FY08 / 3 Financial Results

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May 14, 2008

NEC Electronics Corporation

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Thank you for joining NEC Electronics' webcast.

Before we begin, please be sure to review the cautionary statement on page 27.

Agenda

I. FY08/3 Financial Results

✓Maintained operating profit in Q4 following on Q3

✓Attained full-year operating profit of 5.1B yen with enhanced management efficiency

✓Recorded a valuation allowance for deferred tax assets for a U.S. subsidiary

II. FY09/3 Forecasts

✓Aim to attain net profit despite adverse currency conditions from strong yen (1$=100 yen)

III. Mid-term Outlook

✓Aim to attain operating profit margin of 5% by FY10/3 from improved cost structure and sales expansion

This presentation explains the company's financial results for the fiscal year 2008, forecasts for fiscal year 2009, and mid-term outlook.

First, a brief highlight:

Continuing from the third quarter, the company maintained an operating profit in the fourth quarter, and achieved an annual operating profit of 5.1 billion yen.

The forecasts for fiscal year 2009 have been calculated at the rate of 100 yen per dollar. Although the strength of the yen is expected to adversely impact earnings, as stated previously, NEC Electronics is committed to achieving a net profit for the year.

Looking ahead, the company is targeting an operating profit margin of 5 percent by fiscal year 2010.

I. FY08/3 Financial Results

Summary Q4 Full Year

II. FY09/3 Forecasts

III. Mid-term Outlook

Slide 4 provides a financial snapshot of the company's performance for the fourth quarter and full year ended March 31, 2008.

Financial Snapshot

(B yen)	FY08/3					
	Q4 March 31			Full-Year March 31		
	Actual	YoY	QoQ	Actual	YoY	Difference between Original Forecasts (Announced May 14, 2007)
Net Sales	166.0	-5.4	-4.8	687.7	-4.5	-2.3
Semiconductor Sales	155.4	-5.3	-8.3	653.3	-6.5	-16.7
Operating Income (Loss)	0.2	+18.0	-2.8	5.1	+33.7	+5.1
Income (Loss) Before Income Taxes	-6.7	+19.6	-8.4	-3.3	+32.1	+6.7
Net Income (Loss)	-12.0	+16.3	-11.1	-16.0	+25.5	-1.0
Free Cash Flows	-3.8	+13.8	-2.8	5.5	+17.3	-
D/E Ratio	0.51	-	-	0.51	-	-
Shareholders' Equity Ratio	36.9%	-1.2% points	-1.9% points	36.9%	-1.2% points	-
Exchange Rates	US$1=109 yen Euro 1=160 yen	US$ 10 yen strong Euro 4 yen weak	US$ 5 yen strong Euro 3 yen strong	US$1=116 yen Euro 1=161 yen	US$ 1 yen weak Euro 12 yen weak	US$ 1 yen weak 1H:Euro 1 yen weak 2H:Euro 6 yen weak

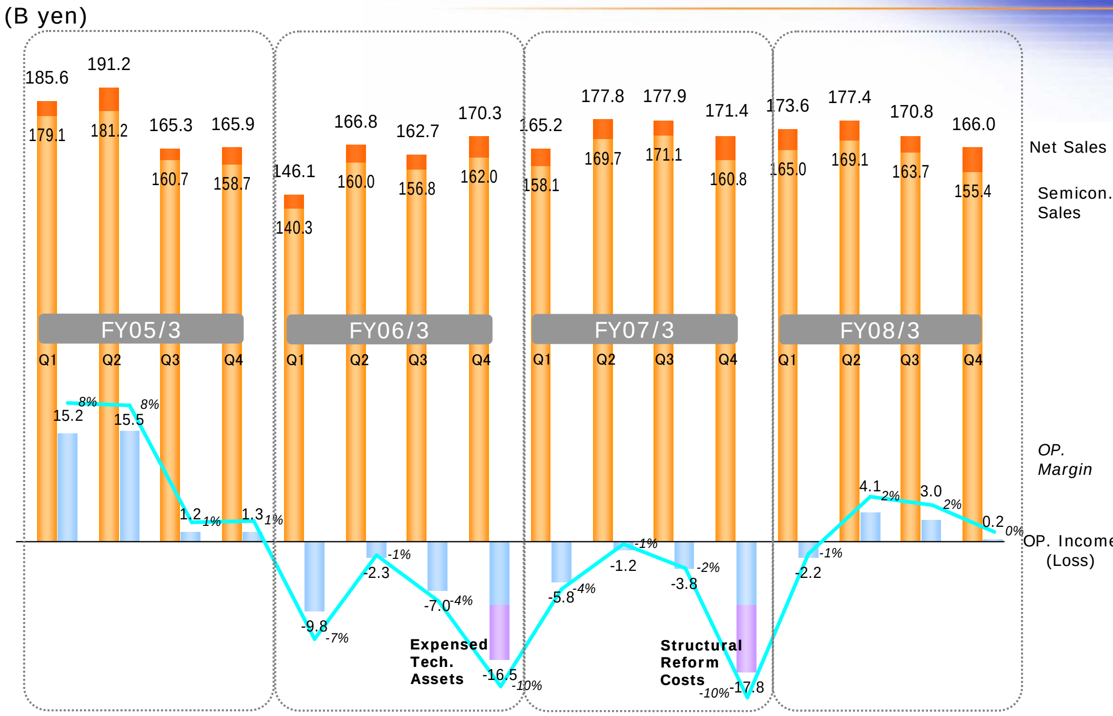
Note: NEC Electronics' consolidated information is in accordance with U.S.GAAP. However, the figure for operating income (loss) shown above represents net sales minus the cost of sales, research and development expenses, and selling, general, and administrative expenses.

Net sales totaled 687.7 billion yen, a decrease of 4.5 billion yen year on year. Operating profit was 5.1 billion yen. This is a 33.7 billion yen improvement year on year, and exceeds the break-even forecast announced by the company one year ago.

Although there was a 25.5 billion yen improvement year on year, net loss was still in the red 16.0 billion yen.

Free cash flows were positive 5.5 billion yen. The shareholders' equity ratio was 37 percent.

Trends in Quarterly Results



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

As seen on slide 5, although there was the impact of currency exchange fluctuations and a sales decline in the fourth quarter, recoupment of R&D costs for custom products helped the company maintain an operating profit.

