Thank you for joining NEC Electronics’ webcast.

My name is Hank Sato, CFO of NEC Electronics.

Before we begin, please be sure to review the cautionary statements shown on the last slide of the presentation.
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.

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

First, we have achieved two consecutive quarters of operating profit in the third quarter, by working to reduce fixed costs diligently.

Second, although we expect to see adverse market conditions in the fourth quarter, we are committed to securing operating profit in the latter half of the fiscal year, and aim to further improve our financial performance. We did not change our full-year financial forecasts.
I. Q3 FY08/3 Financial Results

II. FY08/3 Full-Year Forecasts

Let us first look at the financial results for the third quarter of the fiscal year, shown on slide 4.
Financial Snapshot

<table>
<thead>
<tr>
<th>(B yen)</th>
<th>FY08/3 Q3, 12/31</th>
<th>9M cumulative</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual</td>
<td>YoY</td>
</tr>
<tr>
<td>Net Sales</td>
<td>170.8</td>
<td>-7.1</td>
</tr>
<tr>
<td>Semiconductor Sales</td>
<td>163.7</td>
<td>-7.4</td>
</tr>
<tr>
<td>Operating Income</td>
<td>3.0</td>
<td>+6.8</td>
</tr>
<tr>
<td>Income Before Income Taxes</td>
<td>1.6</td>
<td>+5.1</td>
</tr>
<tr>
<td>Net Income (Loss)</td>
<td>-0.9</td>
<td>+4.8</td>
</tr>
<tr>
<td>Free Cash Flows</td>
<td>-1.0</td>
<td>+6.6</td>
</tr>
<tr>
<td>D/E Ratio</td>
<td>0.51</td>
<td>-</td>
</tr>
<tr>
<td>Shareholders’ Equity Ratio</td>
<td>38.8%</td>
<td>-</td>
</tr>
</tbody>
</table>

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.

Net sales for the third quarter of the fiscal year were 170.8 billion yen, a 4 percent decrease year on year.

Operating income was 3.0 billion yen, a 6.8 billion yen improvement year on year.

Income before income taxes was 1.6 billion yen, but there was a net loss of 0.9 billion yen, mainly due to taxes on income at subsidiaries outside of Japan.
Slide 5 shows trends in quarterly sales.

We continued to secure profits on an operating basis for the third quarter by carrying out cost reduction measures diligently.
The next slide shows a year-on-year comparison of third quarter semiconductor sales, according to platform.

The SoC (system-on-chip) platform showed a strong increase in sales of EMMA products for digital AV applications as well as LSIs for DVD drives for blue laser. On the other hand, sales of LSIs for printers and digital cameras declined, mainly due to a transition toward next models.

In MCU, expanding sales of audio-related products in the automotive market, and an increase in sales of multil-purpose All Flash microcontrollers, led to a 6% increase in overall MCU platform sales.

In Discrete and IC, although power transistors and optical semiconductors showed solid growth, the small LCD driver IC business saw a large decrease in sales.
Slide 7 shows a quarter-on-quarter comparison of semiconductor sales by platform.

Although sales of certain focus products, such as EMMA devices and automotive microcontrollers increased, there were declines across all platforms.
The next slide shows third quarter sales by application.

Third quarter sales for the Communications area declined both year on year and quarter on quarter, but Auto and Industrial showed healthy growth.
Slide 9 shows year-on-year and quarter-on-quarter comparisons of operating profits for the third quarter.

Year on year, there were reductions in costs such as R&D expenses and depreciation.

Quarter on quarter, there were reductions in manufacturing related fixed costs and better yields for some products that contributed to profitability. However, there were negative factors, such as impact from currency fluctuations and sales declines, leading to 3 billion yen in operating profit.
Slide 10 shows year-on-year comparisons of operating profits on nine months cumulative base.

As shown on the graph, semiconductor sales were flat, however, operating profits showed improvements in the amount of 15.7 billion yen. This indicates that cost reduction measures have led to visible improvements in profitability.
Slide 11 shows the balance sheet.

Total assets at the end of December were 667.6 billion yen, a 20.3 billion yen decrease from the end of September. This was mainly due to curbing investments and further depreciation leading to reduction in PP&E.

Liabilities were 403.7 billion yen, a 17.9 billion yen decrease from September mainly due to decrease in accounts payable.

Shareholders’ equity was 258.8 billion yen, a decrease of 2.2 billion yen.

The debt to equity ratio (D/E ratio) was 0.51, and the equity ratio was 39 percent.
Slide 12 shows cash flows.

Cash flows from operating activities for the third quarter were 13.6 billion yen.

Cash flows from investing activities were negative 14.7 billion yen. This was mainly due to payment for purchasing property, plant and equipment in the amount of 15.1 billion yen.

