FY09/3 Q1 Financial Results

Hank Sato
Senior Vice President and CFO

July 30, 2008

NEC Electronics Corporation
I. FY09/3 Q1 Financial Results

Sales and operating profit were in line with the company’s expectation.

II. FY09/3 Forecasts

FY09/3 forecasts will remain unchanged; however, aim to attain operating profit of more than 3B yen for 1H.

Aim to attain net profit for full-year, although weak demand for general-purpose products may affect the 2H outcome.

III. Business Highlights

- A new joint venture company for display driver ICs (announced on June 20, 2008)
- Progress on embedded DRAM LSI and EMMA business
I. FY09/3 Q1 Financial Results

II. FY09/3 Forecasts

III. Business Highlights
## Financial Snapshot

<table>
<thead>
<tr>
<th>(B Yen)</th>
<th>FY08/3 Q1, 6/30</th>
<th>FY08/3 Q4, 3/31</th>
<th>FY09/3 Q1, 6/30</th>
<th>YoY</th>
<th>QoQ</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>173.6</td>
<td>166.0</td>
<td>166.3</td>
<td>-7.3</td>
<td>+0.3</td>
</tr>
<tr>
<td>Semiconductor Sales</td>
<td>165.0</td>
<td>155.4</td>
<td>159.2</td>
<td>-5.8</td>
<td>+3.7</td>
</tr>
<tr>
<td>Operating Income (Loss)</td>
<td>-2.2</td>
<td>0.2</td>
<td>1.7</td>
<td>+3.9</td>
<td>+1.5</td>
</tr>
<tr>
<td>Income (Loss) Before Income Taxes</td>
<td>0.4</td>
<td>-6.7</td>
<td>0.3</td>
<td>-0.2</td>
<td>+7.0</td>
</tr>
<tr>
<td>Net Income (Loss)</td>
<td>-1.3</td>
<td>-12.0</td>
<td>-1.3</td>
<td>+0</td>
<td>+10.7</td>
</tr>
</tbody>
</table>

**Free Cash Flows**

-5.9 -3.8 -6.7 -0.8 -2.9

**D/E Ratio**

0.50 0.51 0.51 - -

**Shareholders’ Equity Ratio**

39% 37% 37% - -

**Exchange Rates**

1US$=119 yen 1Euro=160 yen 1US$=103 yen 1Euro=160 yen 1US$ 16 yen strong Euro - US$ 6 yen strong Euro -

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.
Q1 Semiconductor Sales by Platform

**YoY -4%**
- SoC -1%
  - +) LSIs for Blu-Ray devices
  - -) Memory for mobile handsets
- MCU +1%
  - +) Automotive MCUs
  - -) Weak sales in some general-purpose MCUs
- Discrete & IC -10%
  - -) All application

**QoQ +2%**
- SoC +7%
  - +) Camera LSIs for mobile handsets
  - +) LSIs for Blu-Ray devices
- MCU -0%
  - ±) Flat growth for automotive and general-purpose MCUs
- Discrete & IC -0%
  - +) LCD driver ICs for large panels
  - -) LCD driver ICs for small panels

Forex impact from strong yen
- Approx. 7.0B yen
- Approx. 3.0B yen

**FY08/3 Q1**
- 165.0
- SoC: 63.6
- MCU: 44.4
- Discrete & IC: 57.0

**FY09/3 Q1**
- 159.2
- SoC: 63.3
- MCU: 44.6
- Discrete & IC: 51.3

**FY08/3 Q4**
- 155.4
- SoC: 59.1
- MCU: 44.8
- Discrete & IC: 51.5

**FY09/3 Q1**
- 159.2
- SoC: 63.3
- MCU: 44.6
- Discrete & IC: 51.3

(1$=¥119) (1$=¥119) (1$=¥109) (1$=¥109)
Factors in Operating Income (Loss)

(B yen)

**YoY**
- Forex impact from stronger yen
  - Approx. 7.0B yen
- Decreased R&D and SG&A
  - +3.2B
- Increased GP
  - +0.7B
- Decreased Operating Income (loss)
  - -2.2