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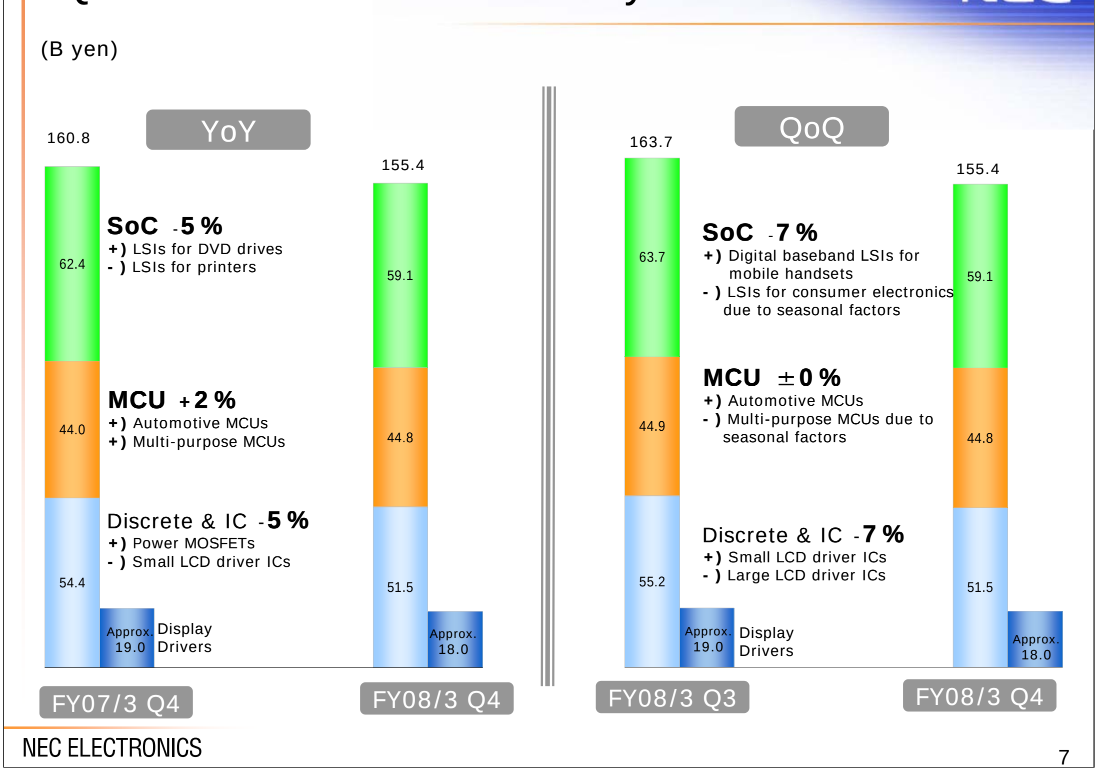
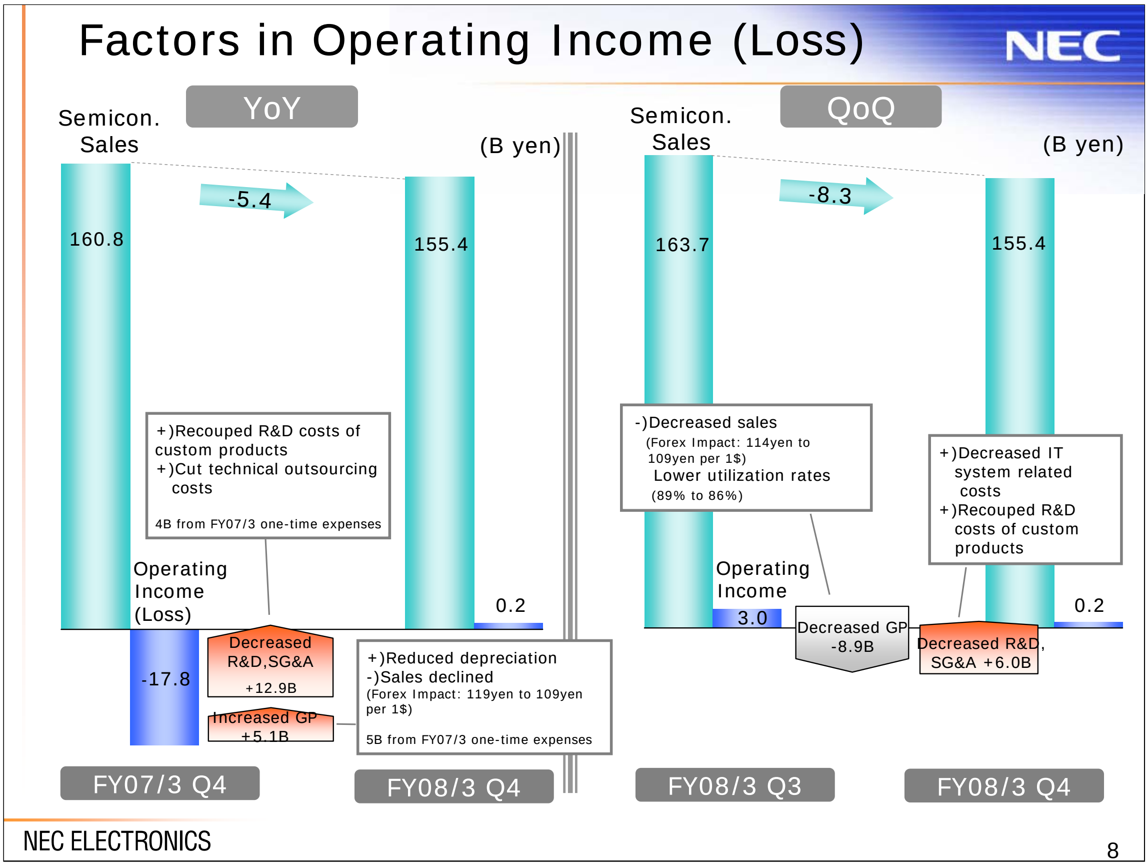
The next section will explain the results for the fourth quarter in greater detail.



Slide 7 shows fourth quarter semiconductor sales, which declined 3 percent year on year, and 5 percent quarter on quarter. Sales of SOC and Discrete and IC decreased; MCU sales improved 2 percent year on year and were flat quarter on quarter.



Slide 8 explains fourth quarter operating profit. Although currency exchange rates and sales worsened both year on year and quarter on quarter, recoupment of R&D costs helped maintain an operating profit.

Non-Operating Income/Expense, Provision for Income Taxes

(B yen)	FY07/3	FY08/3			
	Full- Year	9M Cumulative	Q4	Full-Year	
	Actual	Actual	Actual	Actual	Original Forecasts
Non-OP. Income (Loss)	-6.8	-1.4	-7.0	-8.3	-10.0
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			
Expense		**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	**Costs related to early retirement** ➢685 personnel in Japan **Closure of Indonesia Plant** **Costs related to consolidation of manufacturing lines**		
Provision for Income Taxes	-5.1	-6.9	-5.4	-12.3	-
			Valuation allowance for deferred tax assets for a U.S. subsidiary (approx. 7.0B)		

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

The next slide explains non-operating income and expense, as well as provision for income taxes. Factors affecting non-operating income and expense include one-time costs associated with the implementation of an early retirement plan, as well as the closure of a manufacturing facility in Indonesia.

The recording of a valuation allowance for a U.S. subsidiary brought the provision for income taxes to 5.4 billion yen.

