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The following is an English translation of the Notice of the 7th Ordinary General Meeting of Shareholders of NEC Electronics Corporation to be held on June 25, 2009. The Company provides this translation for your reference and convenience only and without any warranty as to its accuracy or otherwise.

NEC Electronics Corporation

1753, Shimonumabe, Nakahara-ku,
Kawasaki, Kanagawa

Toshio Nakajima
President

June 3, 2009

To Our Shareholders:

NOTICE OF THE 7TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

The Seventh Ordinary General Meeting of Shareholders (the "General Meeting") of NEC Electronics Corporation (the "Company") will be held as follows:

1. DATE: June 25, 2009 (Thursday) at 10:00 A.M. (Japan Standard Time)
2. PLACE: Tamagawa Renaissance City Hall located at 1753, Shimonumabe, Nakahara-ku, Kawasaki, Kanagawa, Japan

3. AGENDA OF THE GENERAL MEETING

MATTERS TO BE REPORTED UPON:

- (1) Report on the Business Report, Consolidated Financial Statements and report on the results of the audit conducted on the Consolidated Financial Statements by the Independent Auditors and the Board of Corporate Auditors with respect to the 7th Business Period from April 1, 2008 to March 31, 2009.
- (2) Report on the Financial Statements with respect to the 7th Business Period from April 1, 2008 to March 31, 2009.

MATTERS TO BE VOTED UPON:

- (1) Partial Amendment to the Articles of Incorporation
(The outline of this proposal is shown in "Reference Documents for the General Meeting" below)
- (2) Election of Four Directors

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REFERENCE DOCUMENTS FOR THE GENERAL MEETING

Proposal No. 1: Partial Amendment to the Articles of Incorporation

It is proposed that the current Articles of Incorporation of the Company be amended as follows.

1. Reasons for Amendment

- (1) With the enforcement of the “Law Partially Amending the Law Concerning Book-Entry Transfer of Corporate Bonds, etc. for Streamlining Trade of Stocks, etc.” (Law No. 88 of 2004; hereinafter referred to as the “Streamlining Settlement Law”) on January 5, 2009, the Articles of Incorporation of the Company are to be amended as follows:
 - (i) Pursuant to Paragraph 1, Article 6 of the Supplementary Provisions of Streamlining Settlement Law, it has been deemed that, the provision of the Articles of Incorporation regarding the issuance of share certificates was repealed on the implementation date of the Streamlining Settlement Law. The Company thus would like to delete such provision, and other provisions regarding the share certificates with respect to shares constituting less than one unit and the register of lost share certificates of the Company. Nonetheless, since the transfer agent of the Company shall handle business pertaining to the register of lost share certificates of the Company for one year from the following date of the implementation date of the Streamlining Settlement Law, the Company also seeks to establish supplementary provisions therefor.
 - (ii) Pursuant to Article 2 of the Supplementary Provisions of Streamlining Settlement Law, the Act Concerning Depository and Book-Entry Transfer for Stocks, etc. (Law No.30 of 1984) was repealed. The Company thus would like to delete the provisions regarding beneficial shareholders and register of beneficial shareholders.
- (2) For further expansion of the service to its shareholders, the Company seeks to establish a new provision (Article 9) in the amended Articles of Incorporation in order to introduce the system of additional purchase of shares constituting less than one unit, and further amend the Article 10 of the current Articles of Incorporation which describes the rights for shareholders who hold shares constituting less than one unit.
- (3) The Company shall amend certain numbering of the articles due to the amendments of the provisions as described above.

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2. Details of Amendment

Details of amendment are as follows.

(Underlined are the amended parts)

Current Text	Proposed Amendment
<p>CHAPTER II SHARES</p>	<p><i>[Not amended]</i></p>
<p><u>Article 8. (Issuance of Share Certificates)</u> <u>The Company shall issue share certificates representing its issued shares.</u></p>	<p><i>[Deleted]</i></p>
<p>Article 9. (Number of Shares Constituting One Unit of Shares <u>and Non-issuance of Share Certificates for Shares Constituting Less Than One Unit</u>)</p> <p>1. The number of shares constituting one unit of shares of the Company shall be one hundred (100).</p> <p><u>2. Notwithstanding the provision of the preceding Article, the Company shall not issue share certificates with respect to any number of shares constituting less than one unit.</u></p>	<p>Article 8. (Number of Shares Constituting One Unit of Shares)</p> <p>The number of shares constituting one unit of shares of the Company shall be one hundred (100).</p> <p><i>[Deleted]</i></p>
<p><i>[New Article]</i></p>	<p><u>Article 9. (Additional Purchase of Shares Constituting Less Than One Unit)</u> <u>A Shareholder of the Company who holds shares constituting less than one unit may claim the Company to sell it such number of shares as may, together with the number of such shares constituting less than one unit, constitute the number of shares constituting one unit.</u></p>
<p>Article 10. (Rights for Shares Constituting Less Than One Unit)</p> <p>A shareholder of the Company <u>(including a beneficial shareholder; hereinafter the same interpretation being applicable)</u> who holds shares constituting less than one unit may not exercise any rights, except for the following rights, with respect to the shares constituting</p>	<p>Article 10. (Rights for Shares Constituting Less Than One Unit)</p> <p>A shareholder of the Company who holds shares constituting less than one unit may not exercise any rights, except for the following rights, with respect to the shares constituting less than one unit held by that shareholder:</p>

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Current Text	Proposed Amendment
<p>less than one unit held by that shareholder:</p> <ol style="list-style-type: none">(1) The rights provided for in each Item of Paragraph 2, Article 189 of the Company Law;(2) The right to claim as provided for in Paragraph 1, Article 166 of the Company Law; and(3) The right to receive an allotment of offered shares and offered stock acquisition rights in proportion to the number of shares held. <p><i>[New Paragraph]</i></p>	<ol style="list-style-type: none">(1) The rights provided for in each Item of Paragraph 2, Article 189 of the Company Law;(2) The right to claim as provided for in Paragraph 1, Article 166 of the Company Law; and(3) The right to receive an allotment of offered shares and offered stock acquisition rights in proportion to the number of shares held.(4) <u>The right to claim as provided for in the preceding article.</u>
<p>Article 11. (Omitted)</p>	<p><i>[Not amended]</i></p>
<p>Article 12.(Transfer Agent)</p> <ol style="list-style-type: none">1.The Company shall appoint a Transfer Agent for shares.2.The Transfer Agent and its office shall be designated by a resolution of the Board of Directors.3.The Transfer Agent shall prepare and keep the Register of Shareholders <u>(including the Register of Beneficial Shareholders; hereinafter the same interpretation being applicable), the Register of Lost Share Certificates of the Company</u> and the Register of Stock Acquisition Rights, and shall handle other business pertaining to the Register of Shareholders, <u>the Register of Lost Share Certificates</u> and the Register of Stock Acquisition Rights, with no such businesses being handled by the Company.	<p>Article 12.(Transfer Agent)</p> <ol style="list-style-type: none">1.The Company shall appoint a Transfer Agent for shares.2.The Transfer Agent and its office shall be designated by a resolution of the Board of Directors.3.The Transfer Agent shall prepare and keep the Register of Shareholders and the Register of Stock Acquisition Rights, and shall handle other business pertaining to the Register of Shareholders and the Register of Stock Acquisition Rights, with no such businesses being handled by the Company.

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Current Text	Proposed Amendment
Article 13. to Article 37. (Omitted)	<i>[Not amended]</i>
<i>[New Article]</i>	<u>Supplementary Provisions</u> <u>Article 1. The Transfer Agent shall prepare and keep the Register of Lost Share Certificates, and shall handle other business pertaining to the Register of Lost Share Certificates, with no such businesses being handled by the Company.</u>
<i>[New Article]</i>	<u>Article 2. The provisions of the preceding article and this article shall be effective until January 5, 2010, and shall be deleted after the end of the said date.</u>

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Proposal No. 2: Election of Four Directors

Upon the close of the General Meeting, the term of office as Director held by all the Directors will expire. It is proposed that four Directors be elected. The candidates are as follows:

	Name (Date of Birth)	Brief Employment History, Position, Responsibility and Representative Status in Other Companies, etc.		Number of the Company's Shares Held
1	Junshi Yamaguchi (November 27, 1950)	December 1976	Joined NEC Corporation	4,700
		November 2002	Vice President, Corporate Strategic Planning Unit, the Company	
		June 2003	Vice President, Corporate Strategic Planning Unit and General Manager, Corporate Communications Division, the Company	
		October 2003	Senior Vice President and Vice President, Corporate Strategic Planning Unit, the Company	
		August 2004	Senior Vice President, Vice President, Corporate Strategic Planning Unit and General Manager, Corporate Communications Division, the Company	
		June 2005	Executive Vice President and Member of the Board, the Company (to the present)	
		May 2006	Chairman, NEC Electronics (China) Co., Ltd. (to the present) (Responsibilities) Management of important matters relating to sales, matters relating to Information Systems Division, Order Transaction Control Department and Trade Control Department (Representative Status in Other Companies, etc.) Chairman (part-time), NEC Electronics (China) Co., Ltd.	

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	Name (Date of Birth)	Brief Employment History, Position, Responsibility and Representative Status in Other Companies, etc.		Number of the Company's Shares Held
2	Hajime Matsukura (December 12, 1961)	April 1985	Joined NEC Corporation	0
		October 2002	Senior Manager, Corporate Planning Division, NEC Corporation	
		April 2005	General Manger, Marketing Strategy and Planning Division, NEC Corporation	
		April 2006	Senior General Manager, Corporate Business Development Unit, NEC Corporation	
		April 2008	General Manager, Corporate Planning Division, NEC Corporation (to the present)	

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	Name (Date of Birth)	Brief Employment History, Position, Responsibility and Representative Status in Other Companies, etc.		Number of the Company's Shares Held
3	Yoichi Yano (November 20, 1954)	April 1980 November 2002 April 2004 November 2004 September 2006 May 2007 June 2007 April 2008	Joined NEC Corporation General Manager, 4th System LSI Division, 2nd Business Development Operations Unit, the Company Associate Vice President, 4th Systems Operations Unit, the Company Vice President, 4th Systems Operations Unit, the Company Senior Vice President and Vice President, 4th Systems Operations Unit, the Company Executive Vice President and Vice President, Microcomputer Operations Unit, the Company Executive Vice President and Member of the Board (to the present), and Vice President, Microcomputer Operations Unit, the Company Relieved of Vice President, Microcomputer Operations Unit, the Company (Responsibilities) Management of important matters relating to automotive business, matters relating to SoC Business Unit, Microcomputer Business Unit and Corporate Quality Assurance Division	1,800

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	Name (Date of Birth)	Brief Employment History, Position, Responsibility and Representative Status in Other Companies, etc.		Number of the Company's Shares Held
4	Masaki Kato (March 3, 1951)	April 1974 November 2002 April 2003 October 2004 October 2006	Joined NEC Corporation Associate Vice President, Sales Operations Unit, the Company Vice President, NEC Plasma Display Corporation (currently, Pioneer Plasma Display Corporation) General Manager, Business Management Division, Plasma Display Business Company, Pioneer Corporation Senior Vice President, the Company (to the present) (Responsibilities) Matters relating to Corporate Planning Division and HR & General Affairs Division	3,200

- (Note) 1. None of the candidates have a special conflict of interest with the Company.
2. Mr. Hajime Matsukura is currently and has been involved in the execution of operations (as defined in Item 6, Paragraph 3, Article 2 of the Enforcement Regulations of the Company Law; hereinafter the same) of NEC Corporation during the past 5 years. Mr. Masaki Kato has been involved in the execution of operations of NEC Plasma Display Corporation (currently, Pioneer Plasma Display Corporation) during the past 5 years. Their positions and responsibilities are described in the 'Brief Employment History, Position, Responsibility and Representative Status in Other Companies, etc.' section above. NEC Corporation is a "Special Related Party" as defined in Item 19, Paragraph 3, Article 2 of the Enforcement Regulations of the Company Law.
3. Mr. Hajime Matsukura is a candidate for outside Director. The reasons for selecting him as a candidate for outside Director are as follows:
- The Company has selected Mr. Hajime Matsukura as a candidate for outside Director with the expectation that he continues to oversee and check the overall management of the Company by leveraging his knowledge, experience and insight gained from his involvement in the business planning of NEC Corporation and the management of the NEC Group, including NEC Corporation's subsidiaries, at the corporate planning section of NEC Corporation.
4. Mr. Hajime Matsukura is currently outside Director of the Company, and upon the close of the

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General Meeting, he will have served for 1 year.

