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**NEC Electronics Reports Financial Results for the  
 Period Ended December 31, 2007**

**KAWASAKI, Japan, January 28, 2008** — NEC Electronics Corporation (TSE: 6723) today announced consolidated financial results for the third quarter ended December 31, 2007.

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## I. Summary of Consolidated Financial Results

### Three months

	Three Months Ended December 31, 2006		Three Months Ended December 31, 2007			Increase (Decrease)	
	Billion Yen	% of Net Sales	Billion Yen	Million USD	% of Net Sales	Billion Yen	% Change
Net sales	177.9	100.0	170.8	1,525	100.0	(7.1)	(4.0)
Sales from semiconductors	171.1		163.7	1,462		(7.4)	(4.3)
Operating income (loss)	(3.8)	(2.2)	3.0	27	1.8	6.8	---
Income (loss) before income taxes	(3.5)	(2.0)	1.6	15	1.0	5.1	---
Net loss	(5.8)	(3.2)	(0.9)	(8)	(0.5)	4.8	---
Net loss per share of common stock:	Yen		Yen	USD		Yen	% Change
Basic	(46.59)		(7.58)	(0.07)		39.01	---
Diluted	(46.59)		(7.58)	(0.07)		39.01	---
Capital expenditures	17.7		10.8	96		(6.9)	(39.1)
Depreciation and amortization	21.8		19.1	170		(2.7)	(12.4)
R&D expenses	33.7		30.0	268		(3.7)	(11.0)
Exchange rate (USD)	Yen		Yen				
	118		114				
Exchange rate (Euro)	150		163				

## Nine months

	Nine Months Ended December 31, 2006		Nine Months Ended December 31, 2007			Increase (Decrease)	
	Billion Yen	% of Net Sales	Billion Yen	Million USD	% of Net Sales	Billion Yen	% Change
Net sales	520.9	100.0	521.8	4,658	100.0	0.9	0.2
Sales from semiconductors	498.9		497.8	4,445		(1.1)	(0.2)
Operating income (loss)	(10.8)	(2.1)	4.9	43	0.9	15.6	---
Income (loss) before income taxes	(9.1)	(1.7)	3.5	31	0.7	12.6	---
Net loss	(13.1)	(2.5)	(4.0)	(35)	(0.8)	9.2	---
Net loss per share of common stock:	Yen		Yen	USD		Yen	% Change
Basic	(106.41)		(32.13)	(0.29)		74.28	---
Diluted	(106.41)		(32.13)	(0.29)		74.28	---

	Billion Yen	Billion Yen	Million USD	Billion Yen	% Change
Capital expenditures	94.4	38.0	339	(56.4)	(59.8)
Depreciation and amortization	60.5	55.8	498	(4.7)	(7.8)
R&D expenses	96.6	87.7	783	(8.9)	(9.2)
Exchange rate (USD)	Yen 116	Yen 118			
Exchange rate (Euro)	146	162			

	September 30, 2007	December 31, 2007		Increase (Decrease)		March 31, 2007
	Billion Yen	Billion Yen	Million USD	Billion Yen	% Change	Billion Yen
Total assets	687.9	667.6	5,961	(20.3)	(2.9)	695.9
Shareholders' equity	261.1	258.8	2,311	(2.2)	(0.8)	265.1

	Persons	Persons	Persons	% Change	Persons
Number of employees	24,160	23,887		(273) (1.1)	23,982

## Notes

1. U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥112=U.S.\$1.
2. All figures are rounded to the nearest 100 million yen.
3. 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.
4. Net income (loss) per share of common stock is calculated based on Statement of Financial Accounting Standards ("SFAS") No.128, "Earnings per share".
5. The figures for shareholders' equity are prepared in accordance with accounting principles generally accepted in the United States, or U.S. GAAP.
6. The consolidated financial information is unaudited.



# Consolidated Financial Results for the Nine Months Ended December 31, 2007

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 28, 2008

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  
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(Amounts are rounded to the nearest million yen)

## 1. Consolidated results for the nine months ended December 31, 2007

(1) Consolidated financial results (% 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, 2007	521,751	0.2	4,854	---	3,475	---	(3,968)	---
Nine Months Ended December 31, 2006	520,890	9.5	(10,757)	---	(9,093)	---	(13,141)	---
Year ended March 31, 2007	692,280		(28,557)		(35,375)		(41,500)	

	Net Loss Per Share: Basic	Net Loss Per Share: Diluted
	Yen	Yen
Nine Months Ended December 31, 2007	(32.13)	(32.13)
Nine Months Ended December 31, 2006	(106.41)	(106.41)
Year ended March 31, 2007	(336.04)	(336.04)

Reference: Equity in loss of affiliated companies:  
 Quarter ended December 31, 2007: (338 million yen)  
 Quarter ended December 31, 2006: (390 million yen)  
 Year ended March 31, 2007: (468 million yen)

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

Note 2: 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.