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I. FY08/3 Financial Results

Summary Q4 **Full Year**

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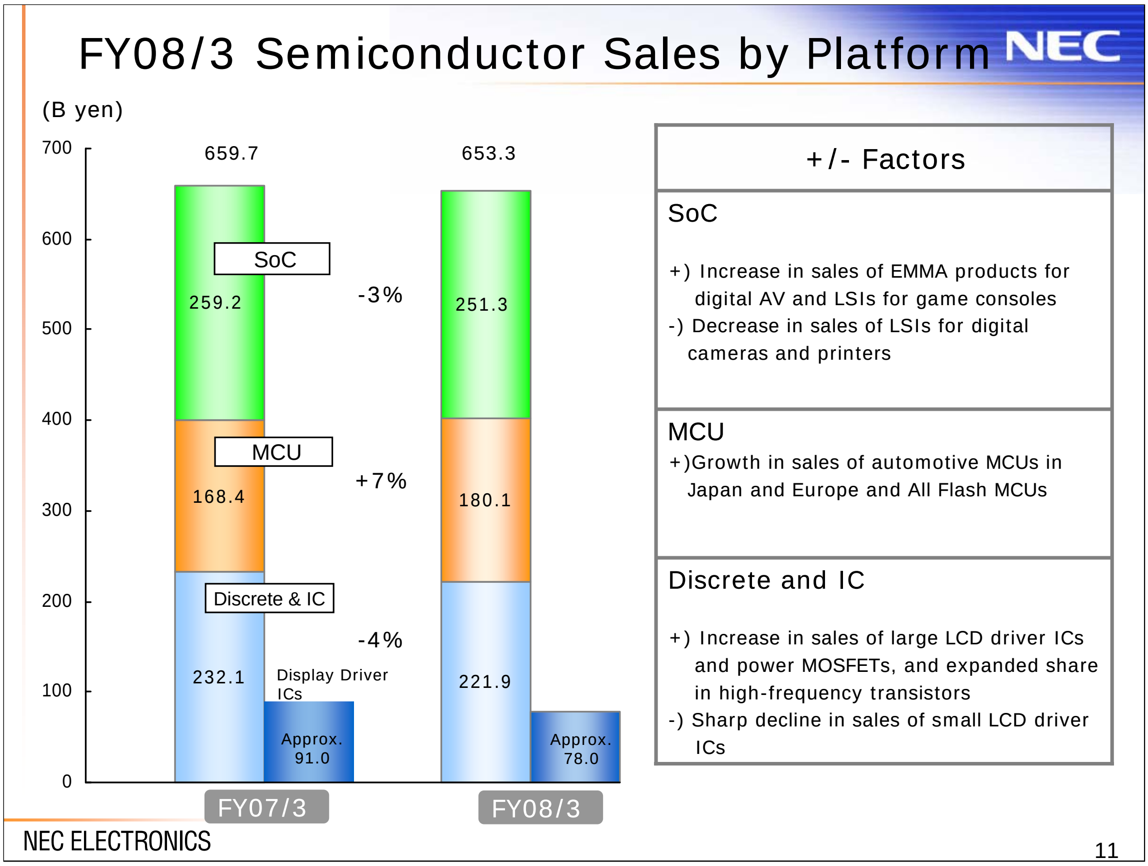
Next, we will explain the company's full year financial results.



As shown on slide 11, semiconductor sales totaled 653.3 billion yen, a 1 percent decline from the previous fiscal year.

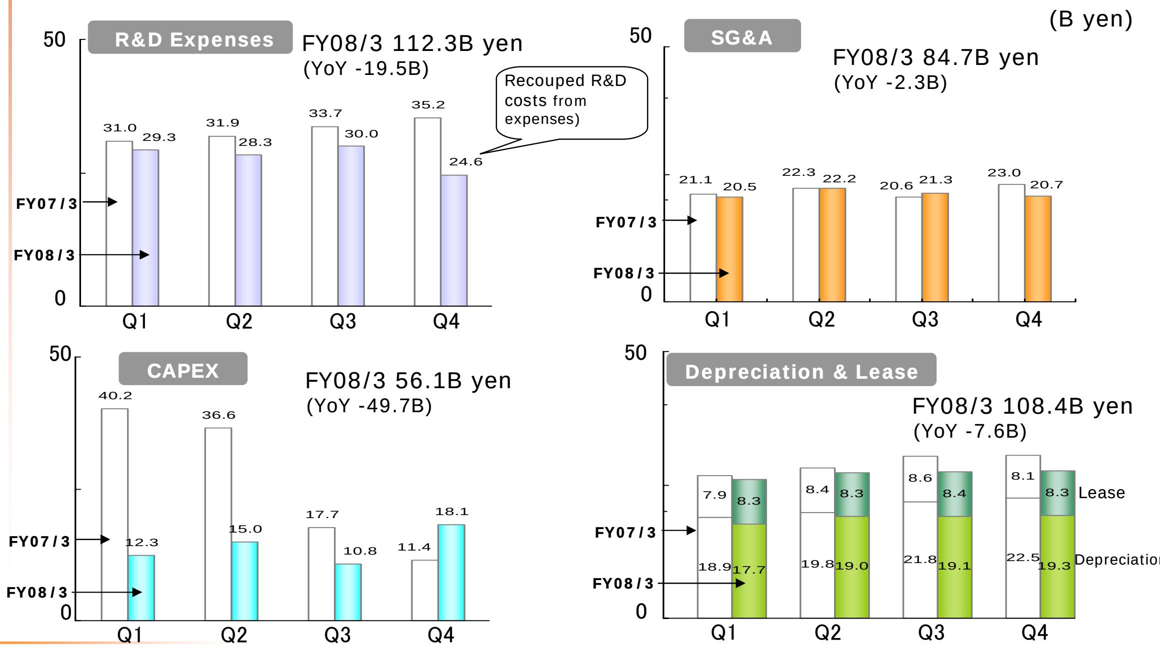
In SoC, sales of the company’s EMMA chips for digital televisions, and semiconductors for game consoles increased. However, this was offset by declines in semiconductors for digital cameras and printers, leading to an overall decline of 3 percent.

In MCU, sales of automotive microcontrollers for the Japanese and European markets, as well as the company’s flagship All Flash microcontrollers increased, contributing to a 7 percent year-on-year growth.

For Discrete and IC, there was an increase in sales of large LCD drivers, power management devices, and compound semiconductors. However, this was outweighed by a decrease in sales of small LCD drivers, causing an overall decline of 4 percent.

Operating Expenses and CAPEX

Reduced fixed costs by 22B yen year on year, exceeding the original target by 20B yen.



