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**NEC Electronics Reports Financial Results for the  
 First Quarter Ended June 30, 2007**

**KAWASAKI, Japan, July 30, 2007** — NEC Electronics Corporation (TSE: 6723) today announced consolidated financial results for the first quarter ended June 30, 2007.

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## I. Summary of Consolidated Financial Results

	Three Months Ended June 30, 2006		Three Months Ended June 30, 2007			Increase (Decrease)	
	Billion Yen	% of Net Sales	Billion Yen	Million USD	% of Net Sales	Billion Yen	% Change
Net sales	165.2	100.0	173.6	1,411	100.0	8.3	5.0
Sales from semiconductors	158.1		165.0	1,341		6.9	4.4
Operating loss	(5.8)	(3.5)	(2.2)	(18)	(1.3)	3.5	---
Income (loss) before income taxes	(4.8)	(2.9)	0.4	4	0.3	5.3	---
Net loss	(6.1)	(3.7)	(1.3)	(11)	(0.8)	4.8	---
Net loss per share of common stock:	Yen		Yen	USD		Yen	% Change
Basic	(49.34)		(10.74)	(0.09)		38.60	---
Diluted	(49.34)		(10.74)	(0.09)		38.60	---

	Billion Yen	Billion Yen	Million USD	Billion Yen	% Change
Capital expenditures	40.2	12.3	100	(27.9)	(69.5)
Depreciation and amortization	18.9	17.7	144	(1.3)	(6.6)
R&D expenses	31.0	29.3	239	(1.6)	(5.3)
Exchange rate (USD)	Yen 115	Yen 119			
Exchange rate (Euro)	142	160			

	March 31, 2007	June 30, 2007		Increase (Decrease)		June 30, 2006
	Billion Yen	Billion Yen	Million USD	Billion Yen	% Change	Billion Yen
Total assets	695.9	690.0	5,609	(5.9)	(0.9)	742.6
Shareholders' equity	265.1	268.7	2,184	3.6	1.4	299.2

	Persons	Persons	Persons	% Change	Persons	
Number of employees	23,982	24,189		207	0.9	24,118

### Notes

1. U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥123=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 loss shown above represent net sales minus the cost of sales, research and development expenses, and selling, general and administrative expenses.
5. Net income (loss) per share of common stock is calculated based on 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 consolidated financial information is unaudited.



## Consolidated Financial Results for the First Quarter Ended June 30, 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

July 30, 2007

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>  
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(Amounts are rounded to the nearest million yen)

### 1. Consolidated results for the first quarter ended June 30, 2007

(1) Consolidated financial results (% change from corresponding period of the previous year)

	Net Sales		Operating Loss		Income (Loss) Before Income Taxes		Net Loss	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
Three Months ended June 30, 2007	173,573	5.0	(2,227)	---	437	---	(1,326)	---
Three Months ended June 30, 2006	165,238	13.1	(5,764)	---	(4,822)	---	(6,093)	---
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
Three Months ended June 30, 2007	(10.74)	(10.74)
Three Months ended June 30, 2006	(49.34)	(49.34)
Year ended March 31, 2007	(336.04)	(336.04)

Reference: Equity in loss of affiliated companies:  
 Quarter ended June 30, 2007: (283 million yen)      Quarter ended June 30, 2006: -  
 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 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
June 30, 2007	689,951	268,654	38.9	2,175.37
June 30, 2006	742,602	299,197	40.3	2,422.67
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
Three Months ended June 30, 2007	1,461	(7,333)	(3,597)	177,349
Three Months ended June 30, 2006	7,799	(12,439)	(1,251)	204,792
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	---	---	---
Year ended March 31, 2008	---	---	---

### 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 in the quarter ended June 30, 2007 (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 10 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 First Quarter Ended June 30, 2007

In the first quarter ended June 30, 2007, the global economy showed signs of growth in every region. However, signs of a downturn which emerged during the second half of the previous fiscal year continued, leading to stagnant growth. In addition, there were other signs of slowing, such as hints of inflation due to a lower unemployment rate and higher energy prices, and adjustments in the U.S. housing market.

Within this global economy, the growth rate for the semiconductor market, which began to taper off from the second half of 2006, continues to remain sluggish. In Japan, growth continues at a relatively healthy pace, but the previously rapid growth rate in Asia is slowing, and growth remains flat in Europe and the United States.