(2) Consolidated financial position

	Total Assets	Shareholders' Equity	Shareholders' Equity Ratio	Shareholders' Equity Per Share
	Million Yen	Million Yen	%	Yen
December 31, 2007	667,642	258,845	38.8	2,095.94
December 31, 2006	751,748	294,784	39.2	2,386.94
March 31, 2007	695,886	265,068	38.1	2,146.32

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

### (3) Consolidated cash flows

	Cash Flows From Operating Activities	Cash Flows From Investing Activities	Cash Flows From Financing Activities	Cash and Cash Equivalents at the End of the Period
	Million Yen	Million Yen	Million Yen	Million Yen
Nine Months Ended December 31, 2007	42,773	(33,499)	(6,273)	188,931
Nine Months Ended December 31, 2006	54,072	(48,238)	(5,770)	212,624
Year ended March 31, 2007	66,731	(78,497)	(15,273)	185,372

### 2. Cash dividends

	Interim Cash Dividends Per Share	Cash Dividends Per Share	Annual Cash Dividends Per Share
	Yen	Yen	Yen
Year ended March 31, 2007	0.00	0.00	0.00
Year ended March 31, 2008 (actual)	0.00	---	0.00
Year ended March 31, 2008 (expected)	---	0.00	0.00

### 3. Forecast of consolidated results for the year ending March 31, 2008

Forecasts for the fiscal year ending March 31, 2008 remain unchanged from those announced previously on May 14, 2007.

### 4. Other

- (1) Changes in significant subsidiaries (changes in specified subsidiaries resulting in changes in scope of consolidation) : None
- (2) Adoption of simplified accounting methods : None
- (3) Changes in accounting policies : None

Note: Please refer to "4. Others" under "II. Business Results" on page 11 for further information.

#### 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.

## II. Business Results

### (1) Analysis of Business Results

#### 1. Overview of the Third Quarter Ended December 31, 2007

In the third quarter ended December 31, 2007, the global economy entered a period of instability as increasing losses related to subprime loans in the United States caused turmoil in European and American financial markets, and prices for crude oil and other materials soared. While economies in Asia continued to grow rapidly, the American and European economies showed signs of slowing down as a result of the strong Euro. The Japanese economy also experienced a slowdown as housing investment declined due to the implementation of revised building codes, and higher crude oil and food prices reduced consumer spending power.

In the semiconductor market, demand for applications that utilize semiconductors, such as flat-screen televisions, remains strong. However, uncertainty about the global economy is causing concern about the future, and market conditions have become more difficult as manufacturers keep orders and inventories to a minimum.

NEC Electronics' front-end manufacturing facilities are mainly based in Japan and the company's profit structure is such that profits decline as the yen grows stronger. The progressing strength of the yen in the third quarter has made it difficult to improve profits.

#### 2. Summary of Consolidated Financial Results

	Three Months Ended December 31, 2006	Three Months Ended December 31, 2007		Increase (Decrease)	
	Billion Yen	Billion Yen	Million USD	Billion Yen	% Change
Net sales	177.9	170.8	1,525	(7.1)	(4.0)
Operating income (loss)	(3.8)	3.0	27	6.8	---
Income (loss) before income taxes	(3.5)	1.6	15	5.1	---
Net loss	(5.8)	(0.9)	(8)	4.8	---
Exchange rate (USD)	Yen 118	Yen 114		---	---
Exchange rate (Euro)	150	163		---	---

Consolidated net sales for the third quarter ended December 31, 2007 were 170.8 billion yen, down 7.1 billion yen, or 4.0% year on year. Semiconductor sales increased year on year for Automotive and Industrial, and Discrete, Optical and Microwave. Sales for Communications, PC and Peripherals, and Consumer Electronics decreased year on year. Sales for Communications decreased 34 percent year on year due to a steep decline in sales for mobile handsets.

Consolidated operating income totaled 3.0 billion yen, an improvement of 6.8 billion yen year on year. Although consolidated sales decreased year on year, a reduction in fixed costs led to a dramatic improvement in cost of sales, and R&D expenses were reduced.

Consolidated income before income taxes totaled 1.6 billion yen, improving 5.1 billion yen year on year. Consolidated net loss was 0.9 billion yen, an improvement of 4.8 billion yen year on year.

### 3. Breakdown of Net Sales by Market Application

	Three Months Ended December 31, 2006	Three Months Ended December 31, 2007		Increase (Decrease)	
	Billion Yen	Billion Yen	Million USD	Billion Yen	% Change
Communications	23.6	15.6	140	(8.0)	(33.9)
Computing and peripherals	31.8	30.1	269	(1.7)	(5.3)
Consumer electronics	36.5	35.3	315	(1.2)	(3.3)
Automotive and industrial	26.5	29.0	258	2.5	9.4
Multi-market ICs	21.9	21.9	195	0.0	0.1
Discrete, optical, and microwave devices	30.9	31.9	285	1.0	3.2
Semiconductor total	171.1	163.7	1,462	(7.4)	(4.3)
Other	6.7	7.0	63	0.3	4.3
Total	177.9	170.8	1,525	(7.1)	(4.0)

#### Communications

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

**Net sales** 15.6 billion yen (Down 8.0 billion yen, 33.9% year on year)

Sales of semiconductors for mobile phones decreased significantly year on year. This was due to manufacturing adjustments by major customers, which impacted sales of driver ICs, as well as a decrease in sales of baseband chips.

