

Media Contacts

Kyoko Okamoto
 NEC Electronics Corporation
 +81 44-435-1676
 press@necel.com

Investor Contacts

Hiro Nakanishi / Nanako Hayashi
 NEC Electronics Corporation
 +81 44-435-1664
 ir@necel.com

NEC Electronics Reports Financial Results for the Third Quarter Ended December 31, 2008

KAWASAKI, Japan, January 29, 2009 — NEC Electronics Corporation (TSE: 6723) today announced consolidated financial results for the three months and nine months ended December 31, 2008.

| | |
|---|----|
| Third Quarter Consolidated Financial Results | 2 |
| 1. Financial Results | 5 |
| 2. Financial Condition | 11 |
| 3. Consolidated Forecasts | 13 |
| 4. Other | 15 |
| 5. Consolidated Financial Statements (Nine Months) | |
| 5.1 Consolidated Balance Sheets | 16 |
| 5.2 Consolidated Statements of Operations | 17 |
| 5.3 Consolidated Statements of Change in Shareholders' Equity | 18 |
| 5.4 Consolidated Statements of Cash Flows | 19 |
| 5.5 Segment Information | 20 |
| 6. Consolidated Financial Statements (Three Months) | |
| 6.1 Consolidated Statements of Operations | 22 |
| 6.2 Consolidated Statements of Change in Shareholders' Equity | 23 |
| 6.3 Consolidated Statements of Cash Flows | 24 |
| 6.4 Segment Information | 25 |
| 7. Notes on Assumption for Going Concern | 26 |
| Reference: Summary of Consolidated Financial Results | 27 |



Consolidated Financial Results for the Third Quarter Ended December 31, 2008

Prepared in accordance with accounting principles generally accepted in the United States of America, or U.S. GAAP
English translation from the original Japanese-language document

January 29, 2009

Company name : **NEC Electronics Corporation**
Stock exchanges on which the shares are listed : Tokyo Stock Exchange, First Section
Code number : 6723
URL : <http://www.necel.com>
Representative : Toshio Nakajima, President and CEO
Contact person : Taizo Endo, Associate General Manager
Corporate Communications Department
Tel. +81 (0)44-435-1664
Filing date of Shihanki Hokokusho (scheduled) : February 9, 2009

(Amounts are rounded to the nearest million yen)

1. Consolidated results for the nine months ended December 31, 2008

1.1 Consolidated financial results

(% of change from corresponding period of the previous year)

| | Net Sales | | Operating Income (Loss) | | Income (Loss) Before Income Taxes | | Net Loss | |
|-------------------------------------|-------------|--------|-------------------------|-----|-----------------------------------|-----|-------------|-----|
| | Million Yen | % | Million Yen | % | Million Yen | % | Million Yen | % |
| Nine Months ended December 31, 2008 | 460,924 | (11.7) | (15,037) | --- | (20,118) | --- | (21,806) | --- |
| Nine Months ended December 31, 2007 | 521,751 | 0.2 | 4,854 | --- | 3,475 | --- | (3,968) | --- |

| | Net Loss Per Share: Basic | Net Loss Per Share: Diluted |
|-------------------------------------|---------------------------|-----------------------------|
| | Yen | Yen |
| Nine Months ended December 31, 2008 | (176.57) | (176.57) |
| Nine Months ended December 31, 2007 | (32.13) | (32.13) |

Note 1: Net loss per share of common stock is calculated in accordance with the Statement of Financial Accounting Standards ("SFAS") No. 128, "Earnings Per Share".

Note 2: NEC Electronics' consolidated financial 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.

1.2 Consolidated financial position

| | Total Assets | Shareholders' Equity | Shareholders' Equity Ratio | Shareholders' Equity Per Share |
|-------------------|--------------|----------------------|----------------------------|--------------------------------|
| | Million Yen | Million Yen | % | Yen |
| December 31, 2008 | 579,389 | 196,918 | 34.0 | 1,594.51 |
| March 31, 2008 | 616,304 | 227,138 | 36.9 | 1,839.20 |

Note: The figures for shareholders' equity are prepared in accordance with accounting principles generally accepted in the United States, or U.S. GAAP.

2. Cash dividends

| | Cash Dividends Per Share at the end of first quarter | Cash Dividends Per Share at the end of second quarter | Cash Dividends Per Share at the end of third quarter | Cash Dividends Per Share at the end of year | Annual Cash Dividends Per Share |
|---------------------------|--|--|---|---|---------------------------------------|
| March 31, 2008 | Yen --- | Yen 0.00 | Yen --- | Yen 0.00 | Yen 0.00 |
| March 31, 2009 | --- | 0.00 | --- | --- | 0.00 |
| March 31, 2009 (forecast) | --- | --- | --- | 0.00 | |

Note: Change in forecasts of cash dividends since the most recently announced forecasts: None

3. Forecast of consolidated results for the year ending March 31, 2009

(% of change from the previous year)

| | Net Sales | | Operating Income (Loss) | | Income (Loss) Before Income Taxes | | Net Income (Loss) | | Net Income (Loss) Per Share |
|----------------------------|-------------|--------|----------------------------|-----|---|-----|----------------------|-----|-----------------------------------|
| | Million Yen | % | Million Yen | % | Million Yen | % | Million Yen | % | Yen |
| Year ending March 31, 2009 | 555,000 | (19.3) | (55,000) | --- | (62,000) | --- | (65,000) | --- | (526.32) |

Note: Change in forecast of consolidated results since the most recently announced forecasts: Yes

Please refer to section "3. Consolidated Forecasts" on page 13 for further information.

4. Other

4.1 Changes in significant subsidiaries in the nine months ended December 31, 2008

(changes in specified subsidiaries resulting in changes in scope of consolidation): Yes

New ---

Excluded 2 companies (NEC Fukui, Ltd. and NEC Semicon Package Solutions, Ltd.)

Note: Changes in specified subsidiaries have been noted. Please refer to section "4. Other" on page 15 for further information.

4.2 Adoption of simplified accounting methods for quarterly reporting: None

4.3 Changes in accounting principles, procedures, and presentations, etc.

(Changes indicated to "Basis of Presenting the Consolidated Financial Statements")

1. Changes resulting from revisions in accounting principles, etc. : Yes

2. Other changes : No

Note: Please refer to section "4. Other" on page 15 for further information.

4.4 Number of shares issued and outstanding (common stock)

1. Number of shares issued and outstanding at the end of each period

As of Dec. 31, 2008: 123,500,000 As of Mar. 31, 2008: 123,500,000

2. Number of treasury shares at the end of each period

As of Dec. 31, 2008: 2,306 As of Mar. 31, 2008: 2,039

3. Average number of shares issued and outstanding in each period

As of Dec. 31, 2008: 123,497,846 As of Dec. 31, 2007: 123,498,231

Cautionary Statement

The statements with respect to the financial outlook of NEC Electronics and its consolidated subsidiaries are forward-looking statements involving risks and uncertainties. We caution you in advance that actual results may differ materially from such forward-looking statements due to changes in several important factors.

Reference: Consolidated results for the three months ended December 31, 2008

(Amounts are rounded to the nearest million yen)

(% of change from corresponding period of the previous year)

| | Net Sales | | Operating Income (Loss) | | Income (Loss) Before Income Taxes | | Net Loss | |
|--------------------------------------|-------------|--------|----------------------------|-----|---|-----|-------------|-----|
| | Million Yen | % | Million Yen | % | Million Yen | % | Million Yen | % |
| Three Months ended December 31, 2008 | 127,336 | (25.4) | (16,243) | --- | (20,111) | --- | (19,899) | --- |
| Three Months ended December 31, 2007 | 170,778 | (4.0) | 3,002 | --- | 1,644 | --- | (936) | --- |

| | Net Loss Per Share: Basic | Net Loss Per Share: Diluted |
|--------------------------------------|---------------------------------|-----------------------------------|
| | Yen | Yen |
| Three Months ended December 31, 2008 | (161.13) | (161.13) |
| Three Months ended December 31, 2007 | (7.58) | (7.58) |

Note 1: Net loss per share of common stock is calculated in accordance with the Statement of Financial Accounting Standards ("SFAS") No. 128, "*Earnings Per Share*".