Fixed Assets only, Delivery base

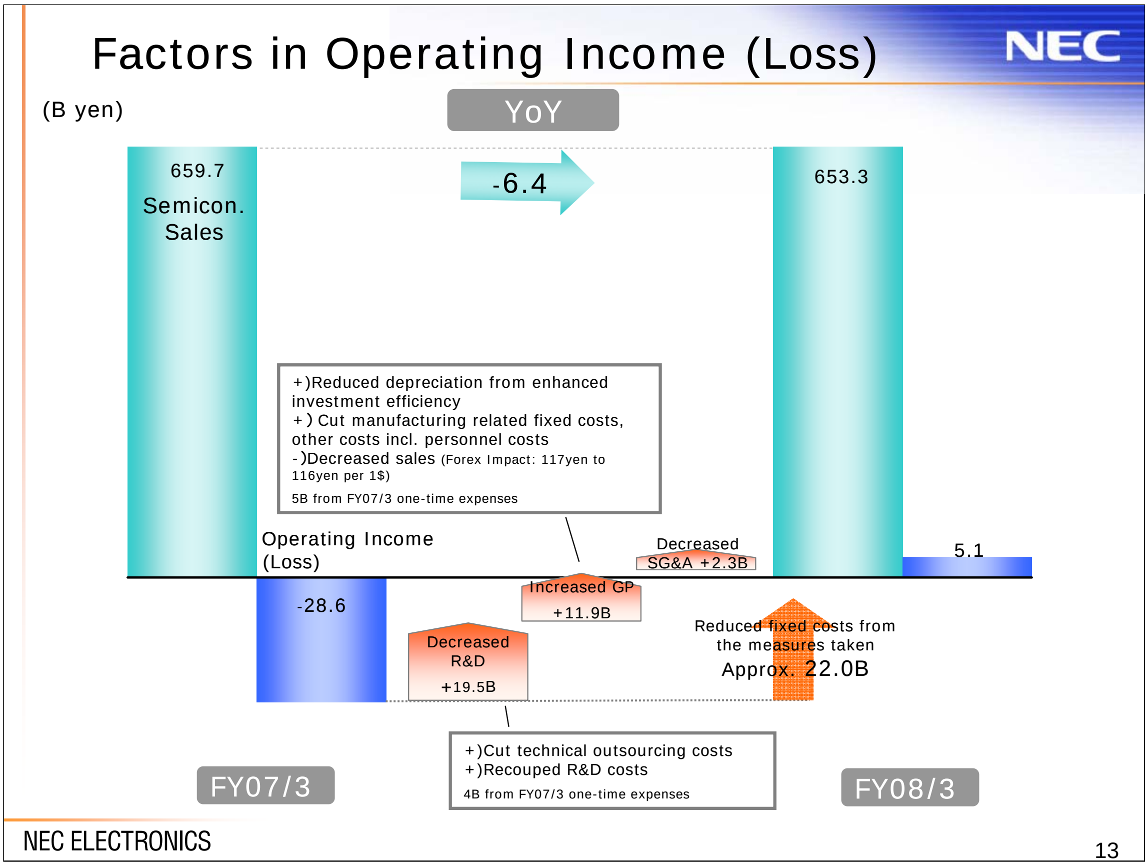
Depreciation and lease included in COGS, R&D and SG&A.
Depreciation based on cash flow basis

The next slide shows operating expenses.

At the start of the fiscal year, NEC Electronics outlined its goal to reduce fixed costs by 20.0 billion yen; factoring in reductions in personnel costs, the company achieved a 22.0 billion yen reduction.

R&D expenses were 19.5 billion yen lower year on year, at 112.3 billion yen. This was the result of lower technology outsourcing costs and accelerated recoupment of R&D costs for custom products in the fourth quarter.

Greater efficiency in capital expenditures led to an approximately 50.0 billion yen reduction year on year, to 56.1 billion yen. As a result, depreciation and lease was 7.6 billion yen less year on year, at 108.4 billion yen.



The following slide shows a year-on-year comparison of operating profit and loss. Semiconductor sales decreased slightly, but a significant reduction in fixed costs helped to improve management efficiency and re-establish operating profit.

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In section II, we will explain the company’s forecasts for fiscal year 2009.

FY09/3 Financial Forecasts

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Aim to achieve net profits for the full year

(B yen)	FY08/3			FY09/3			
	1H	2H	Full-Year	1H	2H	Full-Year	
	Actual	Actual	Actual	Forecast	Forecast	Forecast	YoY
Net Sales	351.0	336.8	687.7	335.0	350.0	685.0	-2.7
Semiconductor Sales	334.1	319.2	653.3	320.0	330.0	650.0	-3.3
Operating Income (Loss)	1.9	3.2	5.1	3.0	7.0	10.0	+4.9
Income (Loss) Before Income Taxes	1.8	-5.1	-3.3	0	4.0	4.0	+7.3
Net Income (Loss)	-3.0	-13.0	-16.0	-2.0	2.0	0	+16.0

Exchange Rates

1US$=	120 yen	112 yen	116 yen	100 yen	100 yen	100 yen	16 yen strong
1Euro=	162 yen	161 yen	161 yen	160 yen	160 yen	160 yen	1 yen strong

Note 1: Operating Income (Loss) = Net Sales – COGS – R&D – SG&A.
Note 2: Forecasts as of May 14, 2008.

The forecasts for the current fiscal year have been calculated at 100 yen per dollar, and 160 yen per Euro.

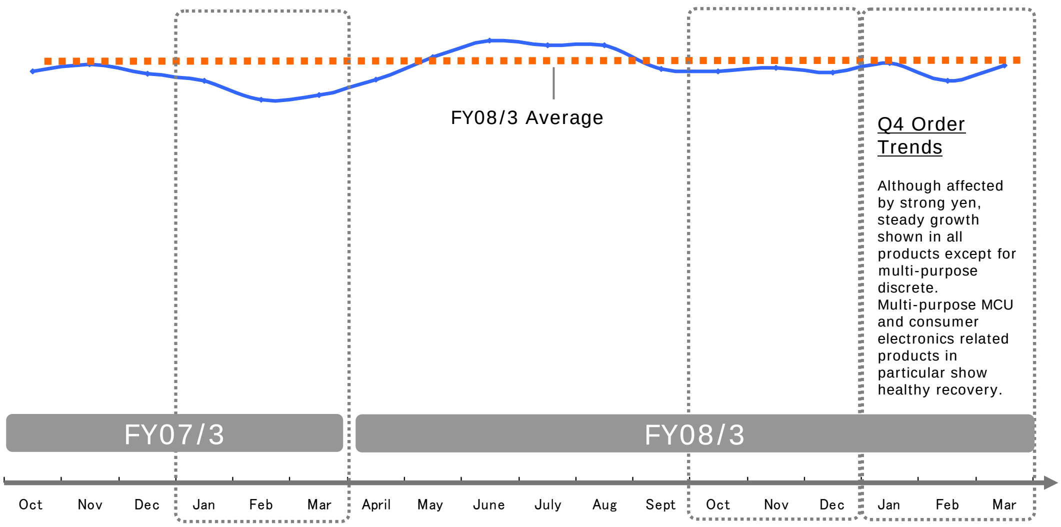
Considering the negative impact of the strong yen, achieving a net profit will not be an easy task, but the company is committed to doing everything possible to attain this goal.

Semiconductor sales are expected to be 650.0 billion yen, roughly flat year on year.

The company is expecting to achieve a 10.0 billion yen operating profit, 4.0 billion yen income before income taxes, and a net profit of zero.

Trends in Amount of Orders

Amount of Orders (3-months moving average)



Slide 16 shows a three month moving average of semiconductor orders.

While the impacts of the spike in materials prices and post-Olympic economic conditions remain to be seen, the three-month period between January and March 2008 showed overall growth despite the impact of a stronger yen.