#### Computing and Peripherals

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

**Net sales** 30.1 billion yen (Down 1.7 billion yen, 5.3% year on year)

Although sales of LSI chips for next generation recordable DVD drives increased year on year, a steep decline in sales of semiconductors for printers year on year resulted in an overall decrease.

### Consumer Electronics

Products Semiconductors for digital AV equipment and game consoles.

Net sales 35.3 billion yen (Down 1.2 billion yen, 3.3% year on year)

Sales of EMMA™ series semiconductors for digital consumer applications and semiconductors for game consoles increased year on year, but sales of semiconductors for digital cameras declined significantly year on year, leading to an overall decline.

### Automotive and Industrial

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

Net sales 29.0 billion yen (Up 2.5 billion yen, 9.4% year on year)

Sales of automotive semiconductors grew due to the increasing use of electronics and semiconductors in automobiles, as well as an increase in microcontroller sales to Japanese car audio and electronics manufacturers.

### Multi-market ICs

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

Net sales 21.9 billion yen (Up 0.1% year on year)

Sales of general purpose microcontrollers increased year on year due to expansion of the company's lineup of All Flash™ microcontrollers.

### 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 31.9 billion yen (Up 1.0 billion yen, 3.2% year on year)

Sales of compound semiconductors as well as discrete devices improved year on year.

## Other

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

Net sales 7.0 billion yen (Up 0.3 billion yen, 4.3% year on year)

Resale of non-semiconductor products is not part of NEC Electronics' core business.

## **4. Geographical Segment Analysis**

	Three Months Ended December 31, 2006	Three Months Ended December 31, 2007		Increase (Decrease)	
	Billion Yen	Billion Yen	Million USD	Billion Yen	% Change
Japan	101.5	93.1	831	(8.4)	(8.2)
United States of America	14.9	14.4	128	(0.5)	(3.3)
Europe	21.5	22.2	198	0.6	2.9
Asia	40.0	41.2	368	1.1	2.8
Total	177.9	170.8	1,525	(7.1)	(4.0)

### Japan

Net sales 93.1 billion yen (Down 8.4 billion yen, 8.2% year on year)

Sales of LCD driver ICs and baseband LSI chips for mobile handsets decreased significantly.

### United States of America

Net sales 14.4 billion yen (Down 0.5 billion yen, 3.3% year on year)

Sales of system memory for mobile handsets decreased.

### Europe

Net sales 22.2 billion yen (Up 0.6 billion yen, 2.9% year on year)

Sales of automotive semiconductors increased.

### Asia

Net sales 41.2 billion yen (Up 1.1 billion yen, 2.8% year on year)

Sales of discrete devices increased.

## (2) Financial Condition

### 1. Total Assets and Shareholders' Equity

	September 30, 2007	December 31, 2007		Increase (decrease)
	Billion Yen	Billion Yen	Million USD	Billion Yen
Total assets	687.9	667.6	5,961	(20.3)
Shareholders' equity	261.1	258.8	2,311	(2.2)
Equity ratio	37.9%	38.8%		0.9%
Shareholders' equity per share	2,114 yen	2,096 yen	18.71 USD	(18) yen
Interest-bearing debt	132.9	132.0	1,178	(0.9)

Total assets at December 31, 2007 totaled 667.6 billion yen, a 20.3 billion yen decrease from September 30, 2007. This was mainly due to a shrinking of total assets from collection of accounts receivable and a reduction in property, plant, and equipment.

Shareholders' equity was 2.2 billion yen lower compared to September 30, 2007, at 258.8 billion yen, as a result of recording consolidated net loss in the amount of 0.9 billion yen.

Shareholders' equity ratio improved by 0.9 points from September 30, 2007. Although shareholders' equity declined, a significant decrease in total assets led to an increase in shareholders' equity ratio.

Interest-bearing debt totaled 132.0 billion yen, decreasing 0.9 billion yen from September 30, 2007 mainly due to the repayment of debt.

### 2. Cash Flows

	Three Months Ended December 31, 2006	Three Months Ended December 31, 2007		Increase (Decrease)
	Billion Yen	Billion Yen	Million USD	Billion Yen
Net cash provided by operating activities	19.5	13.6	122	(5.9)
Net cash used in investing activities	(27.1)	(14.7)	(131)	12.5
Free cash flows	(7.6)	(1.0)	(9)	6.6
Net cash used in financing activities	(2.8)	(1.4)	(13)	1.4
Effect of exchange rate changes on cash and cash equivalents	1.1	(0.0)	(0)	(1.1)
Net increase (decrease) in cash and cash equivalents	(9.4)	(2.4)	(22)	6.9
Cash and cash equivalents at beginning of period	222.0	191.4	1,709	(30.6)
Cash and cash equivalents at end of period	212.6	188.9	1,687	(23.7)

Despite posting consolidated net loss, and a decrease in accounts payable, depreciation and amortization in the amount of 19.1 billion yen led to net cash provided by operating activities in the amount of 13.6 billion yen for the third quarter ended December 31, 2007.