Note 2: NEC Electronics' consolidated financial 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.

1. Financial Results

1.1 Summary of Consolidated Financial Results

Nine Months Ended December 31, 2008

| | Nine Months Ended December 31, 2007 | Nine Months Ended December 31, 2008 | | Increase (Decrease) | |
|-----------------------------------|--|--|-------------|---------------------|----------|
| | Billion Yen | Billion Yen | Million USD | Billion Yen | % Change |
| Net sales | 521.8 | 460.9 | 5,065 | (60.8) | (11.7) |
| Sales from semiconductors | 497.8 | 441.0 | 4,846 | (56.8) | (11.4) |
| Operating income (loss) | 4.9 | (15.0) | (165) | (19.9) | --- |
| Income (loss) before income taxes | 3.5 | (20.1) | (221) | (23.6) | --- |
| Net loss | (4.0) | (21.8) | (240) | (17.8) | --- |
| | Yen | Yen | | | |
| Exchange rate (USD) | 118 | 104 | | --- | --- |
| Exchange rate (Euro) | 162 | 154 | | --- | --- |

Note: U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥91=U.S. \$1.

Consolidated net sales for the nine months ended December 31, 2008 were 460.9 billion yen, down 60.8 billion yen, or 11.7 percent year on year.

Sales of products in all areas decreased. Especially computing and peripherals, discrete, optical, and microwave devices decreased by approximate of more than 15 percent year on year.

In addition, due to rapid exchange fluctuations, the yen became stronger compared to the corresponding period of the previous fiscal year, which contributed to the decrease in net sales.

Consolidated operating loss was 15.0 billion yen, 19.9 billion yen worse year on year. This drop was due to the severe decline in consolidated sales year on year.

Consolidated loss before income taxes was 20.1 billion yen, 23.6 billion yen worse year on year. This drop was due to an increase in consolidated operating loss; a decrease of 1.9 billion yen in non-operating income compared to the same period last year, in which the photomask business was transferred; and an increase of 1.8 billion yen in non-operating expenses due to the closing of a prototype line in Japan.

Consolidated net loss was 21.8 billion yen, 17.8 billion yen worse year on year.

For more information on the consolidated financial results for the three months ended June 30, 2008, please refer to the first quarter financial results announced on July 30, 2008. For more information on the consolidated financial results for the three months ended September 30, 2008, please refer to the second quarter financial results announced on October 29, 2008.

1.2 Overview of the Three Months Ended December 31, 2008

During the three months ended December 31, 2008, the financial crisis exerted severe impact on the real economy, triggering a worldwide recession.

In the United States, the economy grew steadily worse as the housing market faltered, the credit crunch and employment adjustments continued, and even the Christmas selling season failed to achieve a satisfactory result. In the European economy as well, consumer spending was flat and the economy slowed significantly due to repercussions from the financial crisis in the United States. In Asia, reductions in exports especially for electronics and related products led to an economic slowdown.

As for Japan, the immediate impact of the financial crisis did not seem to be felt as strongly as in other countries because of its experience with a similar situation in the 1990's. Nevertheless, plant operation and capital expenditure rapidly fell due to the weak profit of exported goods caused by a decrease in the volume of exports and a sharp hike in the yen. Additionally, consumer spending decreased due to deteriorating employment conditions and an economic downturn. These factors overall led to an extremely severe deterioration in the Japanese economy as well.

Amidst this global economic downturn, the electronics industry and automotive industry underwent significant declines in sales and production and led to inventory adjustments. This contributed to the semiconductor market in which NEC Electronics operates to experience a rapid decrease in demand, month by month from October to the end of December 2008, at a rate far outstripping that of customers' decrease in sales.

1.3 Summary of Consolidated Financial Results

Three Months Ended December 31, 2008

| | Three Months Ended December 31, 2007 | Three Months Ended December 31, 2008 | | Increase (Decrease) | |
|-----------------------------------|---|---|-------------|---------------------|----------|
| | Billion Yen | Billion Yen | Million USD | Billion Yen | % Change |
| Net sales | 170.8 | 127.3 | 1,399 | (43.4) | (25.4) |
| Sales from semiconductors | 163.7 | 122.7 | 1,348 | (41.1) | (25.1) |
| Operating income (loss) | 3.0 | (16.2) | (178) | (19.2) | --- |
| Income (loss) before income taxes | 1.6 | (20.1) | (221) | (21.8) | --- |
| Net loss | (0.9) | (19.9) | (219) | (19.0) | --- |
| | Yen | Yen | | | |
| Exchange rate (USD) | 114 | 101 | | --- | --- |
| Exchange rate (Euro) | 163 | 137 | | --- | --- |

Consolidated net sales for the three months ended December 31, 2008 were 127.3 billion yen, down 43.4 billion yen, or 25.4 percent, year on year.

Sales of products in all areas especially computing and peripherals, automotive and industrial, as well as discrete, optical, and microwave devices all decreased by more than 30 percent year on year.

Consolidated operating loss was 16.2 billion yen, 19.2 billion yen worse year on year due to a drastic decrease in net sales.

Consolidated loss before income taxes was 20.1 billion yen, 21.8 billion yen worse year on year. This was due to a rapid fall in operating income as well as an increase of 2.8 billion yen in non-operating expenses caused by the closure of a prototype line in Japan.

Consolidated net loss was 19.9 billion yen, 19.0 billion yen worse year on year.

1.4 Net Sales by Market Application

Three Months Ended December 31, 2008

| | Three Months Ended December 31, 2007 | Three Months Ended December 31, 2008 | | Increase (Decrease) | |
|--|---|---|-------------|---------------------|----------|
| | Billion Yen | Billion Yen | Million USD | Billion Yen | % Change |
| Communications | 15.6 | 15.4 | 170 | (0.2) | (1.1) |
| Computing and peripherals | 30.1 | 17.0 | 187 | (13.1) | (43.5) |
| Consumer electronics | 35.3 | 31.9 | 350 | (3.4) | (9.7) |
| Automotive and industrial | 29.0 | 20.3 | 222 | (8.7) | (30.0) |
| Multi-market ICs | 21.9 | 15.8 | 174 | (6.1) | (27.7) |
| Discrete, optical, and microwave devices | 31.9 | 22.3 | 245 | (9.6) | (30.1) |
| Semiconductor total | 163.7 | 122.7 | 1,348 | (41.1) | (25.1) |
| Other | 7.0 | 4.7 | 51 | (2.4) | (33.6) |
| Total | 170.8 | 127.3 | 1,399 | (43.4) | (25.4) |

Communications

Products Semiconductors for broadband networking equipment including routers and mobile-phone base stations; semiconductors for mobile handsets.

Net sales 15.4 billion yen (Down 0.2 billion yen, 1.1% year on year)

Sales of LCD driver ICs and system memory for mobile handsets decreased year on year.

Computing and Peripherals

Products Semiconductors for servers, workstations, personal computers, and PC peripherals.

Net sales 17.0 billion yen (Down 13.1 billion yen, 43.5% year on year)

Sales of LCD driver ICs for LCD televisions and PC monitors, and LSI chips for DVD drives decreased year on year.

Consumer Electronics

Products Semiconductors for consumer electronics and game consoles.

Net sales 31.9 billion yen (Down 3.4 billion yen, 9.7% year on year)

Sales of semiconductors for digital consumer and home appliances declined year on year.

Automotive and Industrial

Products Semiconductors used in automobiles and industrial systems, including factory automation equipment.