165.0 159.2

**QoQ**
- Forex impact from stronger yen
  - Approx. 3.0B yen
- Increased R&D
  - +2.8B
- Decreased SG&A
  - +0.6B
- Increased Operating Income
  - 0.2
- Increased R&D
  - +3.2B
- Decreased SG&A
  - +0.6B
- Decreased Operating Income (loss)
  - -1.9B

155.4 159.2

*(1$=¥119) (1$=¥103) (1$=¥109) (1$=¥103)*

FY08/3 Q1

FY09/3 Q1

FY08/3 Q4

FY09/3 Q1

*Forex impact from stronger yen:
- Approx. 7.0B yen

*Increased GP:
- +0.7B

*Increased R&D:
- +2.8B

*Decreased SG&A:
- +0.6B

*Increased Operating Income:
- 0.2

*Decreased Operating Income (loss):
- -2.2

NEC ELECTRONICS
<table>
<thead>
<tr>
<th>(B yen)</th>
<th>07/6</th>
<th>08/3</th>
<th>08/6</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Cash Equivalents</td>
<td>177.3</td>
<td>165.5</td>
<td>159.0</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>104.2</td>
<td>96.4</td>
<td>99.5</td>
</tr>
<tr>
<td>Inventories</td>
<td>79.9</td>
<td>75.8</td>
<td>79.5</td>
</tr>
<tr>
<td>PP&amp;E</td>
<td>291.5</td>
<td>259.2</td>
<td>253.9</td>
</tr>
<tr>
<td>Other Assets</td>
<td>37.1</td>
<td>19.5</td>
<td>29.3</td>
</tr>
<tr>
<td>Total Assets</td>
<td>690.0</td>
<td>616.3</td>
<td>621.2</td>
</tr>
<tr>
<td>Accounts Payable</td>
<td>127.3</td>
<td>108.1</td>
<td>106.0</td>
</tr>
<tr>
<td>Debt Payable</td>
<td>133.7</td>
<td>116.6</td>
<td>117.3</td>
</tr>
<tr>
<td>Other Liabilities</td>
<td>155.5</td>
<td>159.3</td>
<td>162.9</td>
</tr>
<tr>
<td>Liabilities</td>
<td>416.6</td>
<td>384.0</td>
<td>386.3</td>
</tr>
<tr>
<td>Minority Shareholders’ Equity</td>
<td>4.7</td>
<td>5.2</td>
<td>4.8</td>
</tr>
<tr>
<td>Shareholders’ Equity</td>
<td>268.7</td>
<td>227.1</td>
<td>230.1</td>
</tr>
<tr>
<td>Liabilities and Shareholders’ Equity</td>
<td>690.0</td>
<td>616.3</td>
<td>621.2</td>
</tr>
<tr>
<td>D/E Ratio (Gross)</td>
<td>0.50</td>
<td>0.51</td>
<td>0.51</td>
</tr>
<tr>
<td>Equity Ratio</td>
<td>39%</td>
<td>37%</td>
<td>37%</td>
</tr>
</tbody>
</table>
## Cash Flows

<table>
<thead>
<tr>
<th></th>
<th>FY08/3</th>
<th>FY09/3</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q1</td>
<td>Q4</td>
</tr>
<tr>
<td>Cash Flows from</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Activities</td>
<td>1.5</td>
<td>0.5</td>
</tr>
<tr>
<td>Cash Flows from</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investing Activities</td>
<td>-7.3</td>
<td>-4.3</td>
</tr>
<tr>
<td>Free Cash Flows</td>
<td>-5.9</td>
<td>-3.8</td>
</tr>
</tbody>
</table>
I. FY09/3 Q1 Financial Results

II. FY09/3 Forecasts

III. Business Highlights
### FY09/3 Financial Forecasts

The full-year forecasts remain unchanged.
Aim to attain net profit for FY09/3

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

**Exchange Rates**

<table>
<thead>
<tr>
<th></th>
<th>1US$=</th>
<th>1Euro=</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 US$</td>
<td>120 yen</td>
<td>162 yen</td>
</tr>
<tr>
<td>1 Euro</td>
<td>112 yen</td>
<td>161 yen</td>
</tr>
<tr>
<td>1 Euro</td>
<td>116 yen</td>
<td>161 yen</td>
</tr>
<tr>
<td>1 Euro</td>
<td>160 yen</td>
<td>160 yen</td>
</tr>
</tbody>
</table>

