I. FY07/3 Financial Results

✓ Sales and profits/losses in line with previous forecasts announced on February 22, 2007

II. FY08/3 Forecasts

✓ Must achieve full-year operating profits committed to by management (Achieve by reducing fixed costs, and increasing sales slightly)

III. Measures to Improve Performance

✓ Aggressive implementation of new management policies announced on February 22, 2007
I. FY07/3 Financial Results

Summary
Q4 Results
Full-Year Results

II. FY08/3 Forecasts

III. Measures to Improve Performance
# Financial Snapshot

<table>
<thead>
<tr>
<th></th>
<th>FY06/3</th>
<th>FY07/3</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual</td>
<td>Actual</td>
</tr>
<tr>
<td>Net Sales</td>
<td>646.0</td>
<td>171.4</td>
</tr>
<tr>
<td>Semiconductor Sales</td>
<td>619.1</td>
<td>160.8</td>
</tr>
<tr>
<td>Operating Income (Loss)</td>
<td>-35.7</td>
<td>-17.8</td>
</tr>
<tr>
<td>Income (Loss) Before Income Taxes</td>
<td>-42.4</td>
<td>-26.3</td>
</tr>
<tr>
<td>Net Income (Loss)</td>
<td>-98.2</td>
<td>-28.4</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Free Cash Flows</td>
<td>-4.8</td>
<td>-17.6</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>D/E Ratio</td>
<td>0.48</td>
<td>-</td>
</tr>
<tr>
<td>Shareholders' Equity Ratio</td>
<td>41%</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exchange Rates</td>
<td>US$1 = 112 yen</td>
<td>1 Euro = 138 yen</td>
</tr>
</tbody>
</table>

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, and selling, general, and administrative expenses.
I. FY07/3 Financial Results

Summary

Q4 Results

Full-Year Results

II. FY08/3 Forecasts

III. Measures to Improve Performance
Trends in Quarterly Results

(B yen)
Net Sales

Semicon. Sales

Op. Margin

Op. Income (Loss)

FY05/3

FY06/3

FY07/3

Note: Operating Income (loss) = Net Sales – COGS – R&D – SG&A
Q4 Semiconductor Sales by Platform (YoY)

**(B Yen)**

<table>
<thead>
<tr>
<th>Platform</th>
<th>FY 06/3 Q4</th>
<th>FY 07/3 Q4</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>SoC</td>
<td>64.4</td>
<td>62.4</td>
<td>-3%</td>
</tr>
<tr>
<td>MCU</td>
<td>40.8</td>
<td>44.0</td>
<td>+8%</td>
</tr>
<tr>
<td>Components</td>
<td>56.8</td>
<td>54.4</td>
<td>-4%</td>
</tr>
<tr>
<td>Display Drivers</td>
<td>Approx. 23.0</td>
<td>Approx. 19.0</td>
<td></td>
</tr>
</tbody>
</table>

**+- Factors**

**SoC**
- (+) Shipping LSIs for game consoles
- (-) LSIs for DVD drives; digital baseband LSIs and system memory for mobile phones

**MCU**
- (+) Automotive
- (+) All Flash™ microcontrollers

**Components**
- (+) Discrete and compound semiconductor devices
- (-) LCD driver ICs for large and small panels
Q4 Semiconductor Sales by Platform (QoQ)

**SoC**
- (-) Seasonal adjustments for consumer electronics and PC peripherals

**MCU**
- (+) Growth in automotive, and slight growth in multi-purpose MCUs

**Components**
- (-) Seasonal declines in discrete
- (-) Lower revenue from LCD driver ICs for large and small panels
Semiconductor Sales by Application

**Communications**
- 25% decline in LSIs and system memory for mobile handsets

**Computing & Peripherals**
- 19% decline in LSIs for DVD drives

**Consumer Electronics**
+ 18% increase in LSIs for game consoles

**Auto & Industrial**
± 0% increase in automotive

**Multi-Market ICs**
+ 32% increase in All Flash MCUs

**Discrete, Opt & Microwave**
+ 9% increase in discrete and compound semiconductor devices

**Communications**
- 3% decrease in LCD driver ICs for small panels

**Computing & Peripherals**
- 15% decrease in LCD driver ICs for large panels

**Consumer Electronics**
- 17% seasonal adjustments

**Auto & Industrial**
+ 4% increase in automotive

**Multi-Market ICs**
+ 5% increase in All Flash MCUs

**Discrete, Opt & Microwave**
- 2% seasonal adjustments for discrete
Factors in Operating Loss

Semiconductor Sales 162.0 (B yen) 160.8 (B yen)