Net sales 20.3 billion yen (Down 8.7 billion yen, 30.0% year on year)

Sales of semiconductors for automobiles and industrial equipment both decreased year on year. In particular, due to the stagnation in the North American market as well as the sharp downturn in Japanese and European market, sales of microcontrollers used in automobiles declined year on year.

Multi-market ICs

Products General-purpose microcontrollers, gate arrays, and multi-purpose SRAM.

Net sales 15.8 billion yen (Down 6.1 billion yen, 27.7% year on year)

Sales of general-purpose microcontrollers, gate arrays, and multi-purpose SRAM decreased year on year as a result of a decline in demand due to a slower market.

Discrete, Optical and Microwave Devices

Products Discrete devices such as diodes and transistors; optical semiconductors for optical communications equipment and DVD devices; and microwave semiconductors for mobile handsets and other applications.

Net sales 22.3 billion yen (Down 9.6 billion yen, 30.1% year on year)

Sales of discrete devices and compounds semiconductors such as optical and microwave devices decreased year on year as a result of a decline in demand due to a slower market.

Other

Products Non-semiconductor products such as color LCDs, sold on a resale basis by NEC Electronics' sales subsidiaries.

Net sales 4.7 billion yen (Down 2.4 billion yen, 33.6% year on year)

1.5 Net Sales by Region

Three Months Ended December 31, 2008

| | Three Months Ended December 31, 2007 | Three Months Ended December 31, 2008 | | Increase (Decrease) | |
|--------------------------|---|---|-------------|------------------------|----------|
| | Billion Yen | Billion Yen | Million USD | Billion Yen | % Change |
| Japan | 93.1 | 79.6 | 875 | (13.5) | (14.5) |
| United States of America | 14.4 | 8.2 | 90 | (6.2) | (43.2) |
| Europe | 22.2 | 13.2 | 145 | (9.0) | (40.4) |
| Asia | 41.2 | 26.4 | 289 | (14.8) | (36.0) |
| Total | 170.8 | 127.3 | 1,399 | (43.4) | (25.4) |

Note: With the exception of Japan and the United States of America, regions include subsidiaries in the following locations:

Europe: Germany, Great Britain, and Ireland

Asia: China, Indonesia, Malaysia, Singapore, South Korea, and Taiwan

Japan

Net sales 79.6 billion yen (Down 13.5 billion yen, 14.5% year on year)

Sales of LSI chips for DVD drives and discrete products decreased.

United States of America

Net sales 8.2 billion yen (Down 6.2 billion yen, 43.2% year on year)

Sales of general-purpose microcontrollers and system memory for mobile handsets decreased.

Europe

Net sales 13.2 billion yen (Down 9.0 billion yen, 40.4% year on year)

Sales of both semiconductors for automobiles and general-purpose microcontrollers decreased. The majority of sales in Europe for the three months ended December 31, 2007 and December 31, 2008 were from NEC Electronics' subsidiary in Germany.

Asia

Net sales 26.4 billion yen (Down 14.8 billion yen, 36.0% year on year)

Overall sales of LCD driver ICs for LCD televisions and PC monitors, as well as discrete products decreased. Sales from NEC Electronics' subsidiaries in China for the three months ended December 31, 2007 and December 31, 2008 were 22.9 billion yen and 14.6 billion yen, respectively.

2. Financial Condition

2.1 Total Assets and Shareholders' Equity

| | March 31, 2008 | December 31, 2008 | | Increase (Decrease) |
|--------------------------------|----------------|-------------------|-------------|------------------------|
| | Billion Yen | Billion Yen | Million USD | Billion Yen |
| Total assets | 616.3 | 579.4 | 6,367 | (36.9) |
| Shareholders' equity | 227.1 | 196.9 | 2,165 | (30.2) |
| Equity ratio | 36.9% | 34.0% | | (2.9)% |
| Shareholders' equity per share | 1,839 yen | 1,595 yen | 17.52 USD | (245) yen |
| Interest-bearing debt | 116.6 | 117.0 | 1,285 | 0.4 |

Total assets at December 31, 2008 totaled 579.4 billion yen, a 36.9 billion yen decrease from March 31, 2008, mainly due to a decrease in accounts receivable following a decline in net sales.

Compared to March 31, 2008, shareholders' equity was 30.2 billion yen lower at 196.9 billion yen. This was due to a net loss of 21.8 billion yen for the period from April to December 2008, and 8.4 billion yen greater losses for accumulated other comprehensive income (loss), mainly due to exchange fluctuations.

The shareholders' equity ratio decreased by 2.9 points from March 31, 2008 as a result of a decrease in shareholders' equity.

Interest-bearing debt totaled 117.0 billion yen, increasing 0.4 billion yen from March 31, 2008 mainly due to lease obligations.

2.2 Cash Flows

Three Months Ended December 31, 2008

| | Three Months Ended December 31, 2007 | Three Months Ended December 31, 2008 | | Increase (Decrease) |
|--|---|---|-------------|------------------------|
| | Billion Yen | Billion Yen | Million USD | Billion Yen |
| Net cash provided by operating activities | 13.6 | 10.5 | 116 | (3.1) |
| Net cash used in investing activities | (14.7) | (7.2) | (79) | 7.5 |
| Free cash flows | (1.0) | 3.3 | 37 | 4.4 |
| Net cash used in financing activities | (1.4) | (1.3) | (15) | 0.1 |
| Effect of exchange rate changes on cash and cash equivalents | (0.0) | (3.5) | (39) | (3.5) |
| Net decrease in cash and cash equivalents | (2.4) | (1.5) | (17) | 0.9 |
| Cash and cash equivalents at beginning of period | 191.4 | 158.0 | 1,737 | (33.3) |
| Cash and cash equivalents at end of period | 188.9 | 156.5 | 1,720 | (32.4) |

Despite recording a net loss and an increase in inventories, decrease in accounts receivable as well as depreciation and amortization of 17.4 billion yen led to net cash provided by operating activities in the amount of 10.5 billion yen for the three months ended December 31, 2008.

Despite the payments for property, plant, and equipment in the amount of 11.1 billion yen, proceeds from the sales of property, plant and equipment property, plant, and equipment in the amount of 4.3 billion yen, brought the total net cash used in investing activities to 7.2 billion yen.

The foregoing resulted in positive free cash flows of 3.3 billion yen.

Financing activities used net cash in the amount of 1.3 billion yen for the repayment of debt.

As a result of the above, combined with the negative impact of currency exchange fluctuations in the amount of 3.5 billion yen, the net decrease in cash and cash equivalents was 1.5 billion yen, resulting in cash and cash equivalents at December 31, 2008 totaling 156.5 billion yen.

For more information on cash flows for the three months ended June 30, 2008, please refer to the first quarter financial results announced on July 30, 2008. For more information on cash flows for the three months ended September 30, 2008, please refer to the second quarter financial results announced on October 29, 2008.

3. Consolidated Forecasts

Due to a deterioration in the economic condition from late 2007, customers reduced inventories and orders. In this environment, NEC Electronics announced revisions to its full-year forecasts on October 21, 2008 on the assumption that the fiscal year ending March 2009 would become increasingly severe. In spite of this downward revision, the company made concerted efforts to improve its financial results through the continuous reduction of fixed costs and improvements in management efficiency, as well as by accelerating the reorganization of manufacturing lines, and strengthening its focus on competitive products.

However, the economic situation in the three months ended December 31, 2008 grew steadily worse, falling far below the company's expectations. Especially from November of last year, the semiconductor market in which NEC Electronics operates grew increasingly severe as customers in the electronics and automotive industries adjusted production and reduced inventories of parts due to sluggish sales.

Moreover, as the gap in Japanese interest rates and North American and European rates narrowed, and the yen appreciated rapidly against the dollar and euro due to its status as a safe haven currency. This stronger yen fell below 90 yen to the dollar for the first time in 13 years, and had a severe impact on exporting companies including NEC Electronics.

There seems to be no sign of improvement on this economic downturn and the current severe state is likely to continue.