5. The Company has already entered into liability limitation agreement with Mr. Hajime Matsukura, limiting his liabilities as defined in Paragraph 1, Article 423 of the Company Law, to the minimum liability amount as stipulated in Paragraph 1, Article 427 of the Company Law, and if the reappointment of Mr. Hajime Matsukura is approved, the Company will renew such liability limitation agreement.

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Business Report

(For the Period from April 1, 2008 to March 31, 2009 (the “Period”))

1. Review of Operations of the NEC Electronics Group

(1) Progress and Results of Operations

(i) Overview

For the fiscal year ended March 31, 2009, the soaring fuel prices in the first half of the year and the financial crisis in the second half of the year spurred a downward momentum in the economy, triggering a severe global economic downturn. Especially, chaos in the financial markets caused by the subprime mortgage crisis in the United States led the large financial institutions to go under from the last autumn, and this negative impact to the economy spread to Europe that had already tortured from the housing bubble, and to China and other developing countries, hastening a worldwide economic recession. As worldwide economic recession grew steadily worse, production and employment rapidly fell and the volume of exports significantly decreased due to a sharp hike in the yen, leading to an extremely severe deterioration in the Japanese economy as well.

Amidst this economic turmoil, the electronics industry and automotive industry experienced a sharp downturn in demand and led to inventory adjustments and order restraints. These contributed to the semiconductor market in which NEC Electronics operates to experience a harsh economic condition that is worse than when the IT bubble collapsed in 2001, driving major foreign semiconductor companies to go under.

Amidst such a business environment, the NEC Electronics Group set forth its company vision in April 2008 as striving to be a leading company for semiconductors which lives up to the trust of our customers and society based upon the strength produced through coordination in development and manufacturing. Under this vision, the Group has continued to push the consolidated operating profit achieved in the previous fiscal year and to achieve a restoration of profitability for consolidated net losses. In order to accomplish this, it has worked at initiatives like creating products and technologies with market competitiveness, constructing a muscular business structure, and global business expansion.

First, by way of creating products and technologies with market competitiveness, the NEC Electronics Group has an edge in ensuring a global sales share of 10% and creating products which aim for a share of 20% or higher. The Group has worked to concentrate the loading of development resources into products and technologies which can expect growth at a global level. As a result of such initiatives, the Group has enhanced its product line-up for the EMMA series of image processing LSI chips, which has received high praise from customers. In July 2008 the Group released the EMMA 3PF LSI chip, which is the world’s first chip to realize Blu-ray disc player functions in a single chip, and in November 2008 it released the EMMA 2TS LSI chip, which realizes a tuner function that enables

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digital terrestrial broadcasts (TDB) to be viewed on an analog television. In addition, using the NEC Electronics Group's embedded DRAM (eDRAM) technology, in May 2008 the Group released the embedded DRAM LSI chip, which equips DRAM using 90-nanometer generation processing technology and a logic circuit into a single chip as a semiconductor for various types of portable terminal devices. What is more, under the concept of "ultra-low power consumption," the Group has worked to expand its line-up of All Flash Microcomputers, which are microcomputers with built-in flash memory which have already been widely adopted by our customers centered around products that have the industry's lowest power consumption. In addition, in May 2008 the Group released its single-frame super resolution technology, which improves the blurring and roughness of images to achieve high quality pictures by analyzing and processing single frames of visual data. This has gained significant attention for its high level of technical prowess. Following this, in February 2009 the Group released the CE143 LSI chip, which uses this same technology for cameras embedded in cell phone terminals, and has been employed in cell phone terminals in Japan and overseas.

In terms of constructing a muscular business structure, the NEC Electronics Group has continuously worked toward restructuring its manufacturing structure, which the Group has been striving to do since February 2007, and has been forcefully promoting improvements in business efficiency. This is designed to create a robust business structure that is capable of soundly ensuring profits. For restructuring our manufacturing structure, NEC Semiconductors Kyushu Yamaguchi, Ltd. was launched through the April 2008 merger of the three companies of NEC Kyushu, Ltd., NEC Yamaguchi, Ltd., and NEC Semicon Package Solutions, Ltd., which were the manufacturing bases for microcomputers. In addition, NEC Semiconductors Kansai, Ltd. was launched through the merger of the two companies of NEC Kansai, Ltd. and NEC Fukui, Ltd., which were the manufacturing bases for discrete semiconductors. The aim of these mergers is to create an integrated manufacturing structure for semiconductor front-end process (wafer processing) and semiconductor back-end process (assembly and inspection). In addition, with the aim of responding to increasing future demand for cutting-edge semiconductors and improving manufacturing efficiency, throughout the fiscal year the Group has been working to bolster the manufacturing capabilities for the 300mm wafer manufacturing line at NEC Semiconductors Yamagata, Ltd., which is the manufacturing base for the System-on-Chip (SoC) products. The production capacity from the beginning of the fiscal year of 13,000 per month was raised to 20,000, while at the same time the initial targets for the company's 8in wafer manufacturing line were accelerated and this was shut down in November 2008. In December 2008 the NEC Electronics Yamagata Development Center was newly established within this company's facilities as a development center for NEC Electronics in order to achieve close cooperation between the development and manufacturing of cutting-edge semiconductors. Control of the cutting-edge process development and

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prototyping functions for the 300mm wafer development and prototyping line from our Sagami-hara plant was then transferred to this Center. Meanwhile, for improving business efficiency the Group has worked to improve efficiency over the full length of our business, such as by improving the efficiency of research and development (R&D) and manufacturing, promoting self-manufacturing, and reducing the cost of materials procurement in order to reduce costs.

As for global business expansion, the Group has worked to strengthen its business structure in China and the Asian region, for which future growth can be expected. Following after its existing branches in Shanghai, Shenzhen, and Chengdu, NEC Electronics China has opened new branches in both Changchun City, Jilin Province and Dalian City, Liaoning Province, China, in July 2008 as sales bases for expanding sales overseas, and has allocated local technicians to these.

In addition to these various measures, the Group will also proactively work toward strategic collaborations with other companies. In September 2008 an agreement was reached with IBM in the United States whereby NEC Electronics will take part in joint R&D projects for advanced fundamental research for leading-edge semiconductor technology and 32-nanometer generation semiconductor process technology overseen by IBM. This is designed for such aims as strengthening our competitiveness in cutting-edge semiconductor technology.

The NEC Electronics Group's performance declined due to the precipitous deterioration of the business environment surrounding the Group. In light of this, as a measure to improve future performance and for growth the Group will reduce fixed expenses across the Group as a whole by a total of 80 billion yen. This will be accomplished through such means as accelerating the restructuring of the manufacturing structure (accelerating the closure of the 6in wafer manufacturing line at NEC Semiconductors Kyushu Yamaguchi's Kawajiri Plant, and closing the 6in wafer manufacturing line at NEC Electronics America's Roseville plant in California) and improving business efficiency. In addition, the NEC Electronics Group formulated and announced its policy of concentrating its managerial resources on "eco-products" suited to the energy-saving / ecological products market, for which worldwide growth can be anticipated for the future.

The NEC Electronics Group will continue to make a concerted effort on the part of the entire Group to implement a variety of measures designed to promptly respond to the severe business climate in recent years, as well as to create a robust business structure capable of soundly ensuring profits.

(Note) One nanometer is one-billionth of a meter.

(ii) Summary of Consolidated Financial Results

As detailed above, the NEC Electronics Group has worked on a variety of measures spanning a wide range of fronts as a Group. However, the impact from factors like the precipitous decline in the global business climate and rapid fluctuations in exchange rates has far exceeded initial estimates.

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Unfortunately, for our performance in the current fiscal year there was a large decrease in year on year sales, which resulted in our posting a significant loss.

Consolidated net sales for the fiscal year ended March 31, 2009 were 546.5 billion yen, a decrease of 141.3 billion yen, or 20.5%, from the previous fiscal year.

Amidst the severe economic situation and business environment, sales in all product areas decreased. Especially computing and peripherals, discrete, optical, and microwave devices decreased by approximate of more than 25 percent year on year.

Consolidated operating loss was 68.4 billion yen, 73.4 billion yen worse year on year. This drop was due to the decline in consolidated net sales year on year.

Consolidated loss before income taxes was 89.3 billion yen, 86.1 billion yen worse year on year. This drop was due to an increase in consolidated operating loss; and in non-operating expenses as a result of recording the loss provision related to pending legal issues; and the closing of the prototype and manufacturing lines in Japan.

Consolidated net loss was 82.6 billion yen, 66.6 billion yen worse year on year. Due to the change in tax law, part of deferred tax liabilities for the undistributed earnings of overseas subsidiaries was reversed, reducing the corporate tax (tax expenses) as a result.

(iii) Review of Operations by End-Market Applications

Consolidated net sales by end-market application broken down into categories according to principal applications and characteristics of semiconductors for the Period are as follows:

Communications

Net sales of semiconductors for communications applications decreased 10.2 billion yen (14.4 percent) from the previous year, to 60.2 billion yen. Products such as semiconductors for broadband networking equipment including routers and mobile-phone base stations, and semiconductors for mobile handsets are included in this category.

Although sales of ICs for camera-equipped mobile phones increased year on year, sales of semiconductors for mobile phones decreased year on year as a result of a drop in sales of digital baseband ICs and LCD driver ICs declined year on year.

Computing and Peripherals

Net sales of semiconductors for computing and peripherals applications decreased 32.1 billion yen (26.9 percent) from the previous year, to 87.2 billion yen. Semiconductors for servers, workstations, personal computers and PC peripherals are products included in this category.

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Sales of LCD driver ICs for LCD televisions and computer monitors, and semiconductors for printers all declined year on year.

Consumer Electronics

Net sales of semiconductors for the consumer electronics applications decreased 15.2 billion yen (11.3 percent) from the previous year, to 119.3 billion yen. Semiconductors for digital AV equipment and game consoles are products included in this category.