On a product basis, overall market growth remains low, despite growth in some markets due to lower prices for flat-screen televisions and the introduction of new game consoles.

#### 2. Summary of Consolidated Financial Results

	Three Months Ended June 30, 2006	Three Months Ended June 30, 2007		Increase (Decrease)	
	Billion Yen	Billion Yen	Million USD	Billion Yen	% Change
Net sales	165.2	173.6	1,411	8.3	5.0
Operating loss	(5.8)	(2.2)	(18)	3.5	---
Income (loss) before income taxes	(4.8)	0.4	4	5.3	---
Net loss	(6.1)	(1.3)	(11)	4.8	---
Exchange rate (USD)	Yen 115	Yen 119		---	---
Exchange rate (Euro)	142	160		---	---

Consolidated net sales for the first quarter ended June 30, 2007 were 173.6 billion yen, up 8.3 billion yen, or 5.0% year on year. This was mainly due to a large increase in semiconductors for game consoles, and also brisk sales of transistors for personal computers, which boosted sales of Consumer Electronics and Discrete, Optical and Microwave products, and offset the steep decline in Communications stemming from lower sales of LCD driver ICs and system memory for mobile handsets.

Consolidated operating loss totaled 2.2 billion yen, an improvement of 3.5 billion yen year on year as a result of higher semiconductor sales, coupled with lower R&D expenses and selling, general, and administrative expenses.

Consolidated income before income taxes totaled 0.4 billion yen, returning to the black after a 5.3 billion yen improvement year on year. This was due to an improvement in consolidated operating loss as well as a transfer of the company's photomask business and assets, which led to 3.7 billion yen in non-operating income.

Consolidated net loss improved 4.8 billion yen year on year, to 1.3 billion yen.

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

	Three Months Ended June 30, 2006	Three Months Ended June 30, 2007		Increase (Decrease)	
	Billion Yen	Billion Yen	Million USD	Billion Yen	% Change
Communications	28.5	20.7	168	(7.8)	(27.5)
Computing and peripherals	30.3	29.5	240	(0.7)	(2.4)
Consumer electronics	23.4	33.0	269	9.6	41.0
Automotive and industrial	26.3	27.4	223	1.1	4.2
Multi-market ICs	20.9	22.6	183	1.7	8.2
Discrete, optical, and microwave devices	28.7	31.7	258	3.0	10.6
Semiconductor total	158.1	165.0	1,341	6.9	4.4
Other	7.1	8.6	70	1.4	19.9
Total	165.2	173.6	1,411	8.3	5.0

#### Communications

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

**Net sales** 20.7 billion yen (Down 7.8 billion yen, 27.5% year on year)

Sales of semiconductors for mobile phones decreased year on year. This was due to inventory adjustments by major customers, which impacted NEC Electronics' sales of driver ICs for thin film transistor liquid crystal displays (TFT-LCDs), as well as a decline in sales of system memory for mobile phones.

#### Computing and Peripherals

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

**Net sales** 29.5 billion yen (Down 0.7 billion yen, 2.4% year on year)

Although sales of LCD driver ICs for LCD televisions and PC monitors saw an increase in demand year on year, a decline in sales of semiconductors for printers resulted in a slight net decrease.

### Consumer Electronics

Products Semiconductors for digital AV equipment and game consoles.

Net sales 33.0 billion yen (Up 9.6 billion yen, 41.0% year on year)

Sales of semiconductors for digital cameras decreased year on year, but sales of semiconductors for game consoles grew significantly, leading to significant overall gains.

### Automotive and Industrial

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

Net sales 27.4 billion yen (Up 1.1 billion yen, 4.2% year on year)

Sales of automotive semiconductors grew due to the increasing use of electronics and semiconductors in automobiles.