In this environment, NEC Electronics announced the following revisions to its full-year forecasts. Due to the general decline in semiconductor sales, sales of automotive semiconductors, general-purpose products such as discrete devices and microcontrollers, as well as LCD driver ICs for LCD televisions and PC monitors are expected to be particularly hard hit. As a result of this decrease in net sales, operating loss is expected to be 55.0 billion yen and net loss is expected to be 65.0 billion yen.

| | Net Sales | Sales from semiconductors | Operating Income (Loss) | Income (Loss) Before Income Taxes | Net Income (Loss) |
|---------------------------------------|-------------|------------------------------|----------------------------|---|----------------------|
| | Million Yen | Million Yen | Million Yen | Million Yen | Million Yen |
| Previous forecasts (October 21, 2008) | 660,000 | 630,000 | 1,000 | (4,000) | (8,000) |
| Forecasts as of January 29, 2008 | 555,000 | 530,000 | (55,000) | (62,000) | (65,000) |
| Increase (decrease) | (105,000) | (100,000) | (56,000) | (58,000) | (57,000) |
| Percent change | (15.9)% | (15.9)% | --- | --- | --- |

The consolidated financial forecasts for the full year ending March 31, 2009 are calculated at the rate of 90 yen per USD (revised from the rate of 105 yen per USD in the previous forecasts), and 125 yen per Euro (revised from the rate of 145 yen per Euro in the previous forecasts).

The statements with respect to the financial outlook of NEC Electronics and its consolidated subsidiaries are forward-looking statements involving risks and uncertainties. We caution you in advance that actual results may differ materially from such forward-looking statements due to changes in several important factors.

4. Other

- 4.1 Changes in significant subsidiaries in the nine months ended December 31, 2008
(changes in specified subsidiaries resulting in changes in scope of consolidation)
(2 companies excluded)

4.1.1 NEC Fukui, Ltd.

On April 1, 2008, NEC Fukui, Ltd. was merged by NEC Kansai, Ltd., NEC Electronics' consolidated company. (NEC Kansai, Ltd. changed its company name to NEC Semiconductors Kansai, Ltd. on the same date.)

4.1.2 NEC Semicon Package Solutions, Ltd.

On April 1, 2008, NEC Semicon Package Solutions, Ltd. was merged by NEC Kyushu, Ltd., NEC Electronics' consolidated company. (NEC Kyushu, Ltd. changed its company name to NEC Semiconductors Kyushu Yamaguchi, Ltd. on the same date.)

- 4.2 Adoption of simplified accounting methods for quarterly reporting
None.

- 4.3 Changes in accounting principles, procedures, and presentations, etc.

Accounting Change

Effective April 1, 2008, the company adopted SFAS No. 157, *Fair Value Measurements* ("SFAS No. 157"). SFAS No. 157 defines fair value, establishes a framework for measuring fair values, and expands disclosures about fair value measurements. The adoption of SFAS No. 157 did not have a significant effect on its financial position or results of operations. The details of effect of adopting SFAS No. 157 are omitted because it is immaterial in financial results disclosure.

5. Consolidated Financial Statements (Nine Months)

5.1 Consolidated Balance Sheets

As of December 31, 2008

| | March 31, 2008 | December 31, 2008 | | Increase (Decrease) | December 31, 2007 |
|---|----------------|-------------------|-------------|------------------------|----------------------|
| | Million Yen | Million Yen | Million USD | Million Yen | Million Yen |
| Current assets | 344,115 | 315,087 | 3,463 | (29,028) | 376,491 |
| Cash and cash equivalents | 165,472 | 156,496 | 1,720 | (8,976) | 188,931 |
| Notes and accounts receivable, trade | 96,352 | 68,063 | 748 | (28,289) | 92,604 |
| Inventories | 75,839 | 82,132 | 903 | 6,293 | 81,069 |
| Other current assets | 6,452 | 8,396 | 92 | 1,944 | 13,887 |
| Long-term assets | 272,189 | 264,302 | 2,904 | (7,887) | 291,151 |
| Investments | 4,565 | 4,209 | 46 | (356) | 5,672 |
| Property, plant and equipment | 259,151 | 244,689 | 2,689 | (14,462) | 273,760 |
| Other assets | 8,473 | 15,404 | 169 | 6,931 | 11,719 |
| Total assets | 616,304 | 579,389 | 6,367 | (36,915) | 667,642 |
| Current liabilities | 179,715 | 171,304 | 1,882 | (8,411) | 201,960 |
| Short-term borrowings and current portion of long-term debt | 2,394 | 1,835 | 20 | (559) | 17,659 |
| Notes and accounts payable, trade | 108,136 | 110,883 | 1,218 | 2,747 | 118,261 |
| Other current liabilities | 69,185 | 58,586 | 644 | (10,599) | 66,040 |
| Long-term liabilities | 204,275 | 205,978 | 2,263 | 1,703 | 201,754 |
| Long-term debt | 114,207 | 115,119 | 1,265 | 912 | 114,316 |
| Accrued pension and severance costs | 74,460 | 72,846 | 800 | (1,614) | 69,672 |
| Other | 15,608 | 18,013 | 198 | 2,405 | 17,766 |
| Minority shareholders' equity in consolidated subsidiaries | 5,176 | 5,189 | 57 | 13 | 5,083 |
| Shareholders' equity | 227,138 | 196,918 | 2,165 | (30,220) | 258,845 |
| Common stock | 85,955 | 85,955 | 945 | --- | 85,955 |
| Additional paid-in capital | 281,073 | 281,081 | 3,089 | 8 | 281,065 |
| Accumulated deficit | (114,896) | (136,702) | (1,502) | (21,806) | (102,869) |
| Accumulated other comprehensive income (loss) | (24,984) | (33,405) | (367) | (8,421) | (5,296) |
| Treasury stock, at cost | (10) | (11) | (0) | (1) | (10) |
| Total liabilities and shareholders' equity | 616,304 | 579,389 | 6,367 | (36,915) | 667,642 |
| Interest-bearing debt | 116,601 | 116,954 | 1,285 | 353 | 131,975 |
| Equity ratio | 36.9% | 34.0% | | (2.9)% | 38.8% |
| Debt / equity ratio | 0.51 times | 0.59 times | | 0.08 times | 0.51 times |
| Accumulated other comprehensive income (loss): | | | | | |
| Foreign currency translation adjustments | 1,913 | (7,044) | (78) | (8,957) | 8,942 |
| Pension liability adjustment | (27,737) | (26,868) | (295) | 869 | (15,870) |
| Unrealized gains (losses) on marketable securities | 840 | 507 | 6 | (333) | 1,632 |

Note: Certain amounts in the consolidated balance sheet as of March 31, 2008 have been reclassified to conform to the presentation in the consolidated balance sheet as of December 31, 2008.