Payments for purchases of property, plant, and equipment totaled 15.1 billion yen, bringing the total net cash used in investing activities to 14.7 billion yen.

The foregoing resulted in negative free cash flows of 1.0 billion yen.

Financing activities used net cash in the amount of 1.4 billion yen, primarily for the repayment of debt.

As a result of the above, and taking into consideration the effect of currency fluctuations, cash and cash equivalents at December 31, 2007 was 188.9 billion yen, a 2.4 billion yen decrease from September 30, 2007.

### (3) Consolidated Forecasts for the Fiscal Year Ending March 31, 2008

Forecasts for the fiscal year ending March 31, 2008 remain unchanged from those announced previously on May 14, 2007.

	Net Sales		Operating Income (Loss)		Loss Before Income Taxes		Net Loss		Net Loss Per Share
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Yen
Year ending March 31, 2008	690,000	(0.3)	0	---	(10,000)	---	(15,000)	---	(121.46)

The consolidated financial forecasts for the fiscal year are calculated at the rate of 115 yen per USD, and 155 yen per Euro (revised from the rate of 150 yen per Euro used in the initial forecast).

### (4) Others

1. Changes in significant subsidiaries (changes in specified subsidiaries resulting in changes in scope of consolidation)

None.

2. Adoption of simplified accounting methods

None.

3. Changes in accounting policies

None.

### III. Condensed Consolidated Financial Statements

#### Condensed Consolidated Statements of Operations (Three Months)

	Three Months Ended December 31, 2006		Three Months Ended December 31, 2007			Increase (Decrease) Million Yen
	Million Yen	% of Net Sales	Million Yen	Million USD	% of Net Sales	
Net sales	177,879	100.0	170,778	1,525	100.0	(7,101)
Cost of sales	127,434	71.6	116,435	1,040	68.2	(10,999)
Research and development expenses	33,713	19.0	30,021	268	17.6	(3,692)
Selling, general, and administrative expenses	20,565	11.6	21,320	190	12.4	755
Operating income (loss)	(3,833)	(2.2)	3,002	27	1.8	6,835
Non-operating income	1,304	0.7	891	8	0.5	(413)
Interest and dividend income	489		575	5		86
Other	815		316	3		(499)
Non-operating expense	961	0.5	2,249	20	1.3	1,288
Interest expense	223		152	1		(71)
Other	738		2,097	19		1,359
Income (loss) before income taxes	(3,490)	(2.0)	1,644	15	1.0	5,134
Provision for income taxes	1,716	0.9	2,516	22	1.5	800
Minority interest in income (loss) of consolidated subsidiaries	184	0.1	60	1	0.0	(124)
Equity in loss of affiliated companies	(364)	(0.2)	(4)	(0)	(0.0)	360
Net loss	(5,754)	(3.2)	(936)	(8)	(0.5)	4,818

#### Notes

1. 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 expense.

## Condensed Consolidated Statements of Operations (Nine Months)

	Nine Months Ended December 31, 2006		Nine Months Ended December 31, 2007			Increase (Decrease)	Year Ended March 31, 2007	
	Million Yen	% of Net Sales	Million Yen	Million USD	% of Net Sales		Million Yen	% of Net Sales
Net sales	520,890	100.0	521,751	4,658	100.0	861	692,280	100.0
Cost of sales	371,069	71.2	365,186	3,261	70.0	(5,883)	502,086	72.5
Research and development expenses	96,571	18.6	87,706	783	16.8	(8,865)	131,751	19.0
Selling, general, and administrative expenses	64,007	12.3	64,005	571	12.3	(2)	87,000	12.6
Operating income (loss)	(10,757)	(2.1)	4,854	43	0.9	15,611	(28,557)	(4.1)
Non-operating income	9,899	1.9	5,179	46	1.0	(4,720)	10,913	1.6
Interest and dividend income	1,490		1,621	14		131	1,929	
Other	8,409		3,558	32		(4,851)	8,984	
Non-operating expense	8,235	1.5	6,558	58	1.2	(1,677)	17,731	2.6
Interest expense	645		624	6		(21)	698	
Other	7,590		5,934	52		(1,656)	17,033	
Income (loss) before income taxes	(9,093)	(1.7)	3,475	31	0.7	12,568	(35,375)	(5.1)
Provision for income taxes	3,274	0.6	6,859	61	1.3	3,585	5,105	0.7
Minority interest in income (loss) of consolidated subsidiaries	384	0.1	246	2	0.1	(138)	552	0.1
Equity in loss of affiliated companies	(390)	(0.1)	(338)	(3)	(0.1)	52	(468)	(0.1)
Net loss	(13,141)	(2.5)	(3,968)	(35)	(0.8)	9,173	(41,500)	(6.0)

### Notes

1. 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 expense.