Although sales of EMMA series, image processing ICs for digital televisions and blu-ray disc increased, sales of semiconductors for digital cameras and white goods declined year on year.

Automotive and Industrial

Net sales of semiconductors for automotive and industrial applications decreased 21.8 billion yen (19.3 percent) from the previous year, to 91.5 billion yen. Semiconductors used in automobiles and industrial systems, such as factory automation equipment, are products included in this category.

Sales of automotive microcontrollers and semiconductors for industrial equipments declined year on year.

Multi-market ICs

Net sales of multi-market ICs decreased 19.2 billion yen (21.4 percent) from the previous year, to 70.5 billion yen. Products such as general purpose microcontrollers, gate arrays and multi-purpose SRAMs are those included in this category.

Sales of general purpose microcontrollers and gate arrays declined year on year.

Discrete, Optical and Microwave Devices

Net sales of discrete, optical and microwave devices decreased 33.1 billion yen (26.2 percent) from the previous year, to 93.0 billion yen. 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 are products included in this category.

Sales of discrete semiconductors, optical semiconductors, and compound semiconductors all declined year on year.

Other

Other net sales decreased 9.7 billion yen (28.2 percent) from the previous year, to 24.7 billion yen. This includes the sales of non-semiconductors products such as color LCDs, sold on a resale basis by

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the NEC Electronics Group's sales subsidiaries.

(2) Research and Development by the NEC Electronics Group

The NEC Electronics Group is actively engaged in the research and development of advanced products and technology in the field of semiconductors, mainly of leading system LSIs, to provide the best semiconductor solution to meet its customer's various needs. Major achievements of research and development activities in the Period are as follows:

- (i) EMMA 3PF: The world's first image processing LSI chip to realize major Blu-ray disc player functions in a single chip

The NEC Electronics Group was the first in the world to develop and commercialize the EMMA 3PF, an image processing LSI chip which integrates major Blu-ray disc player functions into a single chip.

The recently developed LSI chip is the world's first chip to integrate the major functions required for the Blu-ray disc player structure (data conversion function, compressed data decryption function, data output function, etc.), which had conventionally been split up into multiple chips. This has made it possible to achieve enhanced performance and the miniaturization of Blu-ray disc players at a low price.

In recent years, the Blu-ray disc market has expanded rapidly, and it is a sector which can expect further growth in the future. Hereafter, the NEC Electronics Group will make efforts to develop and provide products geared for the Blu-ray disc market, starting with our recently developed LSI chip.

- (ii) Super resolution LSI chip which enhances the image quality of low-resolution images and still images

The NEC Electronics Group has developed and commercialized an LSI chip with built-in single-frame super resolution technology. This technology improves the blurring and roughness which generally occurs in images and achieves a high-quality picture for when low-resolution images and still images are enlarged and rendered in high-resolution displays.

The recently developed LSI chip has a built-in algorithm that corrects the image quality, raises the color reproducibility, and renders the image vividly by regulating the representation of the pixels that comprise the contoured areas of people and objects when enlargement processing of single frames of image data is conducted. By equipping this product on digital televisions and the like, it would allow for low-resolution images taken on older video cameras to be vividly rendered on high definition displays, such as full hi-vision televisions, as an example.

The NEC Electronics Group has actively moved forward with the development of products that use this single-frame super resolution technology. In February 2009 the Group developed and

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commercialized the CE143 LSI chip for cameras embedded in cell phone terminals which allows images and still images taken using the camera's digital zoom function to be rendered vividly.

- (iii) Creating low power consumption technology for LSI chips from the 32-nanometer generation onward

In recent years, the increasing sophistication and multi-functionality of various electronic devices has been accompanied by a desire to achieve increased speed and multi-functionality for information processing via miniaturization, as well as a reduction of power consumption, for the LSI chips that are built in to such electronic devices. The NEC Electronics Group has been proactively striving to create various technologies which would achieve a reduction of power consumption for cutting-edge LSI chips in the 32-nanometer generation and onward. By way of component technologies for achieving reduced power consumption in conjunction with improved performance, we recently created a copper wiring technology that makes full use of low resistance diffusion layer formation technology and low-dielectric constant insulating material (porous low-k dielectric film).

These technologies restrain increases in the leak current and wiring parasitic capacitance, which are major challenges for dealing with LSI miniaturization and reducing power consumption. Using these technologies in combination makes it possible to reduce the LSI chip's power consumption by more than 40% compared to existing chips.

The NEC Electronics Group considers these technologies to be able to contribute to realizing reduced energy consumption for cutting-edge LSI chips, such as embedded DRAM LSI chips, for which low leak current performance is strongly sought after. Hereafter, we will work on R&D activities in aiming for the early practical application of these technologies.

(3) Capital Expenditures of the NEC Electronics Group

During this Period, the NEC Electronics Group invested a total of 56.6 billion yen in capital expenditures with the aim of expanding facilities for using 300mm wafers and other production facilities in back-end process.

(4) Financing Activities of the NEC Electronics Group

During this Period there were no financing activities important enough to require special mention.

(5) Issues to be Addressed by the NEC Electronics Group

In the semiconductor market in which NEC Electronics operates, the economic condition underwent an acute deterioration from the second half of the fiscal year that is far worse than the hard hit by the bursting of the IT bubble in 2001. To fundamentally strengthen its corporate structure and to promptly

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regain profitability even given the difficult business conditions, the NEC Electronics Group will address the following issues such as acceleration of structural reforms including realignment of fabrication lines and development of competitive products.

(i) Acceleration of cost restructuring under the rapid worsening of economic condition

By focusing on improvement of its cost structures based on the corporate strategy announced on February 2007, the NEC Electronics Group achieved a consolidated operating profit in the last fiscal year ended March 31, 2008. However, the economic situation after summer of 2009 grew steadily worse, and the sharp appreciation of the yen against foreign currencies developed, resulting in a consolidated operating loss due to a rapid fall in semiconductor sales. In consideration of this state of the economy, the Group will accelerate the reconstruction of the company's overall cost structures in accordance with the reduced level of sales.

The NEC Electronics Group has been progressing consolidation of production lines and expansion of the scale of individual production lines to improve its production efficiency at the front-end processing facilities. By accelerating this, the Group will close its 6-inch wafer production lines at the domestic and foreign sites (NEC Semiconductors Kyushu Yamaguchi's Kawashiri facility, NEC Electronics America's facility in Roseville, California) by the end of March 2010, and will continuously promote the transition of back-end processing facilities overseas. The Group will also streamline capital expenditures and personnel distribution to reduce fixed expenditures such as labor, depreciation and power usage. Through examination of the economic profitability of the products and effective utilization of the development resource in foreign countries such as India, the Group will restrain increases in R & D cost ratio. In addition to these steps, the Group will also implement urgent cost-saving measures such as reduction of employees' salaries and corporate officers' remuneration. The NEC Electronics Group believes the faithful implementation of these new measures will enable it to achieve consolidated operating profit in the next fiscal year.

(ii) Strong production in anticipation of the market recovery and expansion of overseas sales ratio

In order to correspond to the rapid deterioration of the operating environment, the NEC Electronics Group has been greatly reducing fixed expenses. Included in these fixed expenses, however, are R&D expenses for capital expenditures and product development targeted for future growth, and the issue of how to balance investments for the future and base expense reductions is an important management issue.

Amidst the severe operating climate, the Group is increasing its share of microcontrollers, especially 32-bit microcontrollers, and ASIC (application specific integrated circuit), such as embedded DRAM, in the global semiconductor market, valued by customers with the Group's image processing and low power consumption technologies. The Group will focus on the eco-business market as a growing business area and plan to channel management resources toward

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its eco-products, such as microcontrollers and embedded DRAM. The Group will also utilize the competitiveness of its strong products, such as microcontrollers, and expand its business in the market of analog devices and discrete products for interfaces and power supplies. Based on this, the company will make further progress with selection and concentration of development resource investment, and focus on the development of products with promise in competitiveness and growth.

Among semiconductor markets around the globe, Japan is a top consumer. However, in recent years, the Asian market outside of Japan and particularly the Chinese market have expanded rapidly, and it is not an overstating the case that the way in which the market share of sales in the Chinese and Asian markets is increased is what will determine growth for semiconductor businesses. By moving forward with sales base infrastructure and geared for the Chinese and Asian markets, further increasing sales and sales engineering staff, and strengthening development of products in line with local demand, the Group will increase its sales market share in the Chinese and Asian markets with their continued rapid growth, and quickly achieve overseas sales ratio of at least 50 percent for the group.

(6) Changes in the Results of Financial Position and Profit and Loss (Consolidated)

(In billions of yen except per share figures)

Business Period Indices	3rd Business Period 4/1/04-3/31/05	4th Business Period 4/1/05-3/31/06	5th Business Period 4/1/06-3/31/07	6th Business Period 4/1/07-3/31/08	7th Business Period 4/1/08-3/31/09
Net sales	708.0	646.0	692.3	687.7	546.5
Operating income (loss)	33.2	(35.7)	(28.6)	5.1	(68.4)
Net income (loss) before income taxes	26.4	(42.4)	(35.4)	(3.3)	(89.3)
Net income (loss)	16.0	(98.2)	(41.5)	(16.0)	(82.6)
Net income (loss) per share (yen)	129.81	(795.13)	(336.04)	(129.52)	(669.04)
Total assets	814.2	745.3	695.9	616.3	482.5
Net assets	393.9	308.3	265.1	227.1	128.1

- (Note) 1. The consolidated financial statements of the Company are prepared in accordance with accounting principles generally accepted in the United States of America, or U.S. GAAP.
2. "Net income (loss) per share" is calculated based on the average number of shares outstanding during each business period.

(Translation)

(7) Principal Parent Company and Subsidiaries (as of March 31, 2009)

(i) Relationship with Parent Company

NEC Corporation is the parent company of the Company and holds 65.02% of the total voting rights of the Company (80,300,000 shares) and reserves the right to instruct the exercise of 5.02% of the total voting rights of the Company which are contributed to severance indemnities trust.

The NEC Electronics Group sells system LSIs and other products to NEC Corporation and its affiliates. The NEC Electronics Group believes that the use of the high-profile NEC trademark for indicating the NEC Electronics Group's affiliation with NEC Corporation will contribute to the enhancement of the NEC Electronics Group's own brand value, and thus uses the NEC trademark pursuant to the trademark license agreement between the Company and NEC Corporation. Additionally, the Company leases its corporate headquarters and part of its offices from NEC Corporation, and outsources part of its research and development and other affairs to NEC Corporation.