FY09/3 Semiconductor Sales Forecast

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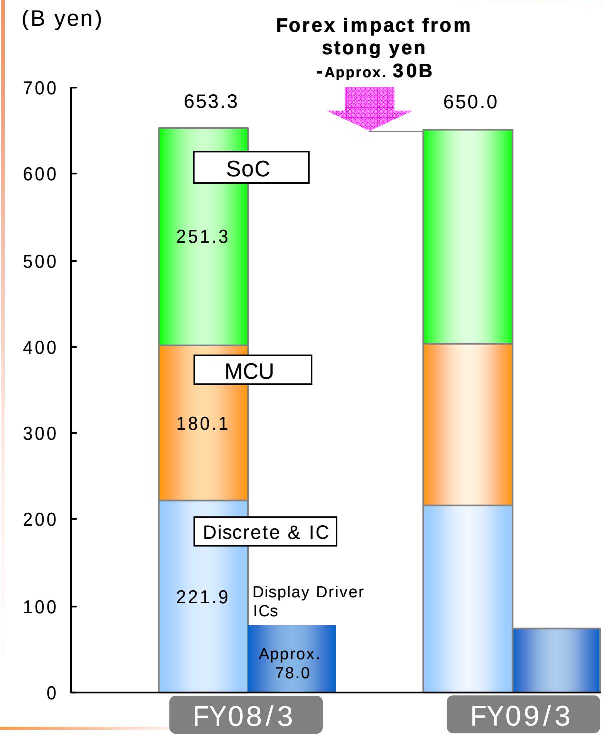
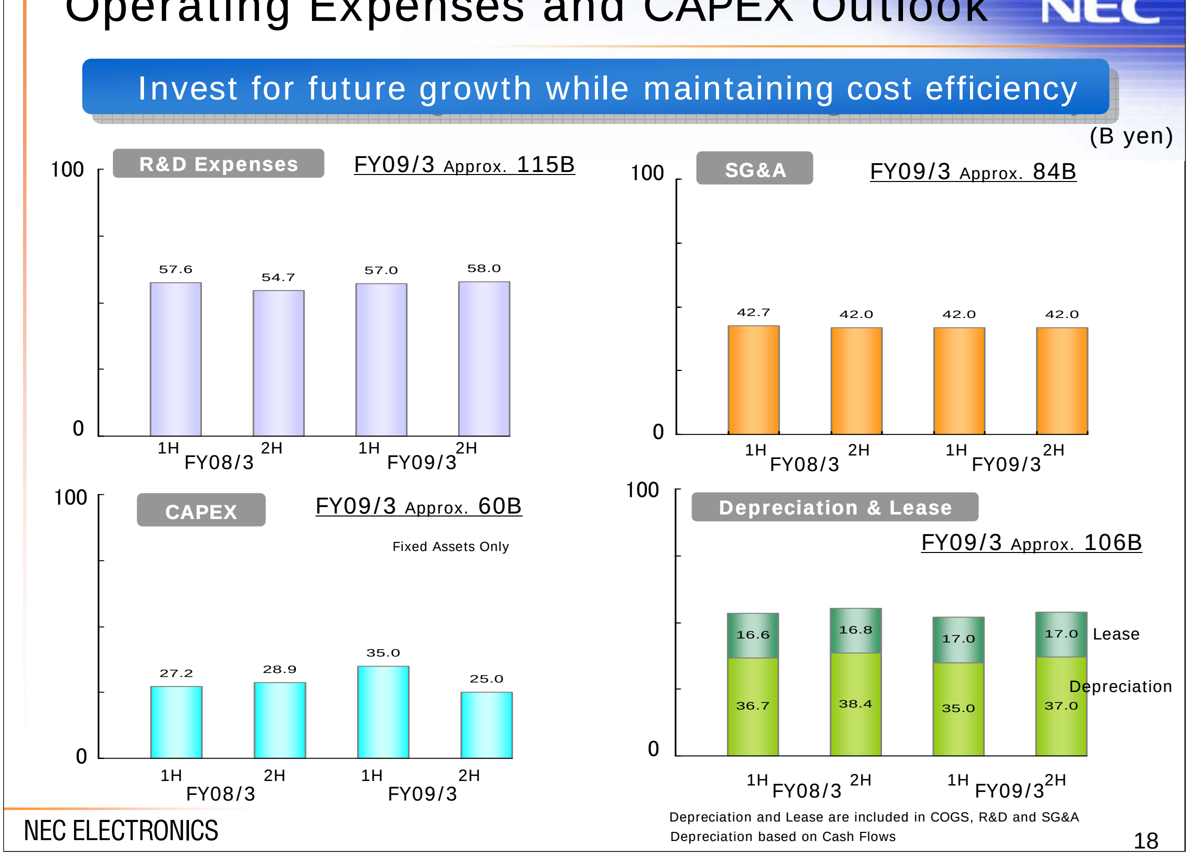


SoC YoY: Decrease by lower single digit % +)EMMA products for digital AV, LSIs for DVD drives -) LSIs for digital cameras
MCU YoY: Increase by mid single digit % +)Automotive and general-purpose MCUs (Increase in sales of All Flash MCUs)
Discrete and IC YoY: Decrease by lower single digit % +) Power semiconductors, Semicompounds -)Large LCD driver ICs

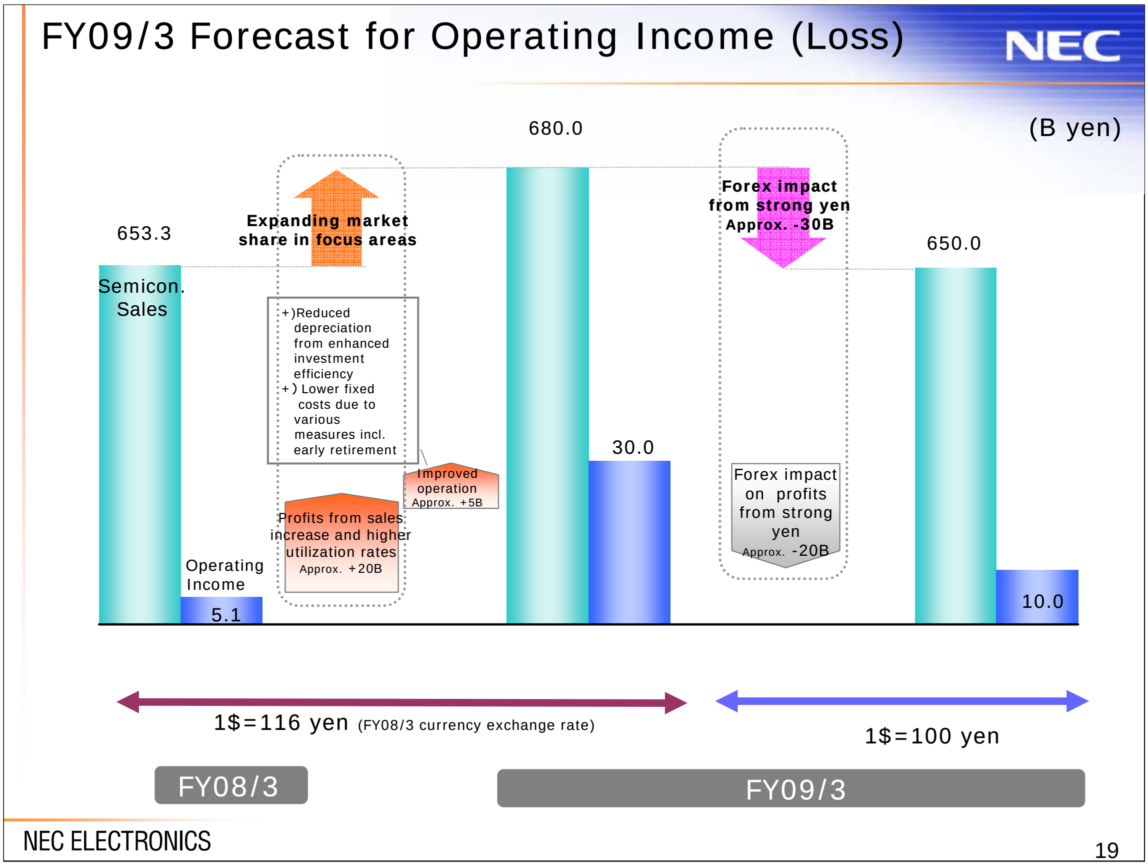
Slide 17 shows the forecast for full-year semiconductor sales by platform.