## Condensed Consolidated Balance Sheets

	September 30, 2007	December 31, 2007		Increase (Decrease)	March 31, 2007
	Million Yen	Million Yen	Million USD	Million Yen	Million Yen
<b>Current assets</b>	386,179	376,491	3,361	(9,688)	378,206
Cash and cash equivalents	191,367	188,931	1,687	(2,436)	185,372
Notes and accounts receivable, trade	100,312	92,604	827	(7,708)	99,543
Inventories	80,167	81,069	724	902	79,165
Other current assets	14,333	13,887	123	(446)	14,126
<b>Long-term assets</b>	301,729	291,151	2,600	(10,578)	317,680
Investments	6,899	5,672	51	(1,227)	7,154
Property, plant and equipment	282,456	273,760	2,444	(8,696)	296,231
Other assets	12,374	11,719	105	(655)	14,295
<b>Total assets</b>	687,908	667,642	5,961	(20,266)	695,886
<b>Current liabilities</b>	219,047	201,960	1,803	(17,087)	222,960
Short-term borrowings and current portion of long-term debt	18,404	17,659	158	(745)	20,603
Notes and accounts payable, trade	129,992	117,422	1,048	(12,570)	132,467
Other current liabilities	70,651	66,879	597	(3,772)	69,890
<b>Long-term liabilities</b>	202,513	201,754	1,801	(759)	203,023
Long-term debt	114,465	114,316	1,021	(149)	115,427
Accrued pension and severance costs	70,064	69,672	622	(392)	71,535
Other liabilities	17,984	17,766	158	(218)	16,061
<b>Minority shareholders' equity in consolidated subsidiaries</b>	5,288	5,083	46	(205)	4,835
<b>Shareholders' equity</b>	261,060	258,845	2,311	(2,215)	265,068
Common Stock	85,955	85,955	767	---	85,955
Additional paid-in capital	281,056	281,065	2,509	9	281,039
Accumulated deficit	(101,933)	(102,869)	(918)	(936)	(98,901)
Accumulated other comprehensive income (loss)	(4,009)	(5,296)	(47)	(1,287)	(3,017)
Treasury stock, at cost	(9)	(10)	(0)	(1)	(8)
<b>Total liabilities and shareholders' equity</b>	687,908	667,642	5,961	(20,266)	695,886
<b>Interest-bearing debt</b>	132,869	131,975	1,178	(894)	136,030
<b>Equity ratio</b>	37.9%	38.8%		0.9%	38.1%
<b>Debt / equity ratio</b>	0.51 times	0.51 times		---	0.51 times
<b>Accumulated other comprehensive income (loss):</b>					
Foreign currency translation adjustments	9,582	8,942	80	(640)	10,502
Pension liability adjustment	(16,057)	(15,870)	(142)	187	(15,937)
Unrealized gains (losses) on marketable securities	2,466	1,632	15	(834)	2,418

### Notes

- Certain amounts in the consolidated financial statements for the year ended March 31, 2007 have been reclassified to conform to the presentation in the consolidated financial statements for the period ended September 30, 2007 and the period ended December 31, 2007.

## Condensed Consolidated Statements of Change in Shareholders' Equity

Nine Months Ended December 31, 2006	Common stock		Additional paid-in capital		Accumulated deficit		Accumulated other comprehensive income (loss)		Treasury stock, at cost		Total	
	Million Yen	Million Yen	Million Yen	Million Yen	Million Yen	Million Yen	Million Yen	Million Yen	Million Yen	Million Yen	Million Yen	Million Yen
Balance at March 31, 2006	85,955		281,014		(57,369)		(1,342)		(7)		308,251	
Compensation expense for stock options			17									17
Comprehensive income (loss)												
Net income (loss)					(13,141)							(13,141)
Other comprehensive income (loss)												
Foreign currency translation adjustments							2,929					2,929
Minimum pension liability adjustment, net of tax							569					569
Unrealized gains (losses) on marketable securities, net of tax							(3,821)					(3,821)
Unrealized gains (losses) on derivative financial instruments, net of tax							12					12
Comprehensive income (loss)												(13,452)
Effect of change in fiscal year-end of certain subsidiary					(32)							(32)
Balance at December 31, 2006	85,955		281,031		(70,542)		(1,653)		(7)		294,784	

Nine Months Ended December 31, 2007	Common stock		Additional paid-in capital		Accumulated deficit		Accumulated other comprehensive income (loss)		Treasury stock, at cost		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 March 31, 2007	85,955	767	281,039	2,509	(98,901)	(883)	(3,017)	(26)	(8)	(0)	265,068	2,367
Compensation expense for stock options			26	0							26	0
Comprehensive income (loss)												
Net income (loss)					(3,968)	(35)					(3,968)	(35)
Other comprehensive income (loss)												
Foreign currency translation adjustments							(1,560)	(14)			(1,560)	(14)
Pension liability adjustment, net of tax							67	0			67	0
Unrealized gains (losses) on marketable securities, net of tax							(786)	(7)			(786)	(7)
Comprehensive income (loss)											(6,247)	(56)
Purchase of treasury stock, at cost									(2)	(0)	(2)	(0)
Balance at December 31, 2007	85,955	767	281,065	2,509	(102,869)	(918)	(5,296)	(47)	(10)	(0)	258,845	2,311