(ii) Principal Subsidiaries

Name of Subsidiaries	Capital (Millions of yen)	Percentages of Voting Rights Held by the Company (%)	Main Business
NEC Semiconductors Yamagata, Ltd.	1,000	100	Development, manufacture (front-end process) and sale of integrated circuits and discrete semiconductors
NEC Semiconductors Kansai, Ltd.	1,000	100	Development, manufacture (front-end and back-end process) and sale of integrated circuits and discrete semiconductors
NEC Semiconductors Kyushu Yamaguchi, Ltd.	1,000	100	Manufacture (front-end and back-end process) and sale of integrated circuits
NEC Micro Systems, Ltd.	400	100	Design and development of integrated circuits and software
NEC Electronics America, Inc.	(1,000USD) 380,800	100	Development and manufacture (front-end process) of integrated circuits, and sale of electronic components
NEC Electronics (Europe) GmbH	(1,000Euro) 14,000	100	Sale of electronic components

(Translation)

Name of Subsidiaries	Capital (Millions of yen)	Percentages of Voting Rights Held by the Company (%)	Main Business
NEC Semiconductors (Malaysia) Sdn. Bhd.	(1,000RM) 118,237	100	Manufacture (back-end process) and sale of integrated circuits and discrete semiconductors
NEC Semiconductors Singapore Pte. Ltd.	(1,000SGD) 111,000	100	Manufacture (back-end process) and sale of integrated circuits
NEC Electronics Singapore Pte. Ltd.	(1,000SGD) 3,000	100	Sale of electronic components
Shougang NEC Electronics Co., Ltd.	20,750	50.3	Manufacture (front-end and back-end process) and sale of integrated circuits
NEC Electronics (China) Co., Ltd.	(1,000USD) 38,540	100	Design, development and sale of integrated circuits and software
NEC Electronics Hong Kong Limited	(1,000HKD) 2,000	100	Sale of electronic components
NEC Electronics Taiwan Ltd.	(1,000NTD) 100,000	100	Sale of electronic components
NEC Electronics Korea Limited	(1,000KRW) 2,000,000	100	Sale of electronic components

(iii) Progress of Business Affiliation

- (a) NEC Yamagata, Ltd. changed its company name to NEC Semiconductors Yamagata, Ltd. on April 1, 2008.
- (b) NEC Kansai, Ltd. merged with NEC Fukui, Ltd. and changed its company name to NEC Semiconductors Kansai, Ltd. on April 1, 2008.
- (c) NEC Kyushu, Ltd. merged with NEC Yamaguchi, Ltd. and NEC Semicon Package Solutions, Ltd. and changed its company name to NEC Semiconductors Kyushu Yamaguchi, Ltd. on April 1, 2008.
- (d) NEC Fabserve, Ltd. ceased business operation in December 2007.

(iv) Results of Business Affiliation

There are a total of 21 consolidated subsidiaries as of March 31, 2009, consisting of 7 domestic companies and 14 overseas companies, including the major subsidiaries set forth in the “1-(7)-(ii) Principal Subsidiaries” section above, and 1 equity method affiliate. The results of operations on a consolidated basis for the Period are set forth in “1-(1) Progress and Results of Operations”

(Translation)

section above.

(v) Important Technical Alliances

Name of Company	Contents of Alliance
NEC Corporation	Cross licensing of intellectual property rights regarding semiconductor business succeeded on the occasion of the Company's corporate separation
Freescale Semiconductor, Inc.	Patent cross licensing regarding semiconductors
Texas Instruments Incorporated	Patent cross licensing regarding semiconductors
NEC Corporation Panasonic Corporation Panasonic Mobile Communications Co., Ltd. Texas Instruments Incorporated	Joint venture business with respect to joint development of communications platform for mobile handsets for the 3rd generation (3G/3.5G) and beyond and technology licensing for such platform
Toshiba Corporation	Joint development of process technology and production technology for 32-nanometer generation semiconductors (ideal for low power consumption)
IBM Corporation	Participation in IBM joint development alliance for advanced fundamental research for leading-edge semiconductor technologies of the future and 32-nanometer generation semiconductor process technology

(8) Major Operations of the NEC Electronics Group (as of March 31, 2009)

The NEC Electronics Group's main business is the research, development, manufacture, sale and provision of services of semiconductors, primarily system LSIs.

(Translation)

(9) Principal Offices and Plants of the NEC Electronics Group (as of March 31, 2009)

The Company		Head Office (Kawasaki, Kanagawa), Tamagawa Plant (Kawasaki, Kanagawa), Sagamihara Plant (Sagamihara, Kanagawa)
Subsidiaries	Domestic	NEC Semiconductors Yamagata, Ltd. (Tsuruoka, Yamagata)
		NEC Semiconductors Kansai, Ltd. (Ootsu, Shiga)
		NEC Semiconductors Kyushu Yamaguchi, Ltd. (Kumamoto, Kumamoto)
		NEC Micro Systems, Ltd. (Yokohama, Kanagawa)
	Overseas	NEC Electronics America, Inc. (California, United States of America)
		NEC Electronics (Europe) GmbH (Dusseldorf, Germany)
		NEC Semiconductors (Malaysia) Sdn. Bhd. (Kuala Langat, Malaysia)
		NEC Semiconductors Singapore Pte. Ltd. (Singapore)
		NEC Electronics Singapore Pte. Ltd. (Singapore)
		Shougang NEC Electronics Co., Ltd. (Beijing, China)
		NEC Electronics (China) Co., Ltd. (Beijing, China)
		NEC Electronics Hong Kong Limited (Hong Kong, China)
		NEC Electronics Taiwan Ltd. (Taipei, Taiwan)
		NEC Electronics Korea Limited (Seoul, Korea)

- (Note)
1. NEC Yamagata, Ltd. changed its company name to NEC Semiconductors Yamagata, Ltd. on April 1, 2008.
 2. NEC Kansai, Ltd. merged with NEC Fukui, Ltd. and changed its company name to NEC Semiconductors Kansai, Ltd. on April 1, 2008.
 3. NEC Kyushu, Ltd. merged with NEC Yamaguchi, Ltd. and NEC Semicon Package Solutions, Ltd. and changed its company name to NEC Semiconductors Kyushu Yamaguchi, Ltd. on April 1, 2008.
 4. NEC Micro Systems, Ltd. moved its head office from Kawasaki, Kanagawa to Yokohama, Kanagawa in January 2009.

(10) Employees of the NEC Electronics Group (as of March 31, 2009)

Number of Employees	Decrease from March 31, 2008
22,476	634

(11) Major Borrowings of the NEC Electronics Group (as of March 31, 2009)

Lenders	Balance of Borrowings (Millions of yen)
The Yamagata Bank, Ltd.	500

(Translation)

(12) Other Significant Matters with respect to the Current Status of NEC Electronics Group

Approved by the Board of Directors on April 27, 2009, NEC Electronics, on the same day, signed a memorandum of understanding with Renesas Technology Corp., to enter into negotiations to integrate their business operations.

In the semiconductor market, as global competition on the performance, architecture, price, and quality grows increasingly severe, manufacturers are faced to keep abreast of these changes. In light of this fierce condition, NEC Electronics and Renesas have agreed to initiate joint deliberations to integrate their business operations in around April, 2010, to further strengthen their business foundations and technological assets while increasing corporate value through enhanced customer satisfaction. Both companies also agreed on maintaining public listing for the new company.

Terms and conditions of this business integration will be discussed through future negotiations and both companies plan to sign a definitive agreement at the end of July, 2009.

Implementation of the planned business integration is conditional upon the approval at the Extraordinary General Meetings of Shareholders and the authorization by the relevant government agencies.

Corporate profile of Renesas Technology Corp., as of March 31, 2009) is as follows:

- (i) Name of Company: Renesas Technology Corp.
- (ii) Major Operations: Development, design, manufacture, sale and servicing of SoC products, discrete semiconductor products; and memory products
- (iii) Headquarters: 2-6-2, Ootemachi, Chiyoda-ku, Tokyo, Japan
- (iv) Established: April 1, 2003
- (v) Capital: 77 billion yen
- (vi) Stockholders and Ownership Ratios: Hitachi, Ltd.: 55%
Mitsubishi Electric Corporation: 45%

(Translation)

2. Outline of the Company

(1) Shares of the Company (as of March 31, 2009)

- (i) **Total Number of Authorized Shares** 400,000,000 shares
- (ii) **Total Number of Shares Issued** 123,497,694 shares
(excluding 2,306 of Company's own shares)
- (iii) **Number of Shareholders** 14,078 persons

(iv) Major Shareholders (top ten)

Name of Shareholders	Number of Shares Held (In thousands of shares)	Percentage of Shares Held
NEC Corporation	80,300	65.02
Japan Trustee Services Bank, Ltd. (Re-trust of Sumitomo Trust & Banking Co., Ltd. / NEC Corporation pension and severance payments Trust Account)	6,200	5.02
RBC Dexia Investor Services Trust, London - Clients Account	2,788	2.26
Chase Manhattan Bank GTS Clients Account Escrow	2,185	1.77
State Street Bank and Trust Client Omnibus Account OM02	2,062	1.67
Japan Trustee Services Bank, Ltd. (Trust Account 4G)	1,803	1.46
Japan Trustee Services Bank, Ltd. (Trust Account)	1,557	1.26
Credit Suisse Securities (Europe) Limited, PB SEC INT NON - TR CLT	1,547	1.25
Mellon Bank, N.A. Treaty Client Omnibus	1,021	0.83
Deutsche Bank AG London-PB Non-Treaty Clients 613	884	0.72

- (Note) 1. Shares less than a thousand are omitted.
2. Percentage of shares held is calculated excluding 2,306 of Company's own shares.
3. 6,200,000 shares (percentage of shares held: 5.02%) which are owned by Japan Trustee Services Bank, Ltd. (Re-trust of Sumitomo Trust & Banking Co., Ltd./NEC Corporation pension and severance payments Trust Account) were shares that were contributed by NEC Corporation as severance indemnities trusts. The voting rights of such shares will be exercised at the instruction of NEC Corporation.

(Translation)

(2) Stock Acquisition Rights, etc. of the Company

(i) Stock Acquisition Rights Issued to the Board Members of the Company as a Compensation for their Duties (as of March 31, 2009)

(a) Stock Acquisition Rights Pursuant to the Provisions of Articles 236, 238 and 239 of the Company Law.

	Number of Stock Acquisition Rights Issued	Class and Number of Shares to be Issued and Transferred	Issue Price of Stock Acquisition Right	Amount to be paid upon Exercise of Stock Acquisition Rights	Exercisable Period
4th Stock Acquisition Rights (Resolved at the Company's General Meeting of Shareholders and the Meeting of the Board of Directors held on 6/27/06)	240	24,000 shares of common stock (100 shares per 1 stock acquisition right)	No charge	¥3,927	7/13/08-7/12/12

(b) Stock Acquisition Rights Held by the Board Members of the Company

Title	Number of Stock Acquisition Rights Issued	Number of Directors
Directors (excluding outside directors)	240	5

(Note) 1. No corporate auditor and outside director holds the Stock Acquisition Rights.