In theory, if the currency exchange rates remained the same year on year, EMMA products, LSIs for DVD drives, and MCUs would push semiconductor sales approximately 4 percent higher year on year.

However, according to our forecast calculated at 100 yen per dollar, the strong yen would depress sales by approximately 30.0 billion yen, causing sales levels to remain nearly flat year on year.



Slide 18 shows the current fiscal year forecast for operating expenses and capital expenditures. R&D expenses will be roughly the same, at 115.0 billion yen. Capital expenditures are expected to be 60.0 billion yen. Due to improvements in capex efficiency, depreciation and lease will be approximately 106.0 billion yen, or 3.0 billion yen less year on year.



The next slide shows the company's forecast for operating profit.

If the currency exchange rates were to remain similar to last fiscal year, improvements in profitability from higher utilization rates, and the effect of organizational improvements could conceivably lead to a 30.0 billion yen operating profit.

However, according to our forecast calculated at 100 yen per dollar, the stronger yen would suppress profit by approximately 20.0 billion yen, resulting in an operating profit of 10.0 billion yen.

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III. Mid-term Outlook

Section III describes the company's mid-term outlook.

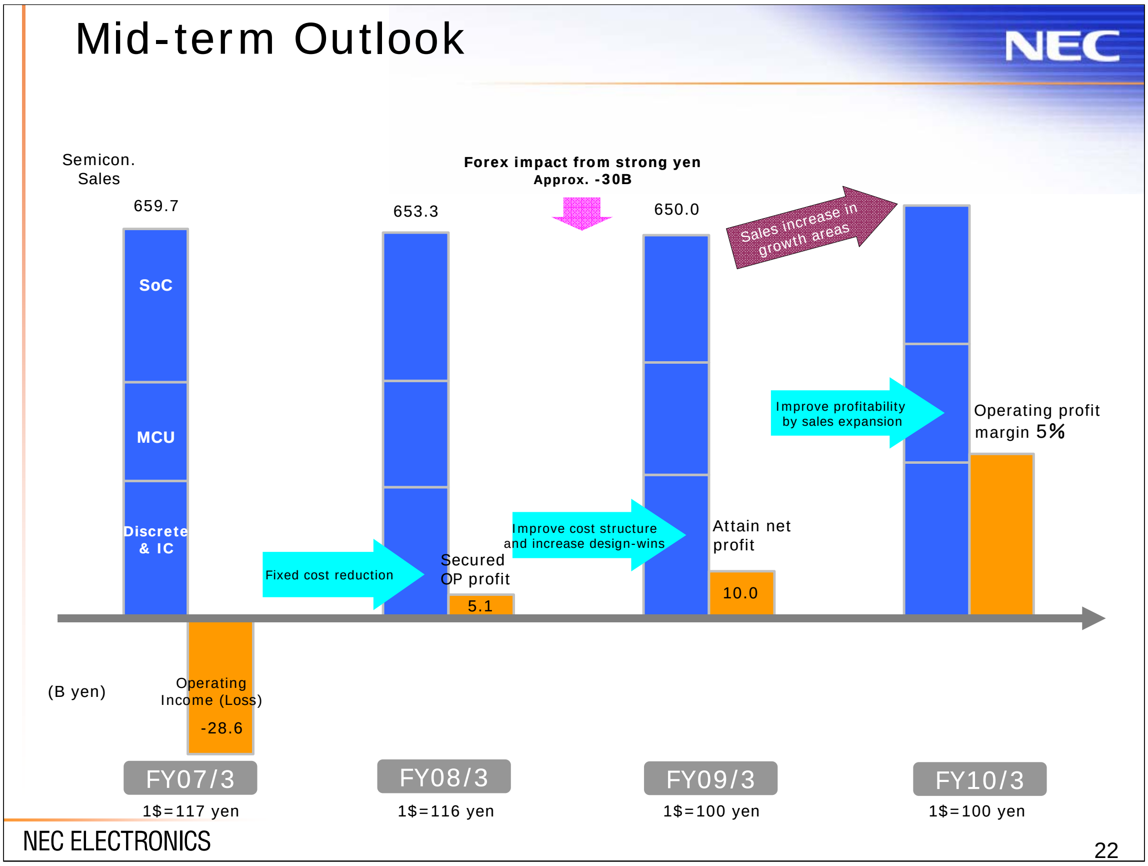
Progress of Management Policies

(Announced in Feb. 22, 2007)

Items and Primary Measures			Status (as of May 14, 2008)
Reallocate development resources		Reduce technology outsourcing costs roughly equivalent to 600 people	Completed
		Shift development resources roughly equivalent to 400 employees.	Completed
Manufacturing		Reorganization and Consolidation	Shifting equipment and production at some lines 8-inch line Yamagata: To be closed in Dec. 2008 6-inch line Kyushu: To be closed in Sept. 2010 6-inch line Kansai: Under evaluation
	Front-end	➢Expand capacity at 8-inch lines in Kyushu and Kansai ➢Consolidate and shift to larger wafer production lines 8-inch line in Yamagata, 6-inch lines in Kyushu and Kansai	
	Back-end	Shifting production of some general purpose products overseas	
Corporate Reorganization		Established 3 business units (SoC, Microcomputer, and Discrete and IC), and enhance profit management by business units	Operations under 3 business units
Fixed cost reduction		Reduce technology outsourcing, fixed production costs by limiting CAPEX etc, and other fixed costs including personnel costs	Completed FY08/3: Reduced 22B yen YoY

Additional measures (announced in Nov. 2007)	Reduced personnel by implementing early retirement plan	Reduced 685 personnel
	Closure of Sagamihara 300mm pilot line Transfer advanced technology dev't functions to Yamagata	To be closed by the end of FY09/3
	Consolidated 6 manufacturing companies in Japan to 3 by business units. Established an efficient flow from development to manufacturing by products	Operations under 3 manufacturing companies since April 1, 2008

Slide 21 shows the various measures that NEC Electronics is implementing to improve its financial performance.