Op. Loss

Expensed technology assets (COGS: approx.4.0, R&D: approx. 5.0)

Deterioration of gross margin due to lower fab utilization rates

Approx. -1.5

Total:16.5

-7.6

-9.0

Structural reform costs (COGS: approx. 5.0, R&D: approx. 4.0)

Approx. -1.5

Total:17.8

-8.8

-9.0

Mainly due to sales decline

Approx. -10.5

Total:17.8

-3.8

-8.8

-9.0

Structural reform costs (COGS: approx. 5.0, R&D: approx. 4.0)

Approx. -5.5

Total:17.8

171.1

160.8

FY 07/3 Q3

FY 07/3 Q4

FY 06/3 Q4

FY 07/3 Q4

FY 07/3 Q4

NEC ELECTRONICS

10
I. FY07/3 Financial Results
   Summary
   Q4 Results
   Full-Year Results

II. FY08/3 Forecasts

III. Measures to Improve Performance
Semiconductor Sales by Platform (YoY)

<table>
<thead>
<tr>
<th>Platform</th>
<th>FY06/3</th>
<th>YoY</th>
<th>FY07/3</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>SoC</td>
<td>619.1</td>
<td>+7%</td>
<td>259.2</td>
<td>+6%</td>
</tr>
<tr>
<td>MCU</td>
<td>156.5</td>
<td>+8%</td>
<td>168.4</td>
<td>+7%</td>
</tr>
<tr>
<td>Components</td>
<td>217.1</td>
<td>+7%</td>
<td>232.1</td>
<td>+7%</td>
</tr>
</tbody>
</table>

**+/− Factors**

**SoC**

(+) New embedded DRAM business

(+) EMMA series for digital AV applications

(-) Price decline and market shrink for mobile phone memory (PSRAM)

**MCU**

(+) Growth of All Flash microcontrollers

(+) Increasing use of automotive electronics

**Components**

(+) LCD drivers ICs for large and small panels

(+) Expanding market share for discrete and compound semiconductor devices
### Semiconductor Sales by Application (YoY)

#### Factors

- Significant decrease in system memory for mobile phones (PSRAM)
- Increase in companion chips and small LCD driver ICs for mobile phones
- Increase in share of LCD driver ICs for large panels
- LSIs for DVD drives and printers sluggish
- New embedded DRAM business
- Growth of EMMA sales
- Revenue for automotive increase by high single digits
  (Some MCUs for industrial applications are now counted as Multi-Market ICs after becoming part of the All Flash lineup)
- Expansion of All Flash microcontrollers
  (Some previously from Auto & Industrial etc.)
- Increase in sales of discrete and compound semiconductor devices

<table>
<thead>
<tr>
<th>Application</th>
<th>FY06/3</th>
<th>FY07/3</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communications</td>
<td>619.1</td>
<td>99.6</td>
<td>+7%</td>
</tr>
<tr>
<td>Computing &amp; Peripherals</td>
<td>126.6</td>
<td>123.7</td>
<td>-2%</td>
</tr>
<tr>
<td>Consumer Electronics</td>
<td>102.6</td>
<td>120.8</td>
<td>+18%</td>
</tr>
<tr>
<td>Auto &amp; Industrial</td>
<td>103.8</td>
<td>106.1</td>
<td>+2%</td>
</tr>
<tr>
<td>Multi-Market ICs</td>
<td>69.4</td>
<td>89.0</td>
<td>+28%</td>
</tr>
<tr>
<td>Discrete, Opt &amp; Microwave</td>
<td>108.7</td>
<td>120.6</td>
<td>+11%</td>
</tr>
</tbody>
</table>

(B yen)
Factors in Operating Loss

**Operating Loss**

- **YoY**
  - 619.1 (B yen)
  - +40.6
  - 659.7

- **SEMICONDUCTOR SALES**
  - 619.1 (B yen)

- **Operating Loss**
  - -26.7
  - -9.0
  - Total: -35.7

- **Expensed Technology Assets**
  - +Approx. 30.0
  - Improved profits from higher sales and utilization rates (incl. exchange rate impact)

- **Increased R&D Expense**
  - Approx. -7.5
  - Excluding one-time expenses

- **Increased SG&A Information Systems**
  - Approx. -3.5

- **Structural Reform Costs**
  - Approx. -12.0
  - (COGS: approx. 5.0, R&D: approx. 4.0)

- **Fixed Manufacturing Costs**
  - Power usage, repairs etc.
  - Approx. -7.5

- **YoY**
  - FY06/3
  - -26.7
  - -9.0
  - Total: -35.7

- **FY07/3**
  - 659.7 (B yen)
  - -19.6
  - -9.0
  - Total: -28.6

**NEC ELECTRONICS**

14
## Structural Reform Costs

Restructuring executed as planned (from Feb. 22). Recorded approx. 15 B yen in related costs.