5.2 Consolidated Statements of Operations

Nine Months Ended December 31, 2008

| | Nine Months Ended December 31, 2007 | | Nine Months Ended December 31, 2008 | | | Increase (Decrease) | Year Ended March 31, 2008 | |
|---|--|-------------------|--|-------------|-------------------|------------------------|------------------------------|-------------------|
| | Million Yen | % of Net Sales | Million Yen | Million USD | % of Net Sales | Million Yen | Million Yen | % of Net Sales |
| Net sales | 521,751 | 100.0 | 460,924 | 5,065 | 100.0 | (60,827) | 687,745 | 100.0 |
| Cost of sales | 365,186 | 70.0 | 331,330 | 3,641 | 71.9 | (33,856) | 485,683 | 70.6 |
| Research and development | 87,706 | 16.8 | 83,432 | 917 | 18.1 | (4,274) | 112,300 | 16.3 |
| Selling, general, and administrative expenses | 64,005 | 12.3 | 61,199 | 672 | 13.3 | (2,806) | 84,668 | 12.4 |
| Operating income (loss) | 4,854 | 0.9 | (15,037) | (165) | (3.3) | (19,891) | 5,094 | 0.7 |
| Non-operating income | 5,179 | 1.0 | 3,295 | 36 | 0.7 | (1,884) | 6,053 | 0.9 |
| Interest and dividends income | 1,621 | | 1,422 | 16 | | (199) | 2,152 | |
| Other | 3,558 | | 1,873 | 20 | | (1,685) | 3,901 | |
| Non-operating expense | 6,558 | 1.2 | 8,376 | 92 | 1.8 | 1,818 | 14,399 | 2.1 |
| Interest expense | 624 | | 341 | 4 | | (283) | 741 | |
| Other | 5,934 | | 8,035 | 88 | | 2,101 | 13,658 | |
| Income (loss) before income taxes | 3,475 | 0.7 | (20,118) | (221) | (4.4) | (23,593) | (3,252) | (0.5) |
| Provision for income taxes | 6,859 | 1.3 | 1,670 | 19 | 0.3 | (5,189) | 12,285 | 1.8 |
| Minority interest in income of consolidated subsidiaries | 246 | 0.1 | 163 | 2 | 0.0 | (83) | 251 | 0.0 |
| Equity in earnings (loss) of affiliated companies | (338) | (0.1) | 145 | 2 | 0.0 | 483 | (207) | (0.0) |
| Net Loss | (3,968) | (0.8) | (21,806) | (240) | (4.7) | (17,838) | (15,995) | (2.3) |

Notes

1. The consolidated financial statements of NEC Electronics are prepared in accordance with accounting principles generally accepted in the United States, or U.S. GAAP.
2. The figures for operating income (loss) shown above represent net sales minus the cost of sales, research and development expenses, and selling, general and administrative expenses.

5.3 Consolidated Statements of Change in Shareholders' Equity

Nine Months Ended December 31, 2008

| Nine Months Ended December 31, 2007 | Common stock | Additional paid-in capital | Accumulated deficit | Accumulated other comprehensive income (loss) | Treasury stock | Total |
|--|-----------------|-------------------------------|---------------------|--|-------------------|----------------|
| | Million Yen | Million Yen | Million Yen | Million Yen | Million Yen | Million Yen |
| Balance at beginning of period | 85,955 | 281,039 | (98,901) | (3,017) | (8) | 265,068 |
| Compensation expense for stock options | | 26 | | | | 26 |
| Comprehensive income (loss) | | | | | | |
| Net loss | | | (3,968) | | | (3,968) |
| Other comprehensive income (loss), net of tax | | | | | | |
| Foreign currency translation adjustments | | | | (1,560) | | (1,560) |
| Pension liability adjustment | | | | 67 | | 67 |
| Unrealized gains (losses) on marketable securities | | | | (786) | | (786) |
| Comprehensive income (loss) | | | | | | (6,247) |
| Purchase of treasury stock, at cost | | | | | (2) | (2) |
| Balance at end of period | 85,955 | 281,065 | (102,869) | (5,296) | (10) | 258,845 |

| Nine Months Ended December 31, 2008 | Common stock | Additional paid-in capital | Accumulated deficit | Accumulated other comprehensive income (loss) | Treasury stock | Total |
|--|-----------------|-------------------------------|---------------------|--|-------------------|----------------|
| | Million Yen | Million Yen | Million Yen | Million Yen | Million Yen | Million Yen |
| Balance at beginning of period | 85,955 | 281,073 | (114,896) | (24,984) | (10) | 227,138 |
| Compensation expense for stock options | | 8 | | | | 8 |
| Comprehensive income (loss) | | | | | | |
| Net loss | | | (21,806) | | | (21,806) |
| Other comprehensive income (loss), net of tax | | | | | | |
| Foreign currency translation adjustments | | | | (8,957) | | (8,957) |
| Pension liability adjustment | | | | 869 | | 869 |
| Unrealized gains (losses) on marketable securities | | | | (333) | | (333) |
| Comprehensive income (loss) | | | | | | (30,227) |
| Purchase of treasury stock, at cost | | | | | (1) | (1) |
| Balance at end of period | 85,955 | 281,081 | (136,702) | (33,405) | (11) | 196,918 |

| Year Ended March 31, 2008 | Common stock | Additional paid-in capital | Accumulated deficit | Accumulated other comprehensive income (loss) | Treasury stock | Total |
|--|-----------------|-------------------------------|---------------------|--|-------------------|----------------|
| | Million Yen | Million Yen | Million Yen | Million Yen | Million Yen | Million Yen |
| Balance at beginning of year | 85,955 | 281,039 | (98,901) | (3,017) | (8) | 265,068 |
| Compensation expense for stock options | | 34 | | | | 34 |
| Comprehensive income (loss) | | | | | | |
| Net loss | | | (15,995) | | | (15,995) |
| Other comprehensive income (loss), net of tax | | | | | | |
| Foreign currency translation adjustments | | | | (8,589) | | (8,589) |
| Pension liability adjustment | | | | (11,800) | | (11,800) |
| Unrealized gains (losses) on marketable securities | | | | (1,578) | | (1,578) |
| Comprehensive income (loss) | | | | | | (37,962) |
| Purchase of treasury stock, at cost | | | | | (2) | (2) |
| Balance at end of year | 85,955 | 281,073 | (114,896) | (24,984) | (10) | 227,138 |

5.4 Consolidated Statements of Cash Flows

Nine Months Ended December 31, 2008

| | Nine Months Ended December 31, 2007 | Nine Months Ended December 31, 2008 | | Increase (Decrease) | Year Ended March 31, 2008 |
|--|--|--|-------------|------------------------|------------------------------|
| | Million Yen | Million Yen | Million USD | Million Yen | Million Yen |
| I. Cash flows from operating activities | | | | | |
| Net loss | (3,968) | (21,806) | (240) | (17,838) | (15,995) |
| Adjustments to reconcile net loss to net cash provided by operating activities | | | | | |
| Depreciation and amortization | 55,762 | 50,354 | 553 | (5,408) | 75,067 |
| (Increase) decrease in notes and accounts receivable | 6,431 | 22,259 | 245 | 15,828 | (3,710) |
| (Increase) decrease in inventories | (3,048) | (10,042) | (110) | (6,994) | 856 |
| Increase (decrease) in notes and accounts payable | (10,626) | 1,626 | 18 | 12,252 | (17,309) |
| Other, net | (1,778) | (13,025) | (143) | (11,247) | 4,353 |
| Net cash provided by operating activities | 42,773 | 29,366 | 323 | (13,407) | 43,262 |
| II. Cash flows from investing activities | | | | | |
| Proceeds from sales of property, plant and equipment | 6,694 | 4,690 | 52 | (2,004) | 20,653 |
| Additions to property, plant and equipment | (44,490) | (33,261) | (366) | 11,229 | (62,188) |
| (Increase) decrease in loans receivable | (7) | 2 | 0 | 9 | (2) |
| Other, net | 4,304 | (2,000) | (22) | (6,304) | 3,768 |
| Net cash used in investing activities | (33,499) | (30,569) | (336) | 2,930 | (37,769) |
| Free cash flows (I + II) | 9,274 | (1,203) | (13) | (10,477) | 5,493 |
| III. Cash flows from financing activities | | | | | |
| Net repayments of borrowings | (4,321) | (1,514) | (17) | 2,807 | (20,456) |
| Other, net | (1,952) | (2,149) | (23) | (197) | (2,529) |
| Net cash used in financing activities | (6,273) | (3,663) | (40) | 2,610 | (22,985) |
| Effect of exchange rate changes on cash and cash equivalents | 558 | (4,110) | (45) | (4,668) | (2,408) |
| Net increase (decrease) in cash and cash equivalents | 3,559 | (8,976) | (98) | (12,535) | (19,900) |
| Cash and cash equivalents at beginning of period | 185,372 | 165,472 | 1,818 | (19,900) | 185,372 |
| Cash and cash equivalents at end of period | 188,931 | 156,496 | 1,720 | (32,435) | 165,472 |