Although free cash flows for the third quarter were negative 1.0 billion yen, there were positive 9.3 billion yen for nine months cumulative basis.
Next, we will discuss the full-year financial forecasts for the fiscal year ending March 31, 2008.
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.

<table>
<thead>
<tr>
<th>(B Yen)</th>
<th>FY07/3</th>
<th>FY08/3</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Full-Year</td>
<td>9M cumulative</td>
</tr>
<tr>
<td></td>
<td>Actual</td>
<td>Actual</td>
</tr>
<tr>
<td>Net Sales</td>
<td>692.3</td>
<td>521.8</td>
</tr>
<tr>
<td>Semiconductor Sales</td>
<td>659.7</td>
<td>497.8</td>
</tr>
<tr>
<td>Operating Income (Loss)</td>
<td>-28.6</td>
<td>4.9</td>
</tr>
<tr>
<td>Income (Loss) Before Income Taxes</td>
<td>-35.4</td>
<td>3.5</td>
</tr>
<tr>
<td>Net Income (Loss)</td>
<td>-41.5</td>
<td>-4.0</td>
</tr>
</tbody>
</table>

Exchange Rates

<table>
<thead>
<tr>
<th>Exchange Rates</th>
<th>FY07/3</th>
<th>FY08/3</th>
</tr>
</thead>
<tbody>
<tr>
<td>US$1=</td>
<td>117 yen</td>
<td>118 yen</td>
</tr>
<tr>
<td>Euro1=</td>
<td>149 yen</td>
<td>162 yen</td>
</tr>
</tbody>
</table>

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

As shown on slide 14, we did not change the full-year forecasts.

We expect downturn risks in the fourth quarter semiconductor sales and foreign exchange rates, however, we are committed to achieving operating profits for the latter half of the fiscal year and aiming to further improving our financial performance.
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.

Slide 15 shows monthly trends in orders.

December orders saw a negative impact from the November order increase, as well as weaker demand in some consumer electronics and PC areas. Overall, third quarter levels on average were flat from the previous quarter.
Slide 16 shows forecasts for the fourth quarter semiconductor sales by platform, compared to the third quarter results.

Taking order trends into consideration, we estimate that the MCU platform will increase in sales, pushed by healthy growth in the Auto microcontrollers.

We estimate that the SoC platform will remain flat, and Discrete and IC will decrease by a few percentage points. All in all, the fourth quarter semiconductor sales are expected to remain flat quarter on quarter, however, we will strive to increase sales.
Slide 17 shows our progress in cost reduction measures.

Our target is to reduce 20 billion yen in fixed costs year on year, and we have taken several measures to achieve the target. As shown on the graph, we began to see the effect of cost reduction measures.

We will continue to work to reduce costs beyond our target of 20 billion yen this fiscal year.
## Non-Operating Income/Loss

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

<table>
<thead>
<tr>
<th>(B Yen)</th>
<th>FY07/3</th>
<th>FY08/3</th>
<th>Full-Year</th>
<th>Previous Forecasts</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Full- Year</td>
<td>9M Cumulative</td>
<td>Q4</td>
<td>Forecasts</td>
<td>as of Jan 28, 2008</td>
</tr>
<tr>
<td>Actual</td>
<td>Actual</td>
<td>Forecasts</td>
<td>Previous Forecasts</td>
<td>Difference</td>
<td></td>
</tr>
<tr>
<td>Non-OP. Income (Loss)</td>
<td>-6.8</td>
<td>-1.4</td>
<td>-8.6</td>
<td>-10.0</td>
<td>-10.0</td>
</tr>
</tbody>
</table>

### 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
- Costs related to Consolidation of manufacturing lines
- Costs related to litigations
- Other Costs related Structural Reforms
- Loss from disposal or sale of fixed assets
- Enter liquidation in Nov. 2007

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

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Slide 18 shows forecasts for non-operating income (loss) for the fourth quarter and full year.

In the fourth quarter, we expect to book non-operating loss mainly from expenses involving the closure of the Indonesia plant, costs related to consolidation of manufacturing lines, litigation fees for antitrust lawsuits, and other additional structural reform costs.

Some expenses, such as litigation fees are difficult to estimate at the moment. However, we expect to record approximately 10 billion yen in non-operating loss for this fiscal year.
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.

In closing, we recorded operating income for the third quarter by working to reduce fixed costs diligently.

We have not made changes to the full-year financial forecasts for the fiscal year ending March 2008, expecting difficult market conditions in the fourth quarter.

We are, however, committed to securing operating profits in the second half, and strive to improve financial performance further.

Thank you very much for joining us today.
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.