(Translation)

(ii) Other Important Facts Concerning the Stock Acquisition Rights (as of March 31, 2009)

Stock Acquisition Rights Attached to the Bonds with Stock Acquisition Rights Issued Pursuant to the Provision of Article 341-2 of the former Commercial Code of Japan

	Number of Stock Acquisition Rights Issued	Class and Number of Shares for which Stock Acquisition Rights were Issued	Issue Price of Stock Acquisition Right
Zero Coupon Convertible Bonds due 2011 (Resolved at the Meeting of the Board of Directors held on 5/10/04)	11,000	11,156,100 shares of common stock	No charge

(3) Directors and Corporate Auditors of the Company

(i) Name etc. of Directors and Corporate Auditors of the Company (as of March 31, 2009)

Name	Position at the Company	Responsibility and Representative Status in Other Companies, etc.
Toshio Nakajima	*President	Management of execution of overall business operations, matters relating to Internal Auditing Division
Junshi Yamaguchi	*Executive Vice President and Member of the Board	Management of important matters relating to sales, matters relating to Information Systems Division, Order Transaction Control Department and Trade Control Department Chairman (Part time), NEC Electronics (China) Co., Ltd.
Yoshikazu Inada	*Executive Vice President and Member of the Board	Management of important matters relating to production President, NEC Semiconductors Kyushu Yamaguchi, Ltd.
Zensuke Matsuda	*Executive Vice President and Member of the Board	Matters relating to Discrete and IC Business Unit

(Translation)

Name	Position at the Company	Responsibility and Representative Status in Other Companies, etc.
Yoichi Yano	*Executive Vice President and Member of the Board	Management of important matters relating to automotive business, matters relating to SoC Business Unit, Microcomputer Business Unit and Corporate Quality Assurance Division
T. W. Kang	Member of the Board	Managing Director, Global Synergy Associates Inc.
ToshihikoTakahashi	Member of the Board	Advisor, NEC Corporation
Hajime Matsukura	Member of the Board	General Manager, Corporate Planning Division of NEC Corporation
Keiji Suzuki	Corporate Auditor (Full time)	
Hiroki Kawamura	Corporate Auditor (Full time)	
Yasuyuki Shibata	Corporate Auditor	Attorney-at-law
Kaoru Ikenaga	Corporate Auditor	Vice President, NEC Corporation

- (Note)
1. Messrs. T.W. Kang, Toshihiko Takahashi and Hajime Matsukura are outside Directors, as stipulated in Item 15, Article 2 of the Company Law.
 2. Messrs. Hiroki Kawamura, Yasuyuki Shibata and Kaoru Ikenaga are outside Corporate Auditors, as stipulated in Item 16, Article 2 of the Company Law.
 3. Mr. Hiroki Kawamura was involved in accounting operations at NEC Corporation for many years and was a corporate officer in charge of accounting at an affiliated company of NEC Corporation, and thus has a fair knowledge of finance and accounting.
 4. Mr. Kaoru Ikenaga was involved in accounting operations for many years and was a general manager of controller division at NEC Corporation, and thus has a fair knowledge of finance and accounting.
 5. The Directors and Corporate Auditors were changed during the Period as follows:
 - i) At the 6th Ordinary General Meeting of Shareholders held on June 26, 2008, Mr. Hajime Matsukura has been newly elected as a Member of the Board, and Mr. Hiroki Kawamura has been newly elected as a Corporate Auditor, and both of them have taken office.
 - ii) Upon the close of the 6th Ordinary General Meeting of Shareholders held on June 26, 2008, Mr. Tetsuya Nakamura has retired as the Member of the Board and Mr. Norio Tanoue has retired as Corporate Auditor due to expiration of each term of office as Director and Corporate Auditor respectively.
 6. Asterisks denote the Directors who have been acting as Corporate Officers. The names of other Corporate Officers (who are not also Directors) as of April 1, 2009 are as follows: Messrs. Hiroshi Sato, Masao Fukuma, Masaki Kato, Tatsuo Yoshino and Yoshihiko Miura.

(Translation)

(ii) Remuneration, etc. for Directors and Corporate Auditors

	Number / Total Amount Paid
Directors	9 persons / 165 million yen (including 4 outside Directors / 32 million yen)
Corporate Auditors	5 persons / 55 million yen (including 4 outside Corporate Auditors / 38 million yen)
Total	14 persons / 220 million yen (including 8 outside Directors and Corporate Auditors / 70 million yen)

- (Note) 1. As of March 31, 2008, there were eight (8) Directors (including three (3) outside Directors) and four (4) Corporate Auditors (including three (3) outside Corporate Auditors). The number of Directors and Corporate Auditors above includes one (1) outside Director and one (1) outside Corporate Auditor who retired upon the close of the 6th Ordinary General Meeting of Shareholders held on June 26, 2008.
2. The amount of Directors' remuneration does not include the amount paid as salary for employees to those Directors who are also employees.
3. The amount of Directors' remuneration includes 4 million yen of Stock Acquisition Rights allotted as stock options. No bonuses were paid to Directors.
4. No bonuses were paid to the Corporate Auditors. No Stock Acquisition Rights were allotted as stock options to the Corporate Auditors.
5. The Company abolished retirement allowance system for Directors and Corporate Auditors at the 4th Ordinary General Meeting of Shareholders held on June 27, 2006; and will pay a reasonable retirement allowance to Directors and Corporate Auditors who have been in office since the conclusion of the 4th Ordinary General Meeting of Shareholders held on June 27, 2006 in recognition of their services to the Company during their term as Director or Corporate Auditor (until the abolishment of the retirement allowance system on the same day) at the retirement of each such Director and Corporate Auditor. Based on this, in addition to the amount of remuneration stated above, the Company paid as retirement allowance to one outside Corporate Auditor who retired during this Period.
6. The maximum monthly remuneration for Directors as approved by the General Meeting of Shareholders is 20 million yen. (Approved at the 2nd Ordinary General Meeting of Shareholders held on June 25, 2004.)
In addition to the above, the Company allotted up to three hundred (300) Stock Acquisition Rights as stock options from shares of common stock of the Company (not exceeding ninety thousand (90,000) shares). The amount of such Stock Acquisition Rights shall be calculated, based on the "Black-Scholes Option Pricing Model", on the allotment date by the total number of the Stock Acquisition Rights to be allotted to Directors in office as of the allotment date. (Approved at the 4th Company's General Meeting of Shareholders held on June 27, 2006)
7. The maximum monthly remuneration for Corporate Auditors as approved by the General Meeting of Shareholders is 10 million yen. (Approved at the 2nd Ordinary General Meeting of Shareholders held on June 25, 2004.)

(Translation)

(4) Outside Directors and Corporate Auditors of the Company

(i) Concurrent position of Outside Directors and Corporate Auditors of the Company (having a position in execution of operations of other companies or outside Director or Corporate Auditor of other companies) (as of March 31, 2009)

Title	Name	Concurrent Position
Directors	T.W. Kang	Managing Director, Global Synergy Associates Inc. Director, Sanka Corporation Director, Siport, Inc. (outside Director)
	Toshihiko Takahashi	Advisor, NEC Corporation
	Hajime Matsukura	General Manager, Corporate Planning Division of NEC Corporation Director, NEC Tokin Corporation (outside Director) Director, NEC BIGLOBE, Ltd. (outside Director)
	Kaoru Ikenaga	Vice President, NEC Corporation Corporate Auditor, NEC Tokin Corporation (outside Corporate Auditor) Corporate Auditor, NEC Fielding, Ltd. (outside Corporate Auditor) Director, NEC Asia Pte. Ltd. (outside Director) Director, NEC Australia Pty. Ltd. (outside Director) Director, NEC Solutions (China) Co., Ltd. (outside Director)

1. The Company does not have any specific relationship with Global Synergy Associates Inc.
2. The Company has a consulting service agreement with Sanka Corporation.
3. NEC Corporation is parent company of the Company, and its relationship with the Company is as described in “1-(7)-(i) Relationship with Parent Company” section above.
4. Mr. Kaoru Ikenaga, Corporate Auditor of the Company, is a relative within the 3 degree of relationship of an employee of NEC Corporation.

(Translation)

(ii) Principal Activities

Title	Name	Principal Activities
Directors	T.W. Kang	Mr. T.W. Kang attended 19 of 20 Meetings of Board of Directors during the Period, and made necessary remarks to discussion of proposals based on his wealth of knowledge and experience gained from management consulting activities.
	Toshihiko Takahashi	Mr. Toshihiko Takahashi attended 18 of 20 Meetings of Board of Directors during the Period, and made necessary remarks to discussion of proposals based on his wealth of knowledge and experience of management and business operations.
	Hajime Matsukura	Mr. Hajime Matsukura attended 13 of 15 Meetings of Board of Directors after his assumption of Member of the Board in June, 2008, and made necessary remarks to discussion of proposals based on his wealth of knowledge and experience of business management.
Corporate Auditors	Hiroki Kawamura	(i) Mr. Hiroki Kawamura attended all 15 Meetings of Board of Directors after his assumption of Corporate Auditor in June, 2008, and made necessary remarks based on his wealth knowledge and experience of business operations and accounting, so that decisions at the Meetings of Board of Directors were fairly and properly made. (ii) Mr. Hiroki Kawamura attended all 13 Meetings of Corporate Auditors after his assumption of Corporate Auditor in June, 2008. Further, as a full-time Corporate Auditor, based on his wealth knowledge and experience of business operations and accounting, Mr. Hiroki Kawamura (a) explained the contents of the discussion at the Executive Committee, etc. regarding the matters to be placed on the Meetings of Board of Directors, (b) reported the audit status and results thereof, and (c) answered to the questions raised in the Meeting of Corporate Auditors.

(Translation)

	Yasuyuki Shibata	(i) Mr. Yasuyuki Shibata attended all 20 Meetings of Board of Directors during the Period, and made necessary remarks, mainly from the legal viewpoint as an attorney at law, so that decisions at the Meetings of Board of Directors were fairly and properly made. (ii) Mr. Yasuyuki Shibata attended all 19 Meetings of Corporate Auditors during the Period, and made necessary remarks, mainly from the legal viewpoint as an attorney at law, for building and maintenance of the Company's compliance system.
	Kaoru Ikenaga	(i) Mr. Kaoru Ikenaga attended 15 of 20 Meetings of Board of Directors during the Period, and made necessary remarks based on his wealth of knowledge and experience of accounting, so that decisions at the Meetings of Board of Directors were fairly and properly made. (ii) Mr. Kaoru Ikenaga attended 17 of 19 Meetings of Corporate Auditors during the Period, and made necessary remarks based on his wealth of knowledge and experience of accounting, for ensuring appropriate accounting procedure.

(iii) Outline of Liability Limitation Agreements

The Company has already entered into liability limitation agreements with 3 Directors, Messrs. T.W. Kang, Toshihiko Takahashi and Hajime Matsukura, and 2 Corporate Auditors, Messrs. Yasuyuki Shibata and Kaoru Ikenaga, respectively, limiting their liabilities as defined in Paragraph 1, Article 423 of the Company Law, to the minimum liability amount as stipulated in Paragraph 1, Article 427 of the Company Law.

(iv) Total Amount of Remuneration, etc. Received from Parent Company or its Subsidiaries (excluding the Company) as a Director or Corporate Auditor thereof in the Period

3,000,000 yen

(Translation)

(5) Independent Auditors of the Company

(i) Name: Ernst & Young ShinNihon LLC

(Note) Ernst & Young Shin Nihon became a limited liability auditing firm as of July 1, 2008, and changed its name to Ernst & Young ShinNihon LLC.

(ii) Remuneration and Other Amounts to be Paid to the Independent Auditors for the Period:

Classification	Amount (in millions of yen)
(i) The total amount of money and other property benefits to be paid by the Company and its subsidiaries to the Independent Auditors	275
(ii) Remuneration and other amounts to be paid by the Company to the Independent Auditors for the services stipulated in Paragraph 1, Article 2 of the Certified Public Accountants Law.	221

- (Note) 1. As there is no explicit distinction in the audit contract (entered into by the Company and the Independent Auditors) between the fees for audits based on the Company Law and the fees for audits based on the Financial Instruments and Exchange Law, and as it is difficult to distinguish between these two types of fees, the fees set forth in (ii) above include both of such fees.
2. All overseas subsidiaries described in “I-7-(ii) Principal Subsidiaries” section are audited by other Independent Auditors.