### Multi-market ICs

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

Net sales 22.6 billion yen (Up 1.7 billion yen, 8.2% 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 31.7 billion yen (Up 3.0 billion yen, 10.6% year on year)

Sales of discrete semiconductors increased in line with healthy sales of personal computing products, and sales of compound semiconductors 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 8.6 billion yen (Up 1.4 billion yen, 19.9% year on year)

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

#### 4. Geographical Segment Analysis

	Three Months Ended June 30, 2006	Three Months Ended June 30, 2007		Increase (Decrease)	
	Billion Yen	Billion Yen	Million USD	Billion Yen	% Change
Japan	86.0	93.2	758	7.2	8.4
United States of America	18.8	15.2	123	(3.6)	(19.0)
Europe	20.2	22.7	184	2.5	12.1
Asia	40.3	42.5	346	2.3	5.6
Total	165.2	173.6	1,411	8.3	5.0

##### Japan

Net sales 93.2 billion yen (Up 7.2 billion yen, 8.4% year on year)

Sales of LCD driver ICs for mobile handsets and semiconductors for printers decreased, but sales of game console chips grew significantly.

##### United States of America

Net sales 15.2 billion yen (Down 3.6 billion yen, 19.0% year on year)

Sales of system memory for mobile handsets and semiconductors for game consoles decreased.

##### Europe

Net sales 22.7 billion yen (Up 2.5 billion yen, 12.1% year on year)

Sales of automotive semiconductors increased.

##### Asia

Net sales 42.5 billion yen (Up 2.3 billion yen, 5.6% year on year)

Sales of LCD driver ICs for LCD televisions and PC monitors, as well as discrete devices increased.

## (2) Financial Condition

### 1. Total Assets and Shareholders' Equity

	March 31, 2007	June 30, 2007		Increase (Decrease)
	Billion Yen	Billion Yen	Million USD	Billion Yen
Total assets	695.9	690.0	5,609	(5.9)
Shareholders' equity	265.1	268.7	2,184	3.6
Equity ratio	38.1%	38.9%		0.8%
Shareholders' equity per share	2,146 yen	2,175 yen	17.69 USD	29 yen
Interest-bearing debt	136.0	133.7	1,087	(2.3)

Total assets at June 30, 2007 totaled 690.0 billion yen, a 5.9 billion yen decrease from March 31, 2007. This was mainly due to payments for materials purchased in the previous quarter, which led to an 8.0 billion yen decrease in cash and cash equivalents.

Compared to March 31, 2007, shareholders' equity was 3.6 billion yen higher at 268.7 billion yen. This was the result of recording 3.5 billion yen in foreign currency translation adjustments, which offset consolidated net loss in the amount of 1.3 billion yen.

Shareholders' equity ratio improved by 0.8 points from March 31, 2007 as a result of the increase in shareholders' equity.

Interest-bearing debt totaled 133.7 billion yen, decreasing 2.3 billion yen from March 31, 2007 mainly due to the repayment of debt.

### 2. Cash Flows

	Three Months Ended June 30, 2006	Three Months Ended June 30, 2007		Increase (Decrease)
	Billion Yen	Billion Yen	Million USD	Billion Yen
Net cash provided by operating activities	7.8	1.5	12	(6.3)
Net cash used in investing activities	(12.4)	(7.3)	(60)	5.1
Free cash flows	(4.6)	(5.9)	(48)	(1.2)
Net cash used in financing activities	(1.3)	(3.6)	(29)	(2.3)
Effect of exchange rate changes on cash and cash equivalents	(0.1)	1.4	12	1.6
Net decrease in cash and cash equivalents	(6.0)	(8.0)	(65)	(2.0)
Cash and cash equivalents at beginning of period	211.1	185.4	1,507	(25.7)
Cash and cash equivalents at end of period	204.8	177.3	1,442	(27.4)

Despite posting consolidated net loss, and a decrease in accounts payable, depreciation and amortization in the amount of 17.7 billion yen led to net cash provided by operating activities in the amount of 1.5 billion yen for the first quarter ended June 30, 2007.

Although the transfer of the photomask business and assets brought income, payments for purchases of property, plant, and equipment totaled 14.4 billion yen, bringing the total net cash used in investing activities to 7.3 billion yen.

The foregoing resulted in negative free cash flows of 5.9 billion yen.

