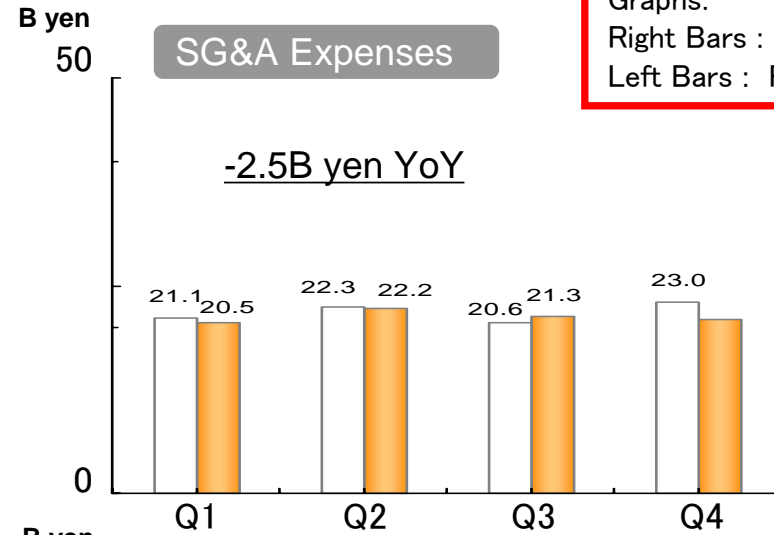
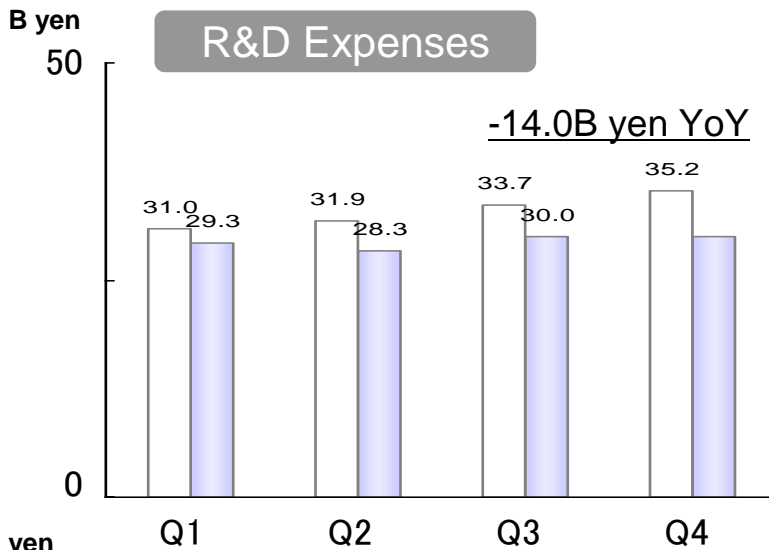


SoC QoQ: Flat Higher demand for LSIs for mobile handsets, while some LSIs for consumer electronics and PC and peripherals products may see seasonal adjustments
MCU QoQ: Increase by lower single digit % Healthy demand for Auto MCUs and steady recovery for multi-purpose MCUs
Discrete and IC QoQ: Decrease by lower single digit % Sales increase for small LCD driver ICs due to new products, while sales decline for large LCD drivers and adjustments in some discrete products are expected.

Progress in Cost Reduction Measures

- Carrying out measures to reduce fixed costs diligently
- Strive to cut fixed costs further to reduce more than 20B yen

Graphs:
 Right Bars : FY08/3
 Left Bars : FY07/3



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

Non-Operating Income/Loss

Book Structural Reform Costs mainly in Q4.
No changes in the full-year forecasts.

(B Yen)	FY07/3	FY08/3				
	Full- Year	9M Cumulative	Q4	Full-Year		
	Actual	Actual	Forecasts	Previous Forecasts (as of Nov.13, 2007)	Forecasts (as of Jan. 28, 2008)	Difference
Non-OP. Income (Loss)	-6.8	-1.4	-8.6	-10.0	-10.0	0
Income		Transfer of the photomask business and assets •NEC Fabserve, a wholly-owned subsidiary, transferred its photomask business to Dai Nippon Printing Co., Ltd. in June, 2007				
Loss		➤ Closure of Indonesia Plant •Test and Assembly utilizing through-hole packaging •Enter liquidation in Nov. 2007 ➤ Costs related to Consolidation of manufacturing lines •Loss from disposal or sale of fixed assets	➤ Closure of Indonesia Plant ➤ Costs related to Consolidation of manufacturing lines ➤ Recording costs related to litigations ➤ Other Costs related Structural Reforms			

Note 1: Operating Income (Loss) = Net Sales – COGS – R&D – SG&A.
 Note 2: Forecasts as of January 28, 2008.

Conclusions

- Attained operating profit for Q3, following the previous quarter results
- The full-year forecasts remain unchanged due to expected downturn in Q4 market conditions, however committed to securing operating profits in 2H, and strive to improve financial performance.

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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.