(iii) Policy Regarding Decision to Either Dismiss or Not Reappoint the Independent Auditor

The Board of Corporate Auditors, by unanimous agreement, will dismiss the Independent Auditor when confirmed that the Independent Auditor falls under any item of Paragraph 1, Article 340 of the Company Law.

In addition, should anything occur to negatively impact the qualifications or independence of the Independent Auditor, making it unlikely that the Independent Auditor will be able to properly perform an audit, the Director will propose, with the agreement of the Board of Corporate Auditors, or as requested by the Board of Corporate Auditors, not to reappoint the Independent Auditor at a General Meeting of Shareholders.

(6) Structures for Ensuring Appropriate Execution of Directors’ Duties in Conformity with Laws and Regulations and the Articles of Incorporation; and Other Structures to Ensure Appropriate Business Operation

The Meeting of the Board of Directors made the following resolution with respect to the basic policies for the establishment of structures as set forth in Item 6, Paragraph 4, Article 362 of the Company Law and Paragraphs 1 and 3, Article 100 of the Enforcement Regulations of the Company Law (“Internal Control System”).

< Basic Policies for the Establishment of the Internal Control System >

The Company sets forth the basic policies for the establishment of the structures defined in Item 6, Paragraph 4, Article 362 of the Company Law and Paragraphs 1 and 3, Article 100 of the

(Translation)

Enforcement Regulations of the Company Law as follows:

(i) Structures for ensuring execution of duties by Directors and employees in conformity with laws and regulations and the Articles of Incorporation

- (a) The ‘NEC Electronics Guiding Principles’ and the ‘NEC Electronics Group Code of Conduct’ have been adopted to establish corporate ethics and to ensure compliance with laws and regulations, the Articles of Incorporation of the Company, and other internal rules of the Company by its Directors and employees. The NEC Electronics Group has kept informed about and followed these principles.
- (b) Directors and Corporate Officers acknowledge that keeping informed about the ‘NEC Electronics Guiding Principles’ and the ‘NEC Electronics Group Code of Conduct’ is one of their principal duties, and take the lead in putting these principles into practice. At the same time: i) the Legal Division carries out practical activities, and ii) the Internal Auditing Division audits the actual state of implementation of such activities, points out problems, and offers suggestions for their improvement.
- (c) When important facts regarding compliance with laws and regulations, the Articles of Incorporation, or the internal rules of the Company (including but not limited to serious violations thereof) (“compliance”) are found, Directors shall immediately inform the Corporate Auditors of such facts and report them at the Meeting of the Board of Directors without delay.
- (d) Major issues relating to compliance are deliberated and decided by the “CSR Promotion Committee.” The compliance promotion system, awareness-raising programs, and other fundamental issues, meanwhile, are ensured under the “NEC Electronics Group Compliance Program,” which is the fundamental company regulations regarding compliance. In addition, NEC Electronics designates compliance promoters in each division and its subsidiaries, and carries out Compliance throughout the NEC Electronics Group.
- (e) NEC Electronics has set up ‘NEC Electronics Group Help Lines.’ as internal contact points for reports on compliance violation issues for the NEC Electronics Group and its business partners. Furthermore, the Company, upon request from the informant, assures the anonymity of said informant, and keeps informed that such informant will never be adversely affected.

(ii) Matters relating to the preservation and management of information related to the execution of duties by Directors

- (a) The minutes of the Meetings of Shareholders and Board of Directors are properly prepared, saved, and managed in accordance with the relevant laws and regulations. Other documents pertaining to the duties of Directors and employees, and other books and records are also properly prepared, saved, and managed based on the Company’s own fundamental regulations and rules regarding document management.

(Translation)

- (b) Documents related to the execution of duties by Directors are managed so that they are accessible by Directors and Corporate Auditors at any time.
- (c) Trade secrets are properly and strictly managed in accordance with the Company's own fundamental regulations regarding the management and protection of confidential information.
- (d) Personal information is properly and strictly managed in accordance with the Company's own fundamental regulations regarding the management and protection of personal information.
- (e) As to information security, the Company has established its own fundamental regulations regarding information security to clarify where the responsibility for information security lies. It has also built an information management and security system to continuously carry out measures for maintaining and improving information security.
- (f) The fundamental issues pertaining to the management and security of confidential and personal information are deliberated by the "Information Management and Security Committee." The "Information Management and Security Committee" also designates information management promoters in each division and subsidiary, and carries out compliance with each regulation regarding information management.

(iii) Rules and other structures regarding risk management for loss

- (a) NEC Electronics has established a risk management framework in line with the Company's own fundamental regulations regarding risk management. Important matters which are not defined in such regulations and the revisions of such regulations are discussed and resolved at the Executive Committee.
- (b) The above regulations classify company-wide management risks and designate the Corporate Officers and the division responsible for each classified risk category. Each responsible Corporate Officer and division is charged with devising and carrying out measures to prevent their specific category of risk from materializing, as well as preparing countermeasures in case of the actual materialization of risks.
- (c) Understanding and classification of possible risks, and management of the division responsible for each risk, is controlled by the Corporate Planning Division. This system is regularly reviewed at the Executive Committee.
- (d) Matters of particular importance to the Company's risk management are placed on the Board of Directors' agenda following prior discussion by the Executive Committee.
- (e) When serious risks materialize, NEC Electronics sets up a 'Crisis Countermeasures Committee' or 'Emergency Headquarters' chaired by the President to respond to the situation in accordance with the particular category of risk involved.

(iv) Structures for ensuring efficient execution of duties by Directors

(Translation)

- (a) The Board of Directors holds ordinary meetings once a month and extraordinary meetings as needed for the sake of quick decision-making.
 - (b) The Company has adopted a Corporate Officer System and has Directors not exceeding ten in number. The Board of Directors makes decisions on the important management of the affairs of the Company at the Meeting of the Board of Directors and supervises the execution of duties by the Corporate Officers. However, the important issues of the Company's management are discussed at the Executive Committee prior to the Meeting of the Board of Directors in order to enhance the Board's deliberations.
 - (c) The Board of Directors decides the mid-term management plan and annual/semiannual budgets, and supervises their execution.
 - (d) Execution of duties is flexibly and efficiently performed by Corporate Officers (including Corporate Officers who also act as Directors) in accordance with the office routine regulations decided by the Board of Directors. Corporate Officers efficiently perform their duties in accordance with the mid-term management plan and annual/semiannual budget decided at the Meeting of the Board of Directors, and report on the progress of the budget implementation at the Corporate Management Meeting.
 - (e) Directors make quick decisions regarding the business operations by transferring the authority to Corporate Officers, General Managers, and other employees. The authority of Corporate Officers, General Managers, and other employees is executed in accordance with the office routine regulations, decision-making and authorization procedures regulations, and other pertinent fundamental regulations.
 - (f) Corporate Officers build, operate, and improve the information systems for each business operation to ensure efficient execution of their duties.
- (v) Structures for ensuring appropriate operations of the NEC Electronics Group**
- (a) The Company's responsible divisions oversee the routine management of subsidiaries based on the 'NEC Electronics Guiding Principle' and the 'NEC Electronics Group Code of Conduct,' while Corporate Auditors instruct and support the subsidiaries regarding the compliance system and other systems to ensure their appropriate operations through hearings of their business reports and investigations of their operations and finances.
 - (b) Important matters concerning business operations of NEC Electronics Group's subsidiaries are approved at each subsidiaries' General Meeting of Shareholders or Meeting of the Board of Directors. NEC Electronics makes decisions (including resolutions at the Meeting of the Board of Directors) based on its own assessment of the seriousness of the issue being decided, then exercises its shareholder's rights directly or indirectly.
 - (c) Evaluation, maintenance, and improvement of NEC Electronics Group's internal control systems over financial reporting are performed in accordance with the applicable laws of Japan and other countries.
 - (d) To ensure appropriate operations of the NEC Electronics Group, the Internal Auditing

(Translation)

Division audits the appropriate operations of subsidiaries. In addition, the Company has principal subsidiaries allocate internal auditing staff or divisions, and ensures their cooperation with the Internal Auditing Division and Corporate Auditors of such subsidiaries.

- (e) Examinations of subsidiaries, including visiting audits, are performed by the Corporate Auditors in cooperation with the subsidiaries' own Corporate Auditors to ensure appropriate operations of the NEC Electronics Group.

(vi) Matters relating to employees assigned to assist the Corporate Auditors and the independence of such employees from Directors

NEC Electronics has established the Corporate Auditors Office which is composed of specialized staff members that assist the Corporate Auditors' audit activities. Any merit evaluations, personnel transfers, reprimands, and so on of such specialized staff requires prior consultation with the full-time Corporate Auditors.

(vii) Structures for Directors' and employees' reporting to Corporate Auditors; and structures relating to other reporting to Corporate Auditors

- (a) Directors and employees of the Company, in response to the Corporate Auditors' request, report on matters like their execution of duties to the Corporate Auditors.
- (b) General Managers of divisions such as the Internal Auditing Division, Legal Division, and Controller Division regularly report on the status of their business execution once a month, quarter, or other term, depending on the specific duty.
- (c) The manager of the internal contact point for reports on compliance violation issues regularly reports the status of its operation to the Corporate Auditors. Furthermore, said manager promptly reports compliance violations by Directors and other important matters to the Corporate Auditors as needed.
- (d) Important authorization documents (such as the minutes, decision records, and other documents of important meetings) are reviewed by the Corporate Auditors.

(viii) Structures for ensuring effective auditing by the Corporate Auditors

- (a) Corporate Auditors may attend all important Company meetings as they deem necessary. Also, the right of Corporate Auditors to access all critical corporate information is guaranteed.
- (b) Independent rooms are provided to the full-time Corporate Auditors.
- (c) Corporate Auditors may obtain, at the Company's cost, expert advice from outside specialists as they deem necessary for their audits.
- (d) Corporate Auditors hold Meetings of Corporate Auditors at least once a month, and exchange information and deliberate on each Corporate Auditor's audit status. They also receive regular reports from independent auditors on their audit activities and exchanges

(Translation)

viewpoints on them.

- (e) Regular meetings are held to provide the Corporate Auditors and Directors with the opportunity to exchange viewpoints.