Financing activities used net cash in the amount of 3.6 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 June 30, 2007 was 177.3 billion yen, an 8.0 billion yen decrease from March 31, 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
Six months ending September 30, 2007	335,000	(2.3)	(5,000)	---	(12,000)	---	(15,000)	---	(121.46)
Year ending March 31, 2008	690,000	(0.3)	0	---	(10,000)	---	(15,000)	---	(121.46)

### (4) Others

#### 1. Changes in significant subsidiaries in the quarter ended June 30, 2007 (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 Ended June 30, 2006		Three Months Ended June 30, 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	165,238	100.0	173,573	1,411	100.0	8,335	692,280	100.0
Cost of sales	118,931	72.0	125,927	1,024	72.5	6,996	502,086	72.5
Research and development expenses	30,978	18.7	29,344	238	16.9	(1,634)	131,751	19.0
Selling, general, and administrative expenses	21,093	12.8	20,529	167	11.9	(564)	87,000	12.6
Operating loss	(5,764)	(3.5)	(2,227)	(18)	(1.3)	3,537	(28,557)	(4.1)
Non-operating income	4,747	2.9	3,667	30	2.1	(1,080)	10,913	1.6
Interest and dividend income	494		495	4		1	1,929	
Other	4,253		3,172	26		(1,081)	8,984	
Non-operating expense	3,805	2.3	1,003	8	0.5	(2,802)	17,731	2.6
Interest expense	212		228	2		16	698	
Other	3,593		775	6		(2,818)	17,033	
Income (loss) before income taxes	(4,822)	(2.9)	437	4	0.3	5,259	(35,375)	(5.1)
Provision for income taxes	1,238	0.8	1,579	13	0.9	341	5,105	0.7
Minority interest in income (loss) of consolidated subsidiaries	33	0.0	(99)	(1)	(0.1)	(132)	552	0.1
Equity in loss of affiliated companies	---	---	(283)	(3)	(0.1)	(283)	(468)	(0.1)
Net loss	(6,093)	(3.7)	(1,326)	(11)	(0.8)	4,767	(41,500)	(6.0)

#### 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 loss shown above represent net sales minus the cost of sales, research and development expenses, and selling, general and administrative expenses.

## Condensed Consolidated Balance Sheets

	March 31, 2007	June 30, 2007		Increase (Decrease)	June 30, 2006
	Million Yen	Million Yen	Million USD	Million Yen	Million Yen
<b>Current assets</b>	381,614	380,345	3,092	(1,269)	409,509
Cash and cash equivalents	185,372	177,349	1,442	(8,023)	204,792
Notes and accounts receivable, trade	99,543	104,167	847	4,624	106,519
Inventories	82,573	83,410	678	837	76,149
Other current assets	14,126	15,419	125	1,293	22,049
<b>Long-term assets</b>	314,272	309,606	2,517	(4,666)	333,093
Investments	7,154	8,026	65	872	9,825
Property, plant and equipment	292,823	287,929	2,341	(4,894)	309,530
Other assets	14,295	13,651	111	(644)	13,738
<b>Total assets</b>	695,886	689,951	5,609	(5,935)	742,602
<b>Current liabilities</b>	222,960	214,039	1,740	(8,921)	222,022
Short-term borrowings and current portion of long-term debt	20,603	19,005	154	(1,598)	13,982
Notes and accounts payable, trade	132,467	127,303	1,035	(5,164)	137,519
Other current liabilities	69,890	67,731	551	(2,159)	70,521
<b>Long-term liabilities</b>	203,023	202,514	1,646	(509)	217,243
Long-term debt	115,427	114,739	933	(688)	132,617
Accrued pension and severance costs	71,535	70,424	572	(1,111)	70,618
Other liabilities	16,061	17,351	141	1,290	14,008
<b>Minority shareholders' equity in consolidated subsidiaries</b>	4,835	4,744	39	(91)	4,140
<b>Shareholders' equity</b>	265,068	268,654	2,184	3,586	299,197
Common Stock	85,955	85,955	699	---	85,955
Additional paid-in capital	281,039	281,048	2,285	9	281,014
Accumulated deficit	(98,901)	(100,227)	(815)	(1,326)	(63,494)
Accumulated other comprehensive income (loss)	(3,017)	1,887	15	4,904	(4,271)
Treasury stock, at cost	(8)	(9)	---	(1)	(7)
<b>Total liabilities and shareholders' equity</b>	695,886	689,951	5,609	(5,935)	742,602

Interest-bearing debt	136,030	133,744	1,087	(2,286)	146,599
Equity ratio	38.1%	38.9%		0.8%	40.3
Debt / equity ratio	0.51 times	0.50 times		-0.01 times	0.49