5.5 Segment Information

Nine Months Ended December 31, 2008

5.5.1 Net Sales by Market Application

| | Nine Months Ended December 31, 2007 | | Nine Months Ended December 31, 2008 | | | Increase (Decrease) | | Year Ended March 31, 2008 | |
|--|--|------------|--|----------------|------------|---------------------|----------|------------------------------|------------|
| | Million Yen | % of Total | Million Yen | Million USD | % of Total | Million Yen | % Change | Million Yen | % of Total |
| Communications | 53,364 | 10.2 | 48,098 | 529 | 10.5 | (5,266) | (9.9) | 70,350 | 10.2 |
| Computing and peripherals | 92,230 | 17.7 | 77,564 | 852 | 16.8 | (14,666) | (15.9) | 119,352 | 17.4 |
| Consumer electronics | 102,827 | 19.7 | 95,899 | 1,054 | 20.8 | (6,928) | (6.7) | 134,546 | 19.6 |
| Automotive and industrial | 84,098 | 16.1 | 78,820 | 866 | 17.1 | (5,278) | (6.3) | 113,320 | 16.5 |
| Multi-market ICs | 69,334 | 13.3 | 59,993 | 659 | 13.0 | (9,341) | (13.5) | 89,643 | 13.0 |
| Discrete, optical, and microwave devices | 95,979 | 18.4 | 80,651 | 886 | 17.5 | (15,328) | (16.0) | 126,064 | 18.3 |
| Semiconductor total | 497,832 | 95.4 | 441,025 | 4,846 | 95.7 | (56,807) | (11.4) | 653,275 | 95.0 |
| Other | 23,919 | 4.6 | 19,899 | 219 | 4.3 | (4,020) | (16.8) | 34,470 | 5.0 |
| Total | 521,751 | 100.0 | 460,924 | 5,065 | 100.0 | (60,827) | (11.7) | 687,745 | 100.0 |

Reference: Net Sales by Platform

In addition to reporting sales by market application, NEC Electronics also reports sales by platform.

| | Nine Months Ended December 31, 2007 | | Nine Months Ended December 31, 2008 | | | Increase (Decrease) | | Year Ended March 31, 2008 | |
|---------------------|--|------------|--|----------------|------------|---------------------|----------|------------------------------|------------|
| | Million Yen | % of Total | Million Yen | Million USD | % of Total | Million Yen | % Change | Million Yen | % of Total |
| SoC platform | 192,172 | 36.8 | 183,495 | 2,016 | 39.8 | (8,677) | (4.5) | 251,295 | 36.5 |
| MCU platform | 135,335 | 25.9 | 120,991 | 1,330 | 26.3 | (14,344) | (10.6) | 180,113 | 26.2 |
| Discrete and IC | 170,325 | 32.7 | 136,539 | 1,500 | 29.6 | (33,786) | (19.8) | 221,867 | 32.3 |
| Semiconductor total | 497,832 | 95.4 | 441,025 | 4,846 | 95.7 | (56,807) | (11.4) | 653,275 | 95.0 |
| Other | 23,919 | 4.6 | 19,899 | 219 | 4.3 | (4,020) | (16.8) | 34,470 | 5.0 |
| Total | 521,751 | 100.0 | 460,924 | 5,065 | 100.0 | (60,827) | (11.7) | 687,745 | 100.0 |

Note: System-on-Chip (SoC) Platform: application specific integrated circuits (ASIC), application specific standard products (ASSP), memory

Microcomputer (MCU) Platform: microcontrollers, car audio controllers

Components: display drivers, analog ICs, discrete, optical and microwave devices

5.5.2 Net Sales by Region

| | Nine Months Ended December 31, 2007 | | Nine Months Ended December 31, 2008 | | | Increase (Decrease) | | Year Ended March 31, 2008 | |
|--------------------------|--|------------|--|-------------|------------|------------------------|--|------------------------------|------------|
| | Million Yen | % of Total | Million Yen | Million USD | % of Total | % Change | | Million Yen | % of Total |
| Japan | 278,498 | 53.4 | 253,978 | 2,791 | 55.1 | (8.8) | | 370,238 | 53.8 |
| United States of America | 44,747 | 8.6 | 32,157 | 353 | 7.0 | (28.1) | | 58,256 | 8.5 |
| Europe | 70,940 | 13.6 | 60,306 | 663 | 13.1 | (15.0) | | 95,936 | 14.0 |
| Asia | 127,566 | 24.4 | 114,483 | 1,258 | 24.8 | (10.3) | | 163,315 | 23.7 |
| Total | 521,751 | 100.0 | 460,924 | 5,065 | 100.0 | (11.7) | | 687,745 | 100.0 |

5.5.3 Profit / Loss by Region

| | Nine Months Ended December 31, 2007 | | Nine Months Ended December 31, 2008 | | | Increase (Decrease) | Year Ended March 31, 2008 | |
|--------------------------|--|------------|--|-------------|------------|------------------------|------------------------------|------------|
| | Million Yen | % of Total | Million Yen | Million USD | % of Total | Million Yen | Million Yen | % of Total |
| Japan | (4,985) | --- | (18,674) | (205) | --- | (13,689) | (9,386) | --- |
| United States of America | 29 | --- | (2,460) | (27) | --- | (2,489) | 755 | --- |
| Europe | 545 | --- | 745 | 8 | --- | 200 | 2,023 | --- |
| Asia | 9,265 | --- | 5,352 | 59 | --- | (3,913) | 11,702 | --- |
| Total | 4,854 | --- | (15,037) | (165) | --- | (19,891) | 5,094 | --- |

6. Consolidated Financial Statements (Three Months)

6.1 Consolidated Statements of Operations

Three Months Ended December 31, 2008

| | Three Months Ended December 31, 2007 | | Three Months Ended December 31, 2008 | | | Increase (Decrease) |
|---|---|-------------------|---|-------------|-------------------|------------------------|
| | Million Yen | % of Net Sales | Million Yen | Million USD | % of Net Sales | Million Yen |
| Net sales | 170,778 | 100.0 | 127,336 | 1,399 | 100.0 | (43,442) |
| Cost of sales | 116,435 | 68.2 | 97,351 | 1,070 | 76.5 | (19,084) |
| Research and development | 30,021 | 17.6 | 26,712 | 294 | 21.0 | (3,309) |
| Selling, general, and administrative expenses | 21,320 | 12.4 | 19,516 | 213 | 15.3 | (1,804) |
| Operating income (loss) | 3,002 | 1.8 | (16,243) | (178) | (12.8) | (19,245) |
| Non-operating income | 891 | 0.5 | 1,169 | 12 | 0.9 | 278 |
| Interest and dividends income | 575 | | 399 | 4 | | (176) |
| Other | 316 | | 770 | 8 | | 454 |
| Non-operating expense | 2,249 | 1.3 | 5,037 | 55 | 3.9 | 2,788 |
| Interest expense | 152 | | 113 | 1 | | (39) |
| Other | 2,097 | | 4,924 | 54 | | 2,827 |
| Income (loss) before income taxes | 1,644 | 1.0 | (20,111) | (221) | (15.8) | (21,755) |
| Provision for income taxes | 2,516 | 1.5 | (250) | (2) | (0.2) | (2,766) |
| Minority interest in income of consolidated subsidiaries | 60 | 0.0 | 38 | 0 | 0.0 | (22) |
| Equity in loss of affiliated companies | (4) | (0.0) | 0 | 0 | 0.0 | 4 |
| Net Loss | (936) | (0.5) | (19,899) | (219) | (15.6) | (18,963) |

Notes

1. The consolidated financial statements of NEC Electronics are prepared in accordance with accounting principles generally accepted in the United States, or U.S. GAAP.
2. The figures for operating income (loss) shown above represent net sales minus the cost of sales, research and development expenses, and selling, general and administrative expenses.