(Translation)

CONSOLIDATED BALANCE SHEET

(As of March 31, 2009)

(Millions of Yen)

Assets	
Current assets:	
Cash and cash equivalents	¥101,279
Notes and accounts receivable, trade	52,690
Allowance for doubtful notes and accounts	(202)
Inventories	63,220
Deferred tax assets	693
Prepaid expenses and other current assets	4,497
Total current assets	222,177
Investments:	
Marketable securities	2,158
Other:	
Affiliated companies	846
Other	470
	3,474
Property, plant and equipment:	
Land	15,417
Buildings	241,115
Machinery and equipment	904,812
Construction in progress	19,879
	1,181,223
Accumulated depreciation	(939,144)
	242,079
Other assets:	
Deferred tax assets	2,120
License fees and other intangibles	10,833
Other	1,862
	14,815
	¥482,545

(Translation)

(Millions of Yen)

Liabilities and shareholders' equity	
Current liabilities:	
Short-term borrowings	¥ 1,135
Current portion of obligation under capital leases	770
Notes and accounts payable, trade	78,763
Accounts payable, other and accrued expenses	51,441
Accrued income taxes	1,462
Other current liabilities	8,336
Total current liabilities	141,907
Long-term liabilities:	
Long-term debt	110,000
Obligation under capital leases	4,966
Accrued pension and severance costs	81,167
Deferred tax liabilities	3,915
Other	8,339
	208,387
Minority shareholders' equity in consolidated subsidiaries	4,121
Commitments and contingent liabilities	
Shareholders' equity:	
Common stock	85,955
Authorized	
400,000,000 shares	
Issued and outstanding	
123,500,000 shares	
Additional paid-in capital	281,081
Accumulated deficit	(197,521)
Accumulated other comprehensive income (loss)	(41,374)
Treasury stock, at cost	(11)
2,306 shares	
	128,130
	¥482,545

(Translation)

CONSOLIDATED STATEMENT OF OPERATIONS

(For the Period from April 1, 2008 to March 31, 2009)

(Millions of Yen)

Sales and other income:	
Net sales	¥546,470
Gain on sales of property, plant and equipment and other	2,032
Interest and dividend income	1,570
Gain on disposition of investments in securities	159
	550,231
Costs and expenses:	
Cost of sales	425,918
Research and development	110,380
Selling, general and administrative	78,527
Litigation and settlement expense	9,543
Restructuring charges	4,935
Loss on sales or disposal of property, plant and equipment and other	6,000
Interest expense	319
Net foreign exchange loss	3,616
Loss on investments in securities	328
	639,566
Loss before income taxes	(89,335)
Provision for income taxes	(6,115)
Loss before minority interest, equity in earning of affiliated companies	(83,220)
Minority interest in loss of consolidated subsidiaries	(288)
Loss before equity in earning of affiliated companies	(82,932)
Equity in earning of affiliated companies	307
Net loss	¥ (82,625)

(Translation)

CONSOLIDATED STATEMENT
OF CHANGES IN SHAREHOLDER'S EQUITY

(For the Period from April 1, 2008 to March 31, 2009)

(Millions of Yen)

	Common stock	Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive income (loss)	Treasury stock, at cost	Total
Balance at March 31, 2008	¥85,955	¥281,073	¥(114,896)	¥(24,984)	¥(10)	¥227,138
Compensation expense for stock options		8				8
Comprehensive income (loss);						
Net loss			(82,625)			(82,625)
Other comprehensive income (loss);						
Foreign currency translation adjustments				(8,476)		(8,476)
Pension liability adjustment, net of tax				(7,211)		(7,211)
Unrealized gains (losses) on marketable securities, net of tax				(703)		(703)
Comprehensive income (loss)						(99,015)
Purchase of treasury stock, at cost					(1)	(1)
Balance at March 31, 2009	¥85,955	¥281,081	¥(197,521)	¥(41,374)	¥(11)	¥128,130

(Translation)

Basis of Presenting the Consolidated Financial Statements

(Scope of consolidation and equity method)

Number of consolidated subsidiaries	21 Companies
Number of affiliate companies accounted for by the equity method	1 Company

(Significant Accounting Policies)

1. Basis of preparation of the consolidated financial statements

Pursuant to Paragraph 1, Article 120 of the Corporation Accounting Regulations, the accompanying consolidated financial statements have been prepared by using the terms, forms and methods consistent with accounting principles generally accepted in the United States of America. Certain information and footnotes required by accounting principles generally accepted in the United States of America are omitted pursuant to the aforesaid Article.

2. Method and basis of valuation of inventories

Inventories are mainly stated at the lower of cost principally on a first-in, first-out basis or market.

3. Method and basis of valuation of marketable equity securities

The Company applies Statement of Financial Accounting Standards ("SFAS") No. 115, *Accounting for Certain Investments in Debt and Equity Securities*.

Marketable equity securities are reported at fair value based on market price at March 31, 2008. Unrealized gains and losses are included in accumulated other comprehensive income (loss), net of tax. Costs of marketable equity securities sold are calculated on the basis of the average cost of a particular security held at the time of sale.

4. Depreciation and amortization

Property, plant and equipment are depreciated mainly using the declining-balance method. Intangible assets are mainly amortized on a straight-line basis.

5. Basis of provision for allowance

Allowance for doubtful notes and accounts:

An allowance for doubtful accounts is provided based on credit loss history and an evaluation of any specific doubtful notes and accounts.

Accrued pension and severance costs:

In accordance with SFAS No. 87, *Employers' Accounting for Pensions*, and SFAS No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans*, accrued pension and severance costs are provided for resignation of employees, based on projected benefit obligations and fair value of plan assets at March 31, 2009.

Prior service costs or credits and actuarial gains or losses are amortized on the straight-line method over the average remaining service period of employees expected to receive benefits under the plan.

6. Change in the accounting policy

Effective April 1, 2008, the Company adopted SFAS No. 157, *Fair Value Measurements* ("SFAS No. 157"). The adoption of SFAS No. 157 did not have a significant effect on its financial position and results of operations.

(Translation)

(Notes to Consolidated Balance Sheet)

1. Under operating lease agreements, the Company is obligated to guarantee the residual value of machinery and equipment when the Company returns such machinery and equipment at the end of lease term. At March 31, 2009, the amount of the recognized residual value guarantee was approximately 25,000 million yen.

2. Legal issues

NEC Electronics Group conducts business activities on a global scale. As a consequence, there is a risk that the Group may become the subject of lawsuits, be requested to pay compensation for damages, or be named in other legal disputes. While a number of unresolved cases of this kind are typically pending at any particular time, with the exception of those discussed below, such cases are considered to have no major impact on the Group's financial condition and operating results as of March 31, 2009.

NEC Electronics America, Inc. has resolved by settlement the class action civil antitrust lawsuits from direct purchasers (customers who had directly purchased DRAM from NEC Electronics Group in the past), but it is still in litigation, or in settlement negotiations, with several customers who have opted out of such class action lawsuits. NEC Electronics America has also been named as one of the defendants in numerous class action civil lawsuits from indirect purchasers (customers who had purchased products containing DRAM), as well as a number of antitrust lawsuits filed by the Attorneys General of numerous states in the U.S.

Additionally, NEC Electronics Group is fully cooperating with and providing information to the European Commission in its investigation of potential violation of the competition laws, fines may be imposed by the European Commission.

The Group is also subject to investigations by the U.S. Department of Justice, the European Commission, the Korea Fair Trade Commission, and the Competition Bureau of Canada in connection with potential antitrust violations in the thin-film transistor liquid crystal display (TFT-LCD) industry. In Canada, NEC Electronics America is a defendant in numerous class action civil antitrust lawsuits seeking damages for alleged antitrust violations in the TFT-LCD industry.

While investigations in connection with potential antitrust violations in the SRAM industry conducted by the U.S. Department of Justice, the European Commission, and the Korea Fair Trade Commission have been closed, NEC Electronics America and NEC Electronics remain defendants in numerous class action civil antitrust lawsuits in the United States and Canada seeking damages for alleged antitrust violations in the SRAM industry.

Although the outcome of the aforementioned investigations, antitrust lawsuits and settlement negotiations is not known at this time, the NEC Electronics Group has at this time recorded approximately 11,900 million yen in probable and reasonably estimable payments and expenses related to the DRAM civil lawsuits and settlements in the U.S. and investigations by the European Commission. It is possible that such estimated amount may increase or decrease with the progress of such cases in the futures. No other expenses pertaining to other civil lawsuits and official investigations have been recorded, since the Group's liability for compensation pertaining to such lawsuits and its alleged behavior under such investigations remain undetermined. Consequently, any reasonable estimate of related expenses and losses is not feasible at this time.

3. Accumulated other comprehensive income (loss) includes foreign currency translation adjustments, pension liability adjustment, and unrealized gains (losses) on marketable securities.

(Notes to Consolidated Statement of Operations)

Net loss per share:

Basic	669.04 yen
Diluted	669.04 yen

(Subsequent Events)

Having been approved by the Board of Directors on April 27, 2009, NEC Electronics, on the same day, signed a memorandum of understanding with Renesas Technology Corp., to enter into negotiations to integrate their business operations.

(Translation)

In the semiconductor market, as global competition on the performance, architecture, price, and quality grows increasingly severe, manufacturers are faced to keep abreast of these changes. In light of this fierce condition, NEC Electronics and Renesas have agreed to initiate joint deliberations to integrate their business operations in around April, 2010, to further strengthen their business foundations and technological assets while increasing corporate value through enhanced customer satisfaction. Both companies also agreed on maintaining public listing for the new company.

Terms and conditions of this business integration will be discussed through future negotiations and both companies plan to sign definitive agreement at the end of July, 2009. Implementation of the planned business integration is conditional upon the approval at the Extraordinary General Meetings of Shareholders and the authorization by the relevant government agencies.

Corporate profile of Renesas Technology Corp., as of March 31, 2009 is as follows:

Name of Company: Renesas Technology Corp.

Major Operations: Development, design, manufacture, sale, and servicing of SoC products,
discrete semiconductor products; and memory products

Headquarters: 2-6-2, Ootemachi, Chiyoda-ku, Tokyo, Japan

Established: April 1, 2003

Capital: 77,000 million yen

Stockholders and Ownership Ratios: Hitachi, Ltd.: 55% Mitsubishi Electric Corporation: 45%

(Translation)

BALANCE SHEET
(on a non-consolidated basis)
(As of March 31, 2009)

(Millions of Yen)

Assets	
Current assets	¥307,028
Cash and deposits	37,851
Notes receivable, trade	99
Accounts receivable, trade	34,646
Marketable securities	52,581
Finished goods	7,308
Work in process	372
Raw materials and supplies	12,607
Prepaid expenses	186
Short-term loans receivable	152,915
Accounts receivable, other	10,058
Other	2
Allowance for doubtful notes and accounts	(1,598)
Fixed assets	84,576
Property, plant and equipment	15,772
Buildings and structures	4,684
Machinery and equipment	6,741
Delivery equipment, tools, furniture and fixtures	3,921
Construction in progress	425
Intangible fixed assets	15,476
Software	15,431
Other intangible fixed assets	46
Investments and other assets	53,327
Investments in securities	281
Investments in affiliated companies	40,280
Long-term prepaid expenses	9,193
Prepaid pension expenses	3,018
Other	556
Total assets	¥391,604

(Translation)

(Millions of Yen)

Liabilities	
Current liabilities	¥ 113,232
Accounts payable, trade	49,037
Current portion of lease obligation	5
Accounts payable, other	8,475
Accrued expenses	13,819
Accrued income taxes	258
Advances received	369
Deposits	39,802
Provision for product warranties	468
Other	1,000
Long-term liabilities	118,529
Convertible bonds	110,000
Lease obligation	11
Deferred tax liabilities	2,646
Other	5,872
Total liabilities	¥ 231,761
Net assets	
Shareholders' equity	159,793
Common stock	85,955
Capital surplus	257,728
Capital legal reserve	21,489
Other capital surplus	236,239
Earned Surplus	(183,879)
Other earned surplus	(183,879)
Earned surplus brought forward	(183,879)
Treasury stock	(11)
Difference of appreciation and conversion	(17)
Unrealized losses on investments in securities	(17)
New share acquisition rights	67
Total net assets	159,843
Total liabilities and net assets	¥ 391,604