<b>Accumulated other comprehensive income (loss):</b>					
Foreign currency translation adjustments	10,502	14,039	114	3,537	7,050
Minimum pension liability adjustment	---	---	---	---	(14,624)
Pension liability adjustment	(15,937)	(15,230)	(124)	707	---
Unrealized gains (losses) on marketable securities	2,418	3,078	25	660	3,299
Unrealized gains (losses) on derivative financial instruments	---	---	---	---	4

## Condensed Consolidated Statements of Change in Shareholders' Equity

Three Months Ended June 30, 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
Balance at March 31, 2006	85,955	281,014	(57,369)	(1,342)	(7)	308,251
Comprehensive income (loss)						
Net income (loss)			(6,093)			(6,093)
Other comprehensive income (loss)						
Foreign currency translation adjustments				(663)		(663)
Minimum pension liability adjustment, net of tax				173		173
Unrealized gains (losses) on marketable securities, net of tax				(2,455)		(2,455)
Unrealized gains (losses) on derivative financial instruments, net of tax				16		16
Comprehensive income (loss)						(9,022)
Effect of change in fiscal year-end of certain subsidiary			(32)			(32)
Balance at June 30, 2006	85,955	281,014	(63,494)	(4,271)	(7)	299,197

Three Months Ended June 30, 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	699	281,039	2,285	(98,901)	(804)	(3,017)	(25)	(8)	---	265,068	2,155
Compensation expense for stock options			9	---							9	---
Comprehensive income (loss)												
Net income (loss)					(1,326)	(11)					(1,326)	(11)
Other comprehensive income (loss)												
Foreign currency translation adjustments							3,537	29			3,537	29
Pension liability adjustment, net of tax							707	6			707	6
Unrealized gains (losses) on marketable securities, net of tax							660	5			660	5
Comprehensive income (loss)											3,578	29
Purchase of treasury stock, at cost									(1)	---	(1)	---
Balance at June 30, 2007	85,955	699	281,048	2,285	(100,227)	(815)	1,887	15	(9)	---	268,654	2,184

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
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		Increase	Year Ended
	Ended June 30, 2006	Ended June 30, 2007		(Decrease)	March 31, 2007
	Million Yen	Million Yen	Million USD	Million Yen	Million Yen
<b>I. Cash flows from operating activities</b>					
Net loss	(6,093)	(1,326)	(11)	4,767	(41,500)
Adjustments to reconcile net loss to net cash provided by operating activities					
Depreciation and amortization	18,947	17,692	144	(1,255)	82,960
(Increase) decrease in notes and accounts receivable	7,336	(1,337)	(11)	(8,673)	15,985
(Increase) decrease in inventories	(3,764)	73	1	3,837	(9,333)
Increase (decrease) in notes and accounts payable	1,934	(6,859)	(56)	(8,793)	16,171
Other, net	(10,561)	(6,782)	(55)	3,779	2,448
Net cash provided by operating activities	7,799	1,461	12	(6,338)	66,731
<b>II. Cash flows from investing activities</b>					
Proceeds from sales of property, plant and equipment	16,220	782	6	(15,438)	39,803
Additions to property, plant and equipment	(28,523)	(14,406)	(117)	14,117	(121,126)
Proceeds from sales of marketable securities	---	---	---	---	3,660
Increase in loans receivable	227	1	---	(226)	511
Other, net	(363)	6,290	51	6,653	(1,345)
Net cash used in investing activities	(12,439)	(7,333)	(60)	5,106	(78,497)
Free cash flows ( I + II )	(4,640)	(5,872)	(48)	(1,232)	(11,766)
<b>III. Cash flows from financing activities</b>					
Net repayments of borrowings	(1,251)	(2,918)	(24)	(1,667)	(13,074)
Other, net	---	(679)	(5)	(679)	(2,199)
Net cash used in financing activities	(1,251)	(3,597)	(29)	(2,346)	(15,273)
Effect of exchange rate changes on cash and cash equivalents	(133)	1,446	12	1,579	1,595
Net decrease in cash and cash equivalents	(6,024)	(8,023)	(65)	(1,999)	(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	1,507	(25,688)	211,060
Cash and cash equivalents at end of period	204,792	177,349	1,442	(27,443)	185,372