Year Ended March 31, 2007	Common stock		Additional paid-in capital		Accumulated deficit		Accumulated other comprehensive income (loss)		Treasury stock, at cost		Total	
	Million Yen	Million Yen	Million Yen	Million Yen	Million Yen	Million Yen	Million Yen	Million Yen	Million Yen	Million Yen	Million Yen	Million Yen
Balance at March 31, 2006	85,955		281,014		(57,369)		(1,342)		(7)		308,251	
Compensation expense for stock options			25									25
Comprehensive income (loss)												
Net income (loss)					(41,500)							(41,500)
Other comprehensive income (loss)												
Foreign currency translation adjustments							2,789					2,789
Minimum pension liability adjustment, net of tax							(878)					(878)
Unrealized gains (losses) on marketable securities, net of tax							(3,336)					(3,336)
Unrealized gains (losses) on derivative financial instruments, net of tax							12					12
Comprehensive income (loss)												(42,913)
Adjustment to initially apply SFAS No.158, net of tax							(262)					(262)
Effect of change in fiscal year-end of certain subsidiary					(32)							(32)
Purchase of treasury stock, at cost									(1)			(1)
Balance at March 31, 2007	85,955		281,039		(98,901)		(3,017)		(8)		265,068	

## Condensed Consolidated Statements of Cash Flows (Three Months)

	Three Months Ended December 31, 2006	Three Months Ended December 31, 2007		Increase (Decrease)
	Million Yen	Million Yen	Million USD	Million Yen
<b>I. Cash flows from operating activities</b>				
Net loss	(5,754)	(936)	(8)	4,818
Adjustments to reconcile net loss to net cash provided by operating activities				
Depreciation and amortization	21,773	19,084	170	(2,689)
Decrease in notes and accounts receivable	11,516	7,513	67	(4,003)
Increase in inventories	(5,201)	(1,192)	(10)	4,009
Decrease in notes and accounts payable	(1,085)	(8,938)	(80)	(7,853)
Other, net	(1,734)	(1,886)	(17)	(152)
Net cash provided by operating activities	19,515	13,645	122	(5,870)
<b>II. Cash flows from investing activities</b>				
Proceeds from sales of property, plant and equipment	1,572	938	8	(634)
Additions to property, plant and equipment	(37,771)	(15,081)	(135)	22,690
(Increase) decrease in loans receivable	8,386	(7)	(0)	(8,393)
Other, net	687	(514)	(4)	(1,201)
Net cash used in investing activities	(27,126)	(14,664)	(131)	12,462
Free cash flows ( I + II )	(7,611)	(1,019)	(9)	6,592
<b>III. Cash flows from financing activities</b>				
Net repayments of borrowings	(2,243)	(725)	(7)	1,518
Other, net	(547)	(680)	(6)	(133)
Net cash used in financing activities	(2,790)	(1,405)	(13)	1,385
Effect of exchange rate changes on cash and cash equivalents	1,050	(12)	(0)	(1,062)
Net idcrease in cash and cash equivalents	(9,351)	(2,436)	(22)	6,915
Cash and cash equivalents at beginning of period	221,975	191,367	1,709	(30,608)
Cash and cash equivalents at end of period	212,624	188,931	1,687	(23,693)

## Condensed Consolidated Statements of Cash Flows (Nine Months)

	Nine Months Ended December 31, 2006		Nine Months Ended December 31, 2007		Increase (Decrease)	Year Ended March 31, 2007
	Million Yen	Million Yen	Million USD	Million Yen		
<b>I. Cash flows from operating activities</b>						
Net loss	(13,141)	(3,968)	(35)	9,173		(41,500)
Adjustments to reconcile net loss to net cash provided by operating activities						
Depreciation and amortization	60,504	55,762	498	(4,742)		82,960
Decrease in notes and accounts receivable	9,828	6,431	57	(3,397)		15,985
Increase in inventories	(15,401)	(3,048)	(27)	12,353		(9,333)
Increase (decrease) in notes and accounts payable	18,466	(10,626)	(95)	(29,092)		16,171
Other, net	(6,184)	(1,778)	(16)	4,406		2,448
Net cash provided by operating activities	54,072	42,773	382	(11,299)		66,731
<b>II. Cash flows from investing activities</b>						
Proceeds from sales of property, plant and equipment	39,403	6,694	60	(32,709)		39,803
Additions to property, plant and equipment	(91,800)	(44,490)	(397)	47,310		(121,126)
Proceeds from sales of marketable securities	3,660	---	---	(3,660)		3,660
(Increase) decrease in loans receivable	505	(7)	(0)	(512)		511
Other, net	(6)	4,304	38	4,310		(1,345)
Net cash used in investing activities	(48,238)	(33,499)	(299)	14,739		(78,497)
Free cash flows ( I + II )	5,834	9,274	83	3,440		(11,766)
<b>III. Cash flows from financing activities</b>						
Net repayments of borrowings	(4,124)	(4,321)	(39)	(197)		(13,074)
Other, net	(1,646)	(1,952)	(17)	(306)		(2,199)
Net cash used in financing activities	(5,770)	(6,273)	(56)	(503)		(15,273)
Effect of exchange rate changes on cash and cash equivalents	1,744	558	5	(1,186)		1,595
Net increase (decrease) in cash and cash equivalents	1,808	3,559	32	1,751		(25,444)
Effect of change in fiscal year-end of certain subsidiary	(244)	---	---	244		(244)
Cash and cash equivalents at beginning of period	211,060	185,372	1,655	(25,688)		211,060
Cash and cash equivalents at end of period	212,624	188,931	1,687	(23,693)		185,372