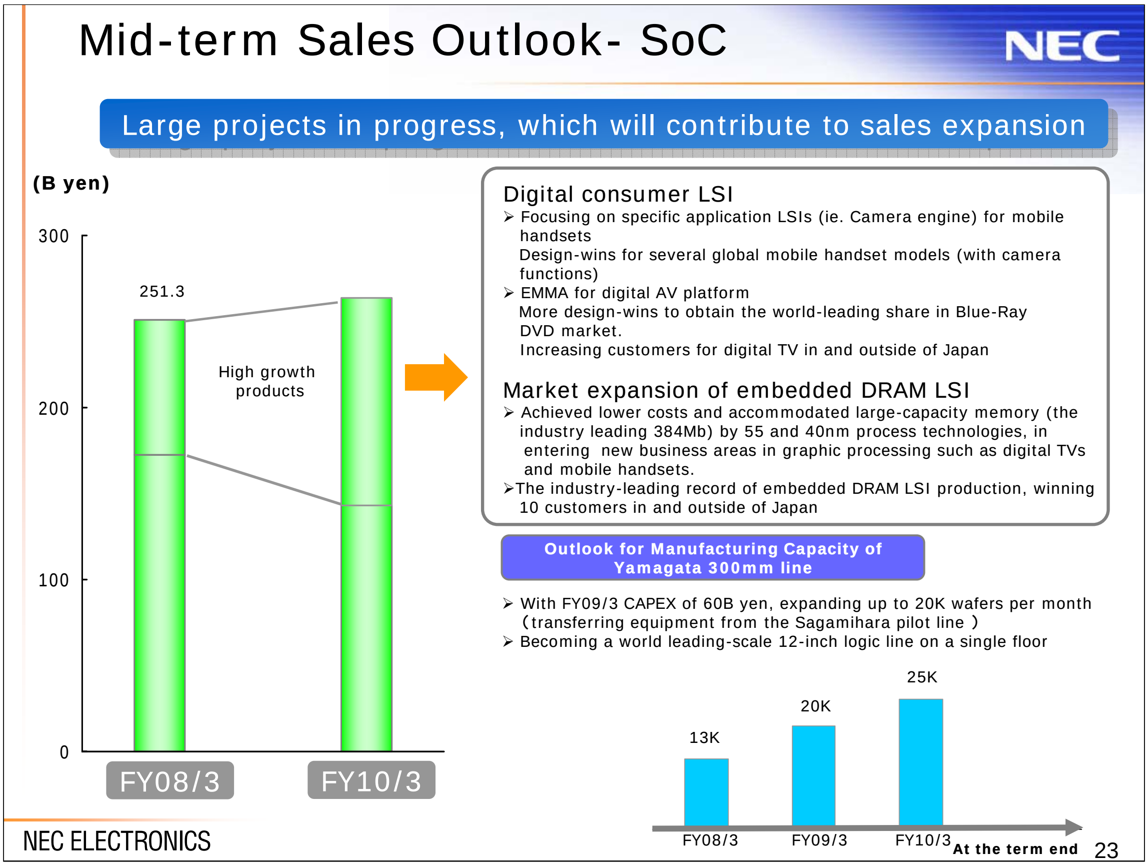
Slide 22 shows the company's midterm outlook.

As mentioned previously, we achieved our target of an operating profit for fiscal year 2008. We are working toward attaining profit on a net basis for the current fiscal year, and raising the operating profit margin to 5 percent by fiscal year 2010.

Calculating our forecasts at 100 yen per dollar has a strong negative impact on the outlook for sales and profits, but the measures to improve performance discussed earlier, particularly the reorganization of manufacturing lines, should contribute to an improved cost structure.

In addition, steady development of new business should help increase sales for fiscal year 2010 and bring the operating profit margin up to 5 percent.

In the following slides, we will explain the midterm outlook for sales growth in our three Business Units.

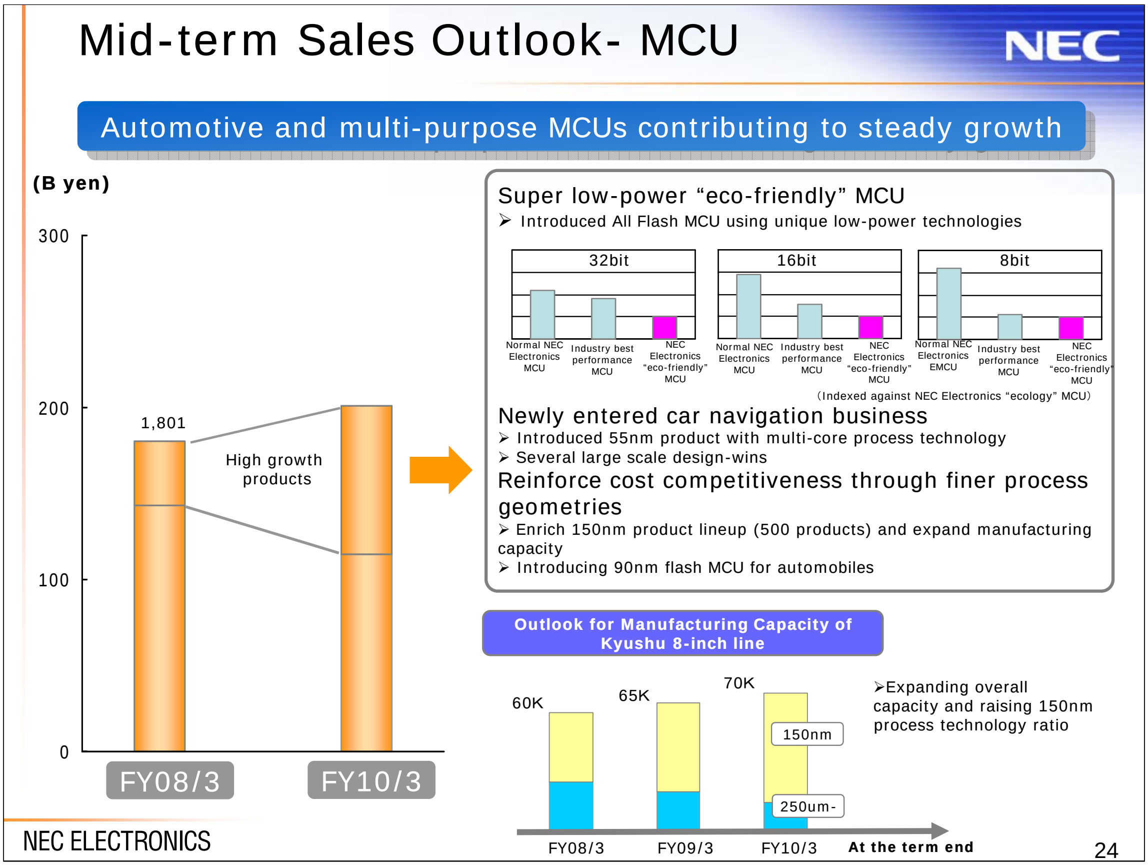


Slide 23 shows the SoC business unit.

In the digital consumer space, sales growth is being driven by an LSI for mobile phone cameras adopted in several global models, and EMMA chips for Blu-Ray DVD applications and digital televisions.

Embedded DRAM using 55- and 40-nanometer process technologies will lower costs and increase memory capacity, creating rapid growth of new fields such as graphics processing for digital televisions and mobile handsets. NEC Electronics is a leader in embedded DRAM, and already has orders from 10 customers.

To support such sales growth, the company intends to expand manufacturing capacity at NEC Semiconductors Yamagata to 20,000 wafers per month by the end of this fiscal year. This expansion will be facilitated in part by the transfer of equipment from our R&D facility at Sagamihara, and therefore capital expenditures will remain within the 60.0 billion yen budget.



Slide 24 shows the MCU business unit’s outlook, which will continue to focus on the two pillars of automotive and multi-purpose microcontrollers.