## Segment Information

### Breakdown of Net Sales by Market Application

	Three Months Ended June 30, 2006		Three Months Ended June 30, 2007			Increase (Decrease)		Year Ended March 31, 2007	
	Million Yen	% Total	Million Yen	Million USD	% Total	Million Yen	% Change	Million Yen	% Total
Communications	28,533	17.3	20,691	168	11.9	(7,842)	(27.5)	99,641	14.4
Computing and peripherals	30,255	18.3	29,534	240	17.0	(721)	(2.4)	123,714	17.9
Consumer electronics	23,434	14.2	33,048	269	19.0	9,614	41.0	120,757	17.4
Automotive and industrial	26,315	15.9	27,428	223	15.8	1,113	4.2	106,097	15.3
Multi-market ICs	20,876	12.6	22,579	183	13.0	1,703	8.2	88,961	12.9
Discrete, optical, and microwave devices	28,664	17.4	31,710	258	18.4	3,046	10.6	120,563	17.4
Semiconductor total	158,077	95.7	164,990	1,341	95.1	6,913	4.4	659,733	95.3
Other	7,161	4.3	8,583	70	4.9	1,422	19.9	32,547	4.7
<b>Total</b>	<b>165,238</b>	<b>100.0</b>	<b>173,573</b>	<b>1,411</b>	<b>100.0</b>	<b>8,335</b>	<b>5.0</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.

	Three Months Ended June 30, 2006		Three Months Ended June 30, 2007			Increase (Decrease)		Year Ended March 31, 2007	
	Million Yen	% Total	Million Yen	Million USD	% Total	Million Yen	% Change	Million Yen	% Total
SoC platform	58,963	35.7	63,630	517	36.7	4,667	7.9	259,249	37.5
MCU platform	40,799	24.7	44,354	361	25.6	3,555	8.7	168,421	24.3
Discrete and IC	58,315	35.3	57,006	463	32.8	(1,309)	(2.2)	232,063	33.5
Semiconductor total	158,077	95.7	164,990	1,341	95.1	6,913	4.4	659,733	95.3
Other	7,161	4.3	8,583	70	4.9	1,422	19.9	32,547	4.7
<b>Total</b>	<b>165,238</b>	<b>100.0</b>	<b>173,573</b>	<b>1,411</b>	<b>100.0</b>	<b>8,335</b>	<b>5.0</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

### Breakdown of Net Sales by Region

	Three Months Ended June 30, 2006		Three Months Ended June 30, 2007			Increase (Decrease)	Year Ended March 31, 2007	
	Million Yen	% of Total	Million Yen	Million USD	% of Total	% Change	Million Yen	% of Total
Japan	85,998	52.1	93,193	758	53.7	8.4	377,298	54.5
United States of America	18,750	11.3	15,188	123	8.7	(19.0)	67,458	9.8
Europe	20,230	12.2	22,682	184	13.1	12.1	88,908	12.8
Asia	40,260	24.4	42,510	346	24.5	5.6	158,616	22.9
Total	165,238	100.0	173,573	1,411	100.0	5.0	692,280	100.0

### Breakdown of Profit / Loss by Region

	Three Months Ended June 30, 2006		Three Months Ended June 30, 2007			Increase (Decrease)	Year Ended March 31, 2007	
	Million Yen	% of Total	Million Yen	Million USD	% of Total	Million Yen	% of Total	
Japan	(9,510)	---	(4,466)	(36)	---	5,044	(38,877)	—
United States of America	997	---	(235)	(2)	---	(1,232)	(1,006)	—
Europe	381	---	198	2	---	(183)	100	—
Asia	2,368	---	2,276	18	---	(92)	11,226	—
Total	(5,764)	---	(2,227)	(18)	---	3,537	(28,557)	—

## Capital Expenditures and R&D Expenses

	Three Months Ended June 30, 2006	Three Months Ended June 30, 2007		Increase (Decrease)	Year Ended March 31, 2007
	Million Yen	Million Yen	Million USD	Million Yen	Million Yen
Capital expenditures	40,190	12,268	100	(27,922)	105,865
Depreciation and amortization	18,947	17,692	144	(1,255)	82,960
R&D expenses	30,978	29,344	239	(1,634)	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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