## Segment Information (Three Months)

### Breakdown of Net Sales by Market Application

	Three Months Ended December 31, 2006		Three Months Ended December 31, 2007			Increase (Decrease)	
	Million Yen	% Total	Million Yen	Million USD	% Total	Million Yen	% Change
Communications	23,637	13.3	15,615	140	9.1	(8,022)	(33.9)
Computing and peripherals	31,808	17.9	30,138	269	17.6	(1,670)	(5.3)
Consumer electronics	36,470	20.5	35,277	315	20.7	(1,193)	(3.3)
Automotive and industrial	26,454	14.9	28,950	258	17.0	2,496	9.4
Multi-market ICs	21,874	12.3	21,891	195	12.8	17	0.1
Discrete, optical, and microwave devices	30,887	17.3	31,871	285	18.7	984	3.2
Semiconductor total	171,130	96.2	163,742	1,462	95.9	(7,388)	(4.3)
Other	6,749	3.8	7,036	63	4.1	287	4.3
<b>Total</b>	<b>177,879</b>	<b>100.0</b>	<b>170,778</b>	<b>1,525</b>	<b>100.0</b>	<b>(7,101)</b>	<b>(4.0)</b>

### (Reference) Breakdown of Net Sales by Platform

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

	Three Months Ended December 31, 2006		Three Months Ended December 31, 2007			Increase (Decrease)	
	Million Yen	% Total	Million Yen	Million USD	% Total	Million Yen	% Change
SoC platform	70,406	39.6	63,687	569	37.3	(6,719)	(9.5)
MCU platform	42,494	23.9	44,854	400	26.3	2,360	5.6
Discrete and IC	58,230	32.7	55,201	493	32.3	(3,029)	(5.2)
Semiconductor total	171,130	96.2	163,742	1,462	95.9	(7,388)	(4.3)
Other	6,749	3.8	7,036	63	4.1	287	4.3
<b>Total</b>	<b>177,879</b>	<b>100.0</b>	<b>170,778</b>	<b>1,525</b>	<b>100.0</b>	<b>(7,101)</b>	<b>(4.0)</b>

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

Microcomputer (MCU) Platform: microcontrollers, car audio controllers

Discrete and IC: display drivers, analog ICs, discrete, optical and microwave devices

## Segment Information (Three Months)

### Breakdown of Net Sales by Region

	Three Months Ended December 31, 2006		Three Months Ended December 31, 2007			Increase (Decrease)
	Million Yen	% of Total	Million Yen	Million USD	% of Total	% Change
Japan	101,462	57.0	93,095	831	54.5	(8.2)
United States of America	14,856	8.4	14,363	128	8.4	(3.3)
Europe	21,535	12.1	22,160	198	13.0	2.9
Asia	40,026	22.5	41,160	368	24.1	2.8
<b>Total</b>	<b>177,879</b>	<b>100.0</b>	<b>170,778</b>	<b>1,525</b>	<b>100.0</b>	<b>(4.0)</b>

### Breakdown of Profit / Loss by Region

	Three Months Ended December 31, 2006		Three Months Ended December 31, 2007			Increase (Decrease)
	Million Yen	% of Total	Million Yen	Million USD	% of Total	Million Yen
Japan	(6,880)	---	(691)	(6)	---	6,189
United States of America	(367)	---	142	1	---	509
Europe	198	---	250	2	---	52
Asia	3,216	---	3,301	30	---	85
<b>Total</b>	<b>(3,833)</b>	<b>---</b>	<b>3,002</b>	<b>27</b>	<b>---</b>	<b>6,835</b>