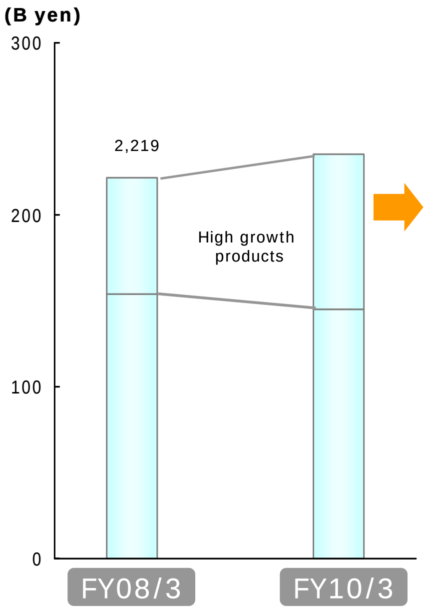
NEC Electronics has a lineup of “eco-friendly” 8- to 32-bit microcontrollers with the industry’s leading power consumption performance levels.

In the new area of car navigation, we have quickly adopted 55-nanometer technology and have several design wins.

For All Flash microcontrollers, we are expanding production on 8-inch wafers using 150-nanometer technology. For automotive microcontrollers we are shifting to 90-nanometer technology, which will help improve cost competitiveness and sales growth.

Mid-term Sales Outlook- Discrete & IC

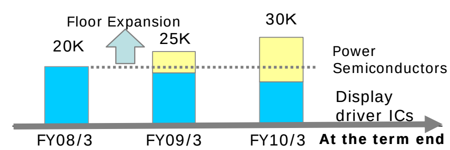
Focusing on strong products, enhancing cost competitiveness by shifting to larger wafers and utilizing outside manufacturing capacity



Power Management Devices
(power MOSFET, power management IC)
- Focusing on auto, PC, battery areas
- Teamed with Intel to develop a power management IC solution optimized for mobile internet devices
- Expanding floor for Kansai 8-inch line (+10K wafers per month) designating Kansai as a main manufacturing site

Compound semiconductors
- Expanding share of industry-leading products
  - GaAs switch IC: Worldwide share 25% (2007, source: NEC Electronics)
    Rapid expansion of mobile handset and wireless LAN market
    Co-development with major wireless LAN chip set manufacturers to set the industry de facto standard
  - Multi-purpose photocouplers: Worldwide share 20% (2007, source: NEC Electronics)

Outlook for Manufacturing Capacity of Kansai 8-inch line
- Shifting production of power semiconductors to 8-inch wafers
- Expanding outside production and shifting to finer process geometries for display driver ICs in FY10/3



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The next slide shows the strategy for Discrete and IC.

Power management devices have steadily gained market share for automotive, personal computers, and battery-operated equipment. The plan is to improve cost competitiveness by expanding manufacturing capacity at NEC Semiconductors Kansai's 8-inch line.

For compound semiconductors, we will maintain our number one position in gallium arsenide switch ICs and general purpose photocouplers, while continuing to expand sales. The overall market for photocouplers is seeing rapid growth and we are poised to overtake the number one spot in the near future.

The 8-inch line at NEC Semiconductors Kansai will shift more of its production to power management devices by outsourcing production of display drivers and pursuing advances in process technology.

Conclusion

Recovered operating profits in FY08/3 with improvements in management efficiency.

Aim to attain net profit in FY09/3

Aim to attain operating profit margin of 5% by FY10/3 by reinforcing business operations. Developing new business to drive sales expansion.

To summarize, fiscal year 2008 was defined by the recovery of operating profit through improved management efficiency.

Despite the adverse impact of currency fluctuations, the company will continue to pursue its goal of net profit for fiscal year 2009, and make a concerted effort to achieve its midterm goal of a 5 percent operating profit margin by fiscal year 2010.

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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.

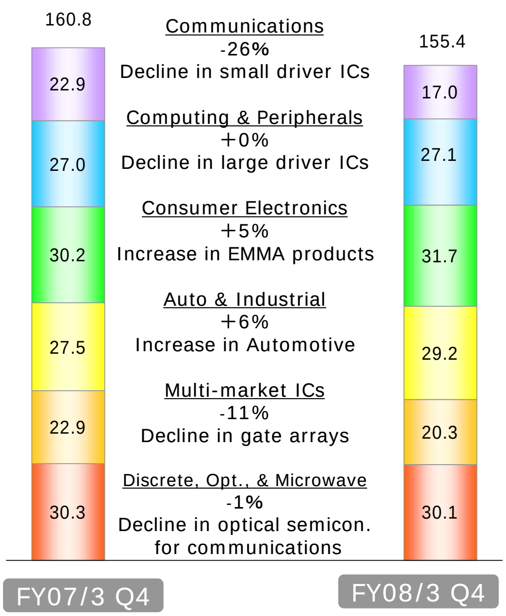
Thank you for your attention today. We appreciate your continued support of NEC Electronics.

Appendix

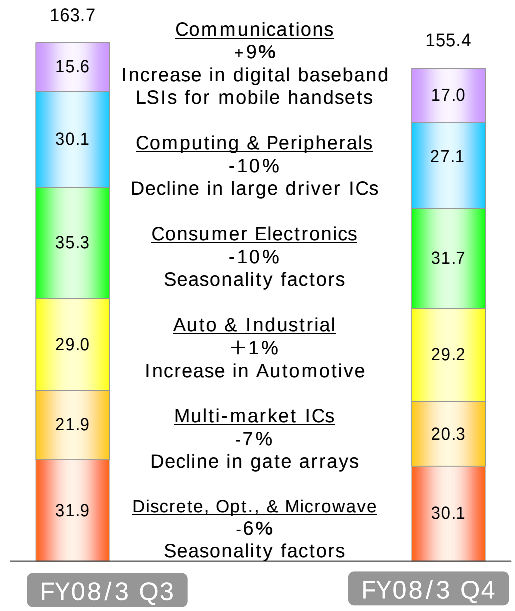
Q4 Semiconductor Sales by Application

(B yen)

YoY



QoQ



Balance Sheet

(B yen)	07/3	07/12	08/3
Cash and Cash Equivalents	185.4	188.9	165.5
Accounts Receivable	99.5	92.6	96.4
Inventories	79.2	81.1	75.8
PP&E	296.2	273.8	259.1
Other Assets	35.6	31.3	19.5
Total Assets	695.9	667.6	616.3
Accounts Payable	132.5	117.4	107.3
Debt Payable	136.0	132.0	116.6
Other Liabilities	157.5	154.3	160.1
Liabilities	426.0	403.7	384.0
Minority Shareholders' Equity	4.8	5.1	5.2
Shareholders' Equity	265.1	258.8	227.1*
Liabilities and Shareholders' Equity	695.9	667.6	616.3

*Decrease in accumulated other comprehensive income (loss)

D/E Ratio (Gross)	0.51	0.51	0.51
Equity Ratio	38%	39%	37%

References

Deferred Tax Assets	10.7	10.8	3.0
Deferred Tax Liabilities	10.9	14.1	11.1

Cash Flows

Recorded positive free cash flows for the first time in two years

(B yen)	FY07/3		FY08/3		
	Q4	Full-year	Q3	Q4	Full-year
Cash Flows from Operating Activities	12.7	66.7	13.6	0.5	43.3
Cash Flows from Investing Activities	-30.3	-78.5	-14.7	-4.3	-37.8
Free Cash Flows	-17.6	-11.8	-1.0	-3.8	5.5