6.2 Consolidated Statements of Change in Shareholders' Equity

Three Months Ended December 31, 2008

| Three Months Ended December 31, 2007 | Common stock | Additional paid-in capital | Accumulated deficit | Accumulated other comprehensive income (loss) | Treasury stock | Total |
|--|-----------------|-------------------------------|---------------------|--|-------------------|----------------|
| | Million Yen | Million Yen | Million Yen | Million Yen | Million Yen | Million Yen |
| Balance at beginning of period | 85,955 | 281,056 | (101,933) | (4,009) | (9) | 261,060 |
| Compensation expense for stock options | | 9 | | | | 9 |
| Comprehensive income (loss) | | | | | | |
| Net loss | | | (936) | | | (936) |
| Other comprehensive income (loss), net of tax | | | | | | |
| Foreign currency translation adjustments | | | | (640) | | (640) |
| Pension liability adjustment | | | | 187 | | 187 |
| Unrealized gains (losses) on marketable securities | | | | (834) | | (834) |
| Comprehensive income (loss) | | | | | | (2,223) |
| Purchase of treasury stock, at cost | | | | | (1) | (1) |
| Balance at end of period | 85,955 | 281,065 | (102,869) | (5,296) | (10) | 258,845 |

| Three Months Ended December 31, 2008 | Common stock | | Additional paid-in capital | | Accumulated deficit | | Accumulated other comprehensive income (loss) | | Treasury stock | | Total | |
|--|-----------------|----------------|-------------------------------|----------------|---------------------|----------------|--|----------------|-------------------|----------------|----------------|----------------|
| | Million Yen | Million USD | Million Yen | Million USD | Million Yen | Million USD | Million Yen | Million USD | Million Yen | Million USD | Million Yen | Million USD |
| Balance at beginning of period | 85,955 | 945 | 281,081 | 3,089 | (116,803) | (1,283) | (25,406) | (279) | (10) | (0) | 224,817 | 2,472 |
| Comprehensive income (loss) | | | | | | | | | | | | |
| Net loss | | | | | (19,899) | (219) | | | | | (19,899) | (219) |
| Other comprehensive income (loss), net of tax | | | | | | | | | | | | |
| Foreign currency translation adjustments | | | | | | | (8,493) | (93) | | | (8,493) | (93) |
| Pension liability adjustment | | | | | | | 289 | 3 | | | 289 | 3 |
| Unrealized gains (losses) on marketable securities | | | | | | | 205 | 2 | | | 205 | 2 |
| Comprehensive income (loss) | | | | | | | | | | | (27,898) | (307) |
| Purchase of treasury stock, at cost | | | | | | | | | (1) | (0) | (1) | (0) |
| Balance at end of period | 85,955 | 945 | 281,081 | 3,089 | (136,702) | (1,502) | (33,405) | (367) | (11) | (0) | 196,918 | 2,165 |

6.3 Consolidated Statements of Cash Flows

Three Months Ended December 31, 2008

| | Three Months Ended December 31, 2007 | Three Months Ended December 31, 2008 | | Increase (Decrease) |
|---|---|---|-------------|------------------------|
| | Million Yen | Million Yen | Million USD | Million Yen |
| I. Cash flows from operating activities | | | | |
| Net loss | (936) | (19,899) | (219) | (18,963) |
| Adjustments to reconcile net loss to net cash provided by operating activities | | | | |
| Depreciation and amortization | 19,084 | 17,361 | 191 | (1,723) |
| Decrease in notes and accounts receivable | 7,513 | 21,393 | 235 | 13,880 |
| Increase in inventories | (1,192) | (3,650) | (40) | (2,458) |
| Increase (decrease) in notes and accounts payable | (8,938) | 3,074 | 34 | 12,012 |
| Other, net | (1,886) | (7,747) | (85) | (5,861) |
| Net cash provided by operating activities | 13,645 | 10,532 | 116 | (3,113) |
| II. Cash flows from investing activities | | | | |
| Proceeds from sales of property, plant and equipment | 938 | 4,295 | 47 | 3,357 |
| Additions to property, plant and equipment | (15,081) | (11,094) | (122) | 3,987 |
| (Increase) decrease in loans receivable | (7) | 2 | 0 | 9 |
| Other, net | (514) | (404) | (4) | 110 |
| Net cash used in investing activities | (14,664) | (7,201) | (79) | 7,463 |
| Free cash flows (I + II) | (1,019) | 3,331 | 37 | 4,350 |
| III. Cash flows from financing activities | | | | |
| Net repayments of borrowings | (725) | (398) | (4) | 327 |
| Other, net | (680) | (938) | (11) | (258) |
| Net cash used in financing activities | (1,405) | (1,336) | (15) | 69 |
| Effect of exchange rate changes on cash and cash equivalents | (12) | (3,528) | (39) | (3,516) |
| Net decrease in cash and cash equivalents | (2,436) | (1,533) | (17) | 903 |
| Cash and cash equivalents at beginning of period | 191,367 | 158,029 | 1,737 | (33,338) |
| Cash and cash equivalents at end of period | 188,931 | 156,496 | 1,720 | (32,435) |

6.4 Segment Information

Three Months Ended December 31, 2008

6.4.1 Net Sales by Market Application

| | Three Months Ended December 31, 2007 | | Three Months Ended December 31, 2008 | | | Increase (Decrease) | |
|--|---|------------|---|----------------|------------|---------------------|----------|
| | Million Yen | % of Total | Million Yen | Million USD | % of Total | Million Yen | % Change |
| Communications | 15,615 | 9.1 | 15,442 | 170 | 12.1 | (173) | (1.1) |
| Computing and peripherals | 30,138 | 17.6 | 17,013 | 187 | 13.4 | (13,125) | (43.5) |
| Consumer electronics | 35,277 | 20.7 | 31,872 | 350 | 25.0 | (3,405) | (9.7) |
| Automotive and industrial | 28,950 | 17.0 | 20,252 | 222 | 15.9 | (8,698) | (30.0) |
| Multi-market ICs | 21,891 | 12.8 | 15,817 | 174 | 12.4 | (6,074) | (27.7) |
| Discrete, optical, and microwave devices | 31,871 | 18.7 | 22,268 | 245 | 17.5 | (9,603) | (30.1) |
| Semiconductor total | 163,742 | 95.9 | 122,664 | 1,348 | 96.3 | (41,078) | (25.1) |
| Other | 7,036 | 4.1 | 4,672 | 51 | 3.7 | (2,364) | (33.6) |
| Total | 170,778 | 100.0 | 127,336 | 1,399 | 100.0 | (43,442) | (25.4) |

Reference: Net Sales by Platform

In addition to reporting sales by market application, NEC Electronics also reports sales by platform.

| | Three Months Ended December 31, 2007 | | Three Months Ended December 31, 2008 | | | Increase (Decrease) | |
|---------------------|---|------------|---|----------------|------------|---------------------|----------|
| | Million Yen | % of Total | Million Yen | Million USD | % of Total | Million Yen | % Change |
| SoC platform | 63,687 | 37.3 | 55,689 | 612 | 43.7 | (7,998) | (12.6) |
| MCU platform | 44,854 | 26.3 | 31,300 | 344 | 24.6 | (13,554) | (30.2) |
| Discrete and IC | 55,201 | 32.3 | 35,675 | 392 | 28.0 | (19,526) | (35.4) |
| Semiconductor total | 163,742 | 95.9 | 122,664 | 1,348 | 96.3 | (41,078) | (25.1) |
| Other | 7,036 | 4.1 | 4,672 | 51 | 3.7 | (2,364) | (33.6) |
| Total | 170,778 | 100.0 | 127,336 | 1,399 | 100.0 | (43,442) | (25.4) |