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

**Note 2:** Forecasts as of July 30, 2008.
Trends in Amount of Orders

Amount of Orders (3-months moving average)

FY07/3  FY08/3  FY09/3

FY08/3 Average

Q1 Order Trends (QoQ)

Steady growth in camera LSIs for mobile handsets and Blu-Ray related application

- factors

QoQ

Weak general-purpose products, such as discrete, and slowdown in growth for automotive related products

(The company’s internal sales exchange rates are used to calculate amount of orders for corresponding month)
FY09/3 Q2 Forecasts (QoQ)

Semicon. Sales
1H Outlook: 320.0B yen

- SoC
  Flat or increase by lower single digit %
  + ) LSI for DVD drives
  - ) Inventory adjustments for some ASIC products

- MCU
  Flat or increase by lower single digit %
  - ) Automotive MCUs
  + ) General-purpose MCUs, esp. in All Flash MCUs

- Discrete & IC
  Flat or decrease by lower single digit %
  ± ) Continued adjustments in general-purpose products
  - ) LCD driver ICs

Sales increase due to weaker yen

Operating Income
1H Outlook: 3.0B yen

Increase in operating income due to weaker yen

Note: Operating Income (Loss) = Net Sales – COGS – R&D – SG&A
I. FY09/3 Q1 Financial Results

II. FY09/3 Forecasts

III. Business Highlights
Business Highlights

Establishment of JV Company for Display Driver IC

NEC Electronics and Elpida agreed to establish a JV for Display Driver IC
(Announced on June 20, 2008)

- Working to enter into a JV agreement by the end of September 2008
- Pursue cost competitiveness and expand business by leveraging NEC Electronics’ advanced technology and Elpida’s 300mm production capacity

Progress on Focused Business

Embedded-DRAM LSIs

- Launching business for embedded-DRAM CBIC on 40nm process node
- Began mass production for new products for mobile handsets/digital televisions

EMMA (Enhanced Multi-Media Architecture)

- Design-ins for new customers in Blu-Ray devices and digital televisions, in addition to expanding existing business
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 ~ Semiconductor Sales by Application

(B yen)

<table>
<thead>
<tr>
<th>FY08/3</th>
<th>Communications</th>
<th>Computing &amp; Peripherals</th>
<th>Consumer Electronics</th>
<th>Auto &amp; Industrial</th>
<th>Multi-market ICs</th>
<th>Discrete, Optical and Microwave</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>165.0</td>
<td>20.7</td>
<td>29.5</td>
<td>33.0</td>
<td>27.4</td>
<td>22.6</td>
</tr>
<tr>
<td>Q2</td>
<td>169.1</td>
<td>17.1</td>
<td>32.6</td>
<td>34.5</td>
<td>27.7</td>
<td>24.9</td>
</tr>
<tr>
<td>Q3</td>
<td>163.7</td>
<td>15.6</td>
<td>30.1</td>
<td>35.3</td>
<td>29.0</td>
<td>21.9</td>
</tr>
<tr>
<td>Q4</td>
<td>155.4</td>
<td>17.0</td>
<td>27.1</td>
<td>31.7</td>
<td>29.2</td>
<td>20.3</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FY09/3</th>
<th>Q1</th>
<th>Communications</th>
<th>Computing &amp; Peripherals</th>
<th>Consumer Electronics</th>
<th>Auto &amp; Industrial</th>
<th>Multi-market ICs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>159.2</td>
<td>16.4</td>
<td>30.0</td>
<td>32.1</td>
<td>29.8</td>
<td>29.8</td>
</tr>
<tr>
<td>Q2</td>
<td>155.4</td>
<td>17.0</td>
<td>27.1</td>
<td>31.7</td>
<td>29.2</td>
<td>20.3</td>
</tr>
<tr>
<td>Q3</td>
<td>163.7</td>
<td>15.6</td>
<td>30.1</td>
<td>35.3</td>
<td>29.0</td>
<td>21.9</td>
</tr>
<tr>
<td>Q4</td>
<td>169.1</td>
<td>17.1</td>
<td>32.6</td>
<td>34.5</td>
<td>27.7</td>
<td>24.9</td>
</tr>
</tbody>
</table>