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>COGS</td>
<td>Approx. 5.0 B yen (Q4)</td>
<td>• Reduction of Inventories</td>
</tr>
<tr>
<td>R&amp;D Expenses</td>
<td>Approx. 4.0 B yen (Q4)</td>
<td>• Costs associated with consolidation of development projects</td>
</tr>
<tr>
<td>Non-operating Expenses</td>
<td>Approx. 6.0 B yen (Full Year)</td>
<td>• Closure of Ireland plant and 8-in. prototype line at Sagamihara, Japan</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Disposal of manufacturing equipment</td>
</tr>
</tbody>
</table>
## Balance Sheet

<table>
<thead>
<tr>
<th>(B yen)</th>
<th>06/3</th>
<th>06/12</th>
<th>07/3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Cash Equivalents</td>
<td>211.1</td>
<td>212.6</td>
<td>185.4</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>113.9</td>
<td>105.1</td>
<td>99.5</td>
</tr>
<tr>
<td>Inventories</td>
<td>72.5</td>
<td>89.0</td>
<td>82.6</td>
</tr>
<tr>
<td>PP&amp;E</td>
<td>302.1</td>
<td>305.7</td>
<td>292.8</td>
</tr>
<tr>
<td>Other Assets</td>
<td>45.7</td>
<td>39.3</td>
<td>35.6</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>745.3</td>
<td>751.7</td>
<td>695.9</td>
</tr>
<tr>
<td>Accounts Payable</td>
<td>122.9</td>
<td>150.7</td>
<td>132.5</td>
</tr>
<tr>
<td>Debt Payable</td>
<td>148.3</td>
<td>144.7</td>
<td>136.0</td>
</tr>
<tr>
<td>Other Liabilities</td>
<td>161.7</td>
<td>157.0</td>
<td>157.5</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td>432.9</td>
<td>452.4</td>
<td>426.0</td>
</tr>
<tr>
<td>Minority Shareholders’ Equity</td>
<td>4.1</td>
<td>4.6</td>
<td>4.8</td>
</tr>
<tr>
<td>Shareholders’ Equity</td>
<td>308.3</td>
<td>294.8</td>
<td>265.1</td>
</tr>
<tr>
<td><strong>Liabilities and Shareholders’ Equity</strong></td>
<td>745.3</td>
<td>751.7</td>
<td>695.9</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>06/3</th>
<th>06/12</th>
<th>07/3</th>
</tr>
</thead>
<tbody>
<tr>
<td>D/E Ratio (Gross)</td>
<td>0.48</td>
<td>0.49</td>
<td>0.51</td>
</tr>
<tr>
<td>Equity Ratio</td>
<td>41%</td>
<td>39%</td>
<td>38%</td>
</tr>
<tr>
<td>Deferred Tax Assets (Net)*</td>
<td>-1.6</td>
<td>0.2</td>
<td>-0.2</td>
</tr>
</tbody>
</table>

* The figure for deferred tax assets includes deferred tax assets as well as deferred tax liabilities.
Cash Flows

<table>
<thead>
<tr>
<th>(B yen)</th>
<th>FY06/3</th>
<th></th>
<th>FY07/3</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q4</td>
<td>Full Year</td>
<td>Q3</td>
<td>Q4</td>
</tr>
<tr>
<td>Cash Flows from Operating Activities</td>
<td>-0.5</td>
<td>49.9</td>
<td>19.5</td>
<td>12.7</td>
</tr>
<tr>
<td>Cash Flows from Investing Activities</td>
<td>-19.2</td>
<td>-54.7</td>
<td>-27.1</td>
<td>-30.3</td>
</tr>
<tr>
<td>Free Cash Flows</td>
<td>-19.7</td>
<td>-4.8</td>
<td>-7.6</td>
<td>-17.6</td>
</tr>
</tbody>
</table>
I. FY07/3 Financial Results
   Summary
   Q4 Results
   Full-Year Results