Note: System-on-Chip (SoC) Platform: application specific integrated circuits (ASIC), application specific standard products (ASSP), memory

Microcomputer (MCU) Platform: microcontrollers, car audio controllers

Components: display drivers, analog ICs, discrete, optical and microwave devices

6.4.2 Net Sales by Region

| | Three Months Ended December 31, 2007 | | Three Months Ended December 31, 2008 | | | Increase (Decrease) |
|--------------------------|---|------------|---|-------------|------------|------------------------|
| | Million Yen | % of Total | Million Yen | Million USD | % of Total | % Change |
| Japan | 93,095 | 54.5 | 79,623 | 875 | 62.5 | (14.5) |
| United States of America | 14,363 | 8.4 | 8,157 | 90 | 6.4 | (43.2) |
| Europe | 22,160 | 13.0 | 13,203 | 145 | 10.4 | (40.4) |
| Asia | 41,160 | 24.1 | 26,353 | 289 | 20.7 | (36.0) |
| Total | 170,778 | 100.0 | 127,336 | 1,399 | 100.0 | (25.4) |

6.4.3 Profit / Loss by Region

| | Three Months Ended December 31, 2007 | | Three Months Ended December 31, 2008 | | | Increase (Decrease) |
|--------------------------|---|------------|---|-------------|------------|------------------------|
| | Million Yen | % of Total | Million Yen | Million USD | % of Total | Million Yen |
| Japan | (691) | --- | (14,151) | (156) | --- | (13,460) |
| United States of America | 142 | --- | (1,823) | (20) | --- | (1,965) |
| Europe | 250 | --- | (489) | (5) | --- | (739) |
| Asia | 3,301 | --- | 220 | 3 | --- | (3,081) |
| Total | 3,002 | --- | (16,243) | (178) | --- | (19,245) |

7. Notes on Assumption for Going Concern

None.

Reference: Summary of Consolidated Financial Results

Nine months ended December 31, 2008

| | Nine Months Ended December 31, 2007 | | Nine Months Ended December 31, 2008 | | | Increase (Decrease) | |
|--|--|-------------------|--|-------------|-------------------|---------------------|----------|
| | Billion Yen | % of Net Sales | Billion Yen | Million USD | % of Net Sales | Billion Yen | % Change |
| Net sales | 521.8 | 100.0 | 460.9 | 5,065 | 100.0 | (60.8) | (11.7) |
| Sales from semiconductors | 497.8 | | 441.0 | 4,846 | | (56.8) | (11.4) |
| Operating income (loss) | 4.9 | 0.9 | (15.0) | (165) | (3.3) | (19.9) | --- |
| Income (loss) before income taxes | 3.5 | 0.7 | (20.1) | (221) | (4.4) | (23.6) | --- |
| Net loss | (4.0) | (0.8) | (21.8) | (240) | (4.7) | (17.8) | --- |
| Net loss per share of common stock: | Yen | | Yen | USD | | Yen | % Change |
| Basic | (32.13) | | (176.57) | (1.94) | | (144.44) | --- |
| Diluted | (32.13) | | (176.57) | (1.94) | | (144.44) | --- |
| Capital expenditures | 38.0 | | 39.4 | 433 | | 1.5 | 3.8 |
| Depreciation and amortization | 55.8 | | 50.4 | 553 | | (5.4) | (9.7) |
| R&D expenses | 87.7 | | 83.4 | 917 | | (4.3) | (4.9) |
| Exchange rate (USD) | Yen 118 | | Yen 104 | | | | |
| Exchange rate (Euro) | 162 | | 154 | | | | |

Three months ended December 31, 2008

| | Three Months Ended December 31, 2007 | | Three Months Ended December 31, 2008 | | | Increase (Decrease) | |
|--|---|-------------------|---|-------------|-------------------|---------------------|----------|
| | Billion Yen | % of Net Sales | Billion Yen | Million USD | % of Net Sales | Billion Yen | % Change |
| Net sales | 170.8 | 100.0 | 127.3 | 1,399 | 100.0 | (43.4) | (25.4) |
| Sales from semiconductors | 163.7 | | 122.7 | 1,348 | | (41.1) | (25.1) |
| Operating income (loss) | 3.0 | 1.8 | (16.2) | (178) | (12.8) | (19.2) | --- |
| Income (loss) before income taxes | 1.6 | 1.0 | (20.1) | (221) | (15.8) | (21.8) | --- |
| Net loss | (0.9) | (0.5) | (19.9) | (219) | (15.6) | (19.0) | --- |
| Net loss per share of common stock: | Yen | | Yen | USD | | Yen | % Change |
| Basic | (7.58) | | (161.13) | (1.77) | | (153.55) | --- |
| Diluted | (7.58) | | (161.13) | (1.77) | | (153.55) | --- |
| Capital expenditures | 10.8 | | 11.4 | 126 | | 0.7 | 6.2 |
| Depreciation and amortization | 19.1 | | 17.4 | 191 | | (1.7) | (9.0) |
| R&D expenses | 30.0 | | 26.7 | 294 | | (3.3) | (11.0) |
| Exchange rate (USD) | Yen 114 | | Yen 101 | | | | |
| Exchange rate (Euro) | 163 | | 137 | | | | |

| | March 31, 2008 | December 31, 2008 | | Increase (Decrease) | | December 31, 2007 |
|----------------------|-------------------|-------------------|-------------|---------------------|-----------------|----------------------|
| | Billion Yen | Billion Yen | Million USD | Billion Yen | % Change | Billion Yen |
| Total assets | 616.3 | 579.4 | 6,367 | (36.9) | (6.0) | 667.6 |
| Shareholders' equity | 227.1 | 196.9 | 2,165 | (30.2) | (13.3) | 258.8 |
| Number of employees | Persons 23,110 | Persons 23,184 | | Persons 74 | % Change 0.3 | Persons 23,887 |

Notes

1. U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥91=U.S.\$1.
2. All figures are rounded to the nearest 100 million yen.
3. The consolidated financial statements of NEC Electronics are prepared in accordance with accounting principles generally accepted in the United States, or U.S. GAAP.
4. The figures for operating income (loss) shown above represent net sales minus the cost of sales, research and development expenses, and selling, general and administrative expenses.
5. Net loss per share of common stock is calculated in accordance with Statement of Financial Accounting Standards ("SFAS") No.128, "Earnings per share".
6. The figures for shareholders' equity are prepared in accordance with accounting principles generally accepted in the United States, or U.S. GAAP.
7. The quarterly review by the external auditor for financial information in this fiscal result is not completed. After release of the financial result, subsequent event or quarterly review by the external auditor could change financial information. In such a case, corrected information will be promptly press released.
8. Capital expenditures refer to the cost of additions to property, plant and equipment (excluding software).

Forward-Looking Statements

The statements in this press release with respect to the plans, strategies and financial outlook of NEC Electronics and its consolidated subsidiaries (collectively “NEC Electronics”) are forward-looking statements involving risks and uncertainties. We caution you in advance that actual results may differ materially from such forward-looking statements due to several important factors including, but 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, products and services in the marketplace; ability to continue to win acceptance of products and services in these highly competitive markets; and fluctuations in currency exchange rates, particularly between the yen and the U.S. dollar. Among other factors, downturn of the world economy; deteriorating financial conditions in world markets, or deterioration in domestic and overseas stock markets, may cause actual results to differ from the projected results forecast.

About NEC Electronics

NEC Electronics Corporation (TSE: 6723) specializes in semiconductor products encompassing advanced technology solutions for the high-end computing and broadband networking markets, system solutions for the mobile handsets, PC peripherals, automotive and digital consumer markets, and multi-market solutions for a wide range of customer applications. NEC Electronics Corporation has subsidiaries worldwide including NEC Electronics America, Inc. (www.am.necel.com) and NEC Electronics (Europe) GmbH (www.eu.necel.com). For additional information about NEC Electronics worldwide, visit www.necel.com.

#