## Segment Information (Nine Months)

### Breakdown of Net Sales by Market Application

	Nine Months Ended December 31, 2006		Nine Months Ended December 31, 2007			Increase (Decrease)		Year Ended March 31, 2007	
	Million Yen	% Total	Million Yen	Million USD	% Total	Million Yen	% Change	Million Yen	% Total
Communications	76,722	14.7	53,364	476	10.2	(23,358)	(30.4)	99,641	14.4
Computing and peripherals	96,742	18.6	92,230	824	17.7	(4,512)	(4.7)	123,714	17.9
Consumer electronics	90,556	17.4	102,827	918	19.7	12,271	13.6	120,757	17.4
Automotive and industrial	78,561	15.1	84,098	751	16.1	5,537	7.0	106,097	15.3
Multi-market ICs	66,065	12.7	69,334	619	13.3	3,269	4.9	88,961	12.9
Discrete, optical, and microwave devices	90,303	17.3	95,979	857	18.4	5,676	6.3	120,563	17.4
Semiconductor total	498,949	95.8	497,832	4,445	95.4	(1,117)	(0.2)	659,733	95.3
Other	21,941	4.2	23,919	213	4.6	1,978	9.0	32,547	4.7
<b>Total</b>	<b>520,890</b>	<b>100.0</b>	<b>521,751</b>	<b>4,658</b>	<b>100.0</b>	<b>861</b>	<b>0.2</b>	<b>692,280</b>	<b>100.0</b>

### (Reference) Breakdown of Net Sales by Platform

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

	Nine Months Ended December 31, 2006		Nine Months Ended December 31, 2007			Increase (Decrease)		Year Ended March 31, 2007	
	Million Yen	% Total	Million Yen	Million USD	% Total	Million Yen	% Change	Million Yen	% Total
SoC platform	196,881	37.8	192,172	1,716	36.8	(4,709)	(2.4)	259,249	37.5
MCU platform	124,451	23.9	135,335	1,208	25.9	10,884	8.7	168,421	24.3
Discrete and IC	177,617	34.1	170,325	1,521	32.7	(7,292)	(4.1)	232,063	33.5
Semiconductor total	498,949	95.8	497,832	4,445	95.4	(1,117)	(0.2)	659,733	95.3
Other	21,941	4.2	23,919	213	4.6	1,978	9.0	32,547	4.7
<b>Total</b>	<b>520,890</b>	<b>100.0</b>	<b>521,751</b>	<b>4,658</b>	<b>100.0</b>	<b>861</b>	<b>0.2</b>	<b>692,280</b>	<b>100.0</b>

Note: System-on-Chip (SoC) Platform: application specific integrated circuits (ASIC), application specific standard products (ASSP), memory  
 Microcomputer (MCU) Platform: microcontrollers, car audio controllers  
 Discrete and IC: display drivers, analog ICs, discrete, optical and microwave devices

## Segment Information (Nine Months)

### Breakdown of Net Sales by Region

	Nine Months Ended December 31, 2006		Nine Months Ended December 31, 2007			Increase (Decrease)	Year Ended March 31, 2007	
	Million Yen	% of Total	Million Yen	Million USD	% of Total		Million Yen	% of Total
Japan	283,413	54.5	278,498	2,486	53.4	(1.7)	377,298	54.5
United States of America	51,830	10.0	44,747	400	8.6	(13.7)	67,458	9.8
Europe	64,215	12.3	70,940	633	13.6	10.5	88,908	12.8
Asia	121,432	23.3	127,566	1,139	24.4	5.1	158,616	22.9
<b>Total</b>	<b>520,890</b>	<b>100.0</b>	<b>521,751</b>	<b>4,658</b>	<b>100.0</b>	<b>0.2</b>	<b>692,280</b>	<b>100.0</b>

### Breakdown of Profit / Loss by Region

	Nine Months Ended December 31, 2006		Nine Months Ended December 31, 2007			Increase (Decrease)	Year Ended March 31, 2007	
	Million Yen	% of Total	Million Yen	Million USD	% of Total		Million Yen	% of Total
Japan	(21,154)	---	(4,985)	(45)	---	16,169	(38,877)	—
United States of America	1,351	---	29	0	---	(1,322)	(1,006)	—
Europe	316	---	545	5	---	229	100	—
Asia	8,730	---	9,265	83	---	535	11,226	—
<b>Total</b>	<b>(10,757)</b>	<b>---</b>	<b>4,854</b>	<b>43</b>	<b>---</b>	<b>15,611</b>	<b>(28,557)</b>	<b>—</b>

## Capital Expenditures and R&D Expenses

### Three Months

	Three Months Ended December 31, 2006	Three Months Ended December 31, 2007	
	Million Yen	Million Yen	Million USD
Capital expenditures	17,687	10,767	96
Depreciation and amortization	21,773	19,084	170
R&D expenses	33,713	30,021	268

### Nine Months

	Nine Months Ended December 31, 2006	Nine Months Ended December 31, 2007		Year Ended March 31, 2007
	Million Yen	Million Yen	Million USD	Million Yen
Capital expenditures	94,431	37,986	339	105,865
Depreciation and amortization	60,504	55,762	498	82,960
R&D expenses	96,571	87,706	783	131,751

Note: 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 25 subsidiaries worldwide including NEC Electronics America, Inc. ([www.am.necel.com](http://www.am.necel.com)) and NEC Electronics (Europe) GmbH ([www.eu.necel.com](http://www.eu.necel.com)). For additional information about NEC Electronics worldwide, visit [www.necel.com](http://www.necel.com).

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