II. FY08/3 Forecasts

III. Measures to Improve Performance
## Forecast for FY08/3 Semiconductor Market

### Market for NEC Electronics’ Products Expected to Grow 2 to 8% YoY

(NEC Electronics’ forecast, excluding DRAM, FLASH, and MPU)

<table>
<thead>
<tr>
<th></th>
<th>YoY</th>
<th>Market Situation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1H</strong> (Apr-Sep)</td>
<td>0 to +2%</td>
<td>In Q1, inventory adjustments will ease and orders will pick up, but sales will not recover until early summer, limiting overall sales growth.</td>
</tr>
<tr>
<td><strong>2H</strong> (Oct-Mar)</td>
<td>+5% to +9%</td>
<td>Sales of digital TV and PC-related devices will grow quickly from mid-year heading into the Olympics, spurring the semiconductor market. In the Jan-Mar period, demand will not fall as sharply as in the previous year due to the Olympics.</td>
</tr>
<tr>
<td><strong>Full Year</strong></td>
<td>+2% to +8%</td>
<td>Anticipate mid-range growth of roughly 5%</td>
</tr>
</tbody>
</table>


**NEC ELECTRONICS**
Order Backlog and Amount of Orders

Order backlog and amount of orders point to signs of recovery

Order Backlog

Amount of Orders

NEC ELECTRONICS
### FY08/3 Forecasts

Financial forecasts were established based on the lowest end of the 2 to 8% growth rate predicted for the semiconductor market.

<table>
<thead>
<tr>
<th></th>
<th>FY07/3</th>
<th>FY08/3</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Half Year</td>
<td>Full Year</td>
</tr>
<tr>
<td></td>
<td>Actual</td>
<td>Actual</td>
</tr>
<tr>
<td>Net Sales</td>
<td>343.0</td>
<td>692.3</td>
</tr>
<tr>
<td>Semiconductor Sales</td>
<td>327.8</td>
<td>659.7</td>
</tr>
<tr>
<td>Operating Income (Loss)</td>
<td>-6.9</td>
<td>-28.6</td>
</tr>
<tr>
<td>Income (Loss) Before Income Taxes</td>
<td>-5.6</td>
<td>-35.4</td>
</tr>
<tr>
<td>Net Income (Loss)</td>
<td>-7.4</td>
<td>-41.5</td>
</tr>
</tbody>
</table>

**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 strong/ US$1 yen weak / Euro

Note 1: Operating Income (Loss) = Net Sales – COGS – R&D – SG&A.
Note 2: There is no change to the depreciation method.
Note 3: Forecasts as of May 14, 2007.
Analysis of Forecast for Operating Profits

Forecast for semiconductor sales based on 10.0 B yen (+1.5%) YoY increase and approx. 6.0 B yen in various risks factored into goal of operating profits.

Approx. +10.0

-28.6

Approx. +6.0

Improved profits from increase in sales

Approx. -20.0

Reduction in fixed costs

20.0 B yen YoY

Breakdown

Depreciation -4.0B
R&D -6.0B
Mfg. outsourcing -3.0B
Personnel etc. -7.0B

Operating Profits

FY07/3 (Actual)

SEMICONDUCTOR SALES

659.7

Operating Loss

- 19.6

- 9.0

Total: -28.6

Structural reform costs

FY08/3 (Forecast)

670.0

(B yen)

FY07/3 average rate US$1 = 117 yen

FY08/3 average rate US$1 = 115 yen
Semiconductor Sales by Platform (Forecast)

Anticipate semiconductor sales will grow 1.5% year on year

<table>
<thead>
<tr>
<th>+/- Factors</th>
<th>Components</th>
</tr>
</thead>
<tbody>
<tr>
<td>(+) Growth of embedded DRAM for consumer electronics</td>
<td></td>
</tr>
<tr>
<td>(+) EMMA digital AV platform</td>
<td></td>
</tr>
<tr>
<td>(-) Digital baseband and system memory (PSRAM) for mobile phones</td>
<td></td>
</tr>
<tr>
<td>(+) Growth of All Flash microcontrollers</td>
<td></td>
</tr>
<tr>
<td>(+) Increasing adoption of automotive electronics and growth of market share</td>
<td></td>
</tr>
<tr>
<td>(+) LCD driver ICs for televisions will surge, but LCD driver ICs for smaller panels will see lingering adjustments and price risk, leading to slight growth</td>
<td></td>
</tr>
<tr>
<td>(+) Growth of market share for discrete and compound semiconductor devices</td>
<td></td>
</tr>
</tbody>
</table>
CAPEX, Depreciation and Lease

- FY08/3 CAPEX restricted to 70.0 billion yen
- Focus investment on value-added products such as automotive MCUs, and 55nm process technology

CAPEX

- FY05/3: 163.2 (B yen)
- FY06/3: 83.0
- FY07/3: 105.9
- FY08/3 (estimate): Approx. 70.0

Depreciation and Lease

- FY05/3: 119.4
- FY06/3: 119.3
- FY07/3: 115.9
- FY08/3 (estimate): Approx. 112.0

(Fixed assets only are based on delivery)

(Depreciation based on cash flows)
I. FY07/3 Financial Results
   Summary
   Q4 Results
   Full-Year Results

II. FY08/3 Forecasts

III. Measures to Improve Performance
# Progress of New Management Policies
(Announced Feb. 22, 2007)

## Launched Projects to Execute New Management Policies
(Progress as of May 14, 2007)

<table>
<thead>
<tr>
<th>Goal</th>
<th>Primary Measures</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improve competitiveness of products by focusing resources</td>
<td>Reduce technology outsourcing costs roughly equivalent to 600 people</td>
<td>Completed</td>
</tr>
<tr>
<td></td>
<td>Shift development resources equivalent to approx. 400 employees</td>
<td>Halfway Complete (Expect to complete all 400 by the end of the fiscal year)</td>
</tr>
<tr>
<td>Reduce costs by reorganizing manufacturing operations</td>
<td>Establish timeline for reorganization</td>
<td>Completed</td>
</tr>
<tr>
<td></td>
<td>Prepare to obtain customer consent</td>
<td>Begun</td>
</tr>
<tr>
<td></td>
<td>Ready the necessary manufacturing equipment</td>
<td>Begun</td>
</tr>
<tr>
<td>Improve profit/loss management with corporate reorganization</td>
<td>Establish business units for SoC, MCU, and Components; each is responsible for its own profit management. Eliminate 18 divisions (from 59 to 41) to facilitate sharing of human resources and improve efficiency</td>
<td>Reorganization Completed</td>
</tr>
<tr>
<td>Reduce fixed costs to attain operating profits in FY08/3</td>
<td>Reduce technology outsourcing</td>
<td>Completed (see above)</td>
</tr>
<tr>
<td></td>
<td>Reduce fixed production costs by capping CAPEX etc.</td>
<td>Established budget to reduce CAPEX</td>
</tr>
<tr>
<td></td>
<td>Reduce salaries for employees</td>
<td>Underway</td>
</tr>
</tbody>
</table>
Summary

- Management will achieve, at a minimum, operating profits for the fiscal year. This is our commitment.

- We will push operating profits even higher by improving the efficiency of our operations.
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:
Business Highlights
Highlight: SoC

MP201 application chip for mobile phones applied to digital consumer devices

- Application processor with low power consumption optimized for QVGA video and audio playback
- Compatible with platformOVia software platform
- Easy to develop new applications with flexible IP
Highlight: Microcomputers

Aggressive efforts to expand sales of All Flash microcontrollers

Demo Systems, Evaluation Boards

Website

Seminars

Literature

Shipments of All Flash microcontrollers

Rapid growth from mid-2006
Evolution of mobile content such as one-segment broadcasting, video, and 3D graphics further increase power consumption. However, attempts to reduce power consumption result in lower image quality.

Developed LCD backlight control technology for mobile applications
Extremely low power consumption features lead to new value-added business

Conventional LCD backlights consume approximately 40 percent of a mobile phone’s overall power.

- Evolution of mobile content such as one-segment broadcasting, video, and 3D graphics further increase power consumption.
- However, attempts to reduce power consumption result in lower image quality.

NEC Electronics’ unique value-added technology

- Enables up to 50% reduction in backlight power consumption (up to 20% of overall power consumption) by optimizing display brightness, while maintaining image quality with gamma-curve processing, in real-time.
- Design wins with Japanese and international mobile phone manufacturers

Highlight: Components

Source: NEC Electronics

Using NEC Electronics’ backlight control technology (power consumption in mA)
Highlight: Next-Generation Technology

IMAPCAR parallel processor for image recognition

Joint development with Toyota, Denso, and NEC

- 128 processing elements and performance of 100 billion operations per second enables image recognition of lane markers, vehicles, and pedestrians in real-time

- Adopted in the Lexus LS460’s pre-crash safety system

Lane markers, vehicles ahead

Vehicles in rear

Processes 30 frames/second

Won Nikkan Kogyo Newspaper’s 4th Annual Monozukuri Taisho Award