(Translation)

STATEMENT OF OPERATIONS

(on a non-consolidated basis)

(For the Period from April 1, 2008 to March 31, 2009)

(Millions of Yen)

Net sales	476,516
Cost of sales	354,878
Gross of profit	121,638
Selling, general and administrative expenses	177,051
Operating loss	55,413
Non-operating income	9,601
Interest income	2,025
Interest on securities	991
Dividends income	6,417
Other	168
Non-operating expenses	6,290
Interest expense	883
Foreign exchange loss	2,666
Loss on disposal of fixed assets	1,112
Accrued pension and severance cost	940
Other	689
Ordinary loss	52,102
Extraordinary Income	1,125
Gain on sales of fixed assets	439
Gain on liquidation of subsidiary	686
Extraordinary losses	27,030
Valuation loss of subsidiaries' stocks, etc.	22,425
Other	4,605
Loss before income taxes	78,007
Current income taxes	(58)
Deferred income taxes	(7)
Net loss	77,941

(Translation)

STATEMENT OF CHANGES IN NET ASSETS
(on a non-consolidated basis)
(For the Period from April 1, 2008 to March 31, 2009)

(Millions of Yen)

	Shareholders' equity					Treasury stock	Total shareholders' equity
	Common stock	Capital surplus		Earned surplus			
		Capital legal reserve	Other capital surplus	Other earned surplus			
				Earned surplus brought forward			
Balance at March 31, 2008	85,955	21,489	236,239	(105,938)	(10)	237,735	
Changes during the annual period							
Net loss				(77,941)		(77,941)	
Purchase of treasury stock					(1)	(1)	
Net changes other than shareholders' equity							
Total changes during the annual period	-	-	-	(77,941)	(1)	(77,942)	
Balance at March 31, 2009	85,955	21,489	236,239	(183,879)	(11)	159,793	

	Difference of appreciation and conversion	New share acquisition rights	Total net assets
	Unrealized losses on investments in securities		
Balance at March 31, 2008	(28)	59	237,765
Changes during the annual period			
Net loss			(77,941)
Purchase of treasury stock			(1)
Net changes other than shareholders' equity	11	8	19
Total changes during the annual period	11	8	(77,923)
Balance at March 31, 2009	(17)	67	159,843

(Translation)

(Notes to Significant Accounting Policies)

1. Basis and method of valuation of assets

(1) Securities:

Investments in subsidiaries and affiliates		Moving average cost method
Investments in other securities	Marketable securities	Fair value method. Unrealized gains and losses on investments in marketable securities are included in "Unrealized losses on investments in securities." Cost of sales for marketable securities is based on the moving average cost.
	Non-marketable securities	Moving average cost method

(2) Derivatives: Fair value method

(3) Inventories: Cost method based on the cost calculated by the following method (Writes down balance sheet amount to its estimated market value based on assumptions about future demand and market conditions):

Finished goods	Custom-made products	Specific cost method
	Mass-produced standard products	First-in, first-out method
Work in process	Custom-made products	Specific cost method
Raw materials		First-in, first-out method
Supplies		Specific cost method

2. Depreciation method for fixed assets:

- Property, plant and equipment (except for lease assets): Declining-balance method
- Intangible fixed assets: Straight-line method
Software for internal use is amortized on a straight-line basis over the useful years (5 years).
- Lease assets:
Finance lease transactions that do not transfer ownership: Straight-line method with no residual value and lease term as depreciation period.
For the finance lease transactions that do not transfer ownership, inception date before March 31, 2008 is accounted for as ordinary rental transactions
- Long-term prepaid expenses: Straight-line method

3. Basis of provision for allowance:

(1) Allowance for doubtful notes and accounts

- In order to provide for bad debt, allowance for ordinary receivable is provided based on past actual bad debt ratio, and allowance for receivable considered to be uncollectible is provided based on the individual estimated collectability.

(2) Accrued pension and severance cost (Prepaid pension expenses)

- In order to provide for pension and severance payments, accrued pension and severance cost is calculated based on the estimated amounts of benefit obligation and pension plan assets as of March 31, 2009.
Regarding the difference arising upon changes in the accounting standards, the amount succeeded to from NEC Corporation is allocated proportionally and expensed over the year ending March 31, 2015.
The prior service costs and actuarial losses are amortized on the straight-line method over the average remaining service period of employees.

(3) Provision for product warranties

- In order to provide for after-sales repair cost at no charge, provision for product warranties is provided on the estimated amounts of specific businesses and estimated amounts based on historical performance to sales.

(Translation)

4. Accounting for hedging

- (1) Hedge accounting: For derivative transactions for the purpose of hedging interest rate, the Company adopted deferred accounting for hedging.
- (2) Hedging Instrument: interest rate swap
- (3) Hedging subject: debt
- (4) Hedge Policy: The Company contracted interest rate swap to manage interest volatility risk in the market for long term fixed liability based on the Company's hedging regulations.
- (5) Assessment of hedge effectiveness: Interest rate swap meets certain conditions, and thus is effective.

5. Accounting policies on consumption taxes

Consumption taxes are accounted for as deposits received or deposits paid.

6. Consolidated taxation system

The Company adopted the consolidated taxation system.

(Notes to Accounting Change)

1. Adoption of Accounting Standard for Measurement of Inventories

Effective from the year ended March 31, 2009, the Company adopted "Accounting Standard for Measurement of Inventories" (Accounting Standard Statement No. 9, issued on July 5, 2006). The adoption of this accounting standard did not have a significant effect on its statement of operations.

In accordance with this adoption, statement of operations was reclassified to include loss on disposition of inventories in "Cost of sales" that is inevitable in sales and manufacturing activities. This reclassification decreased "Gross profit" by 3,140 million yen.

2. Adoption of Accounting Standard for Lease Transactions

Effective from the year ended March 31, 2009, the Company adopted "Accounting Standard for Lease Transactions" (Accounting Standard Statement No. 13, revised on March 30, 2007 (issued by the First Subcommittee of the Business Accounting Council on June 17, 1993)) and "Guidance on Accounting Standard for Lease Transactions" (Guidance on Accounting Standard No. 16 revised on March 30, 2007 (issued by the Japanese Institute of Certified Public Accountants on January 18, 1994)). The adoption of this accounting standard did not have a significant effect on its statement of operations.

(Notes to Balance Sheet)

1. Reported amounts are rounded to the nearest one million yen.
2. Accumulated depreciation of property, plant and equipment: 70,150 million yen
3. Guarantees for loan:
 - Loan to affiliates 5,857 million yen
 - Residual value guarantees for operating lease agreements: 23,292 million yen
4. Monetary receivable from and payable to affiliates:

Short-term receivable	173,850 million yen
Long-term receivable	114 million yen
Short-term payable	67,023 million yen
Long-term payable	538 million yen

(Notes to Statement of Operations)

1. Reported amounts are rounded to the nearest one million yen.
2. Transactions with affiliated companies:

Net sales	175,237 million yen
Purchases	464,263 million yen
Transactions other than operation	6,840 million yen

(Notes to Statements of Change in Net Assets)

As of March 31, 2009

1. Kind and number of outstanding shares including treasury stock
 - Common stock 123,500,000 shares

(Translation)

2. Kind and number of treasury stock
 Common stock 2,306 shares
3. Kind and number of shares to be issued upon exercise of stock acquisition rights
 Common stock 72,000 shares

(Notes to Deferred Income Tax)

Significant components of deferred tax assets are deficit, loss on revaluation of investments in affiliates, R&D expenses, write down of inventories and others. Significant component of deferred tax liabilities is gain on contribution of securities to retirement benefit trust.

(Notes to Fixed Assets Used for Lease)

Fixed assets and parts of office equipment and production equipment in the balance sheet are used for finance lease except for the case where the ownership of leased assets is transferred to the lessee.

(Notes to Transaction with Related Parties)

Parent company and institutional shareholders:

(Millions of yen)

Attribution	Company name	Ratio of Share-holding	Relation with related parties	Contents of transaction	Transaction amount	Account	Balance at March 31, 2009
Parent Company	NEC Corporation	(Owned) Direct 65.02 % Indirect 5.02 %	Selling parts of our products Concurrently serving as a board member	Guaranteed	55,171	-	-

Subsidiaries:

(Millions of yen)

Attribution	Company name	Ratio of Share-holding	Relation with related parties	Contents of transaction	Transaction amount (*3)(*4)	Account	Balance at March 31, 2009(*3)
Subsidiary	NEC Semiconductors Yamagata, Ltd.	(Own) Direct 100.0 %	Purchasing parts of our products	Purchasing products(*1), Loan(*2)	76,098 50,000	Accounts payable Short-term loans -	6,320 36,391
Subsidiary	NEC Semiconductors Kansai, Ltd.	(Own) Direct 100.0 %	Purchasing parts of our products	Purchasing products(*1), Loan(*2)	70,843 41,000	Accounts payable Short-term loans	5,319 31,404
Subsidiary	NEC Semiconductors Kyushu Yamaguchi, Ltd.	(Own) Direct 100.0 %	Purchasing parts of our products Concurrently serving as a board member	Purchasing products(*1), Loan(*2)	111,834 68,000	Accounts payable Short-term loans	5,756 62,256
Subsidiary	NEC Micro Systems, Ltd	(Own) Direct 100.0 %	Design and development of our products	Money deposited(*2)	-	Deposits	4,042
Subsidiary	NEC Electronics America, Inc.	(Own) Direct 100.0 %	Selling parts of our products, Purchasing parts of our products	Loan(*2)	197,200	Short-term loans	17,990
Subsidiary	NEC Electronics (Europe) GmbH	(Own) Direct 100.0 %	Selling parts of our products	Money deposited(*2)	-	Deposits	7,790
Subsidiary	NEC Semiconductors Singapore Pte.Ltd.	(Own) Direct 100.0 %	Purchasing parts of our products	Money deposited (*2)	-	Deposits	14,957
Subsidiary	Shougang NEC Electronics Co., Ltd.	(Own) Direct 50.3%	Purchasing parts of our products	Loan(*2)	46,500	Short-term loans	4,568
Subsidiary	NEC Electronics Hong Kong Limited	(Own) Direct 100.0 %	Selling parts of our products	Loan(*2) Selling products(*1) Dividends income	70,000 39,430 6,415	Short-term loans Accounts receivable -	209 4,817 -

(*1) Price and other transaction conditions were determined under price negotiation.

(*2) Rate for loan to subsidiaries and money deposited from subsidiaries were determined by considering the market rate. Units for short-term loans of NEC Electronics America, Inc., and Shougang NEC Electronics Co., Ltd. and NEC Electronics Hong Kong Limited are in thousands of US dollars.

(Translation)

(*3) Consumption tax and other taxes are not included in the transaction amount. Consumption tax and other taxes are included in the balances.

(*4) "Transaction amount" of loan is shown here as loan ceiling.

Board member, major individual shareholder and others (Millions of yen)

Attribution	Company name	Ratio of Shareholding	Relation with related parties	Contents of transaction	Transaction amount (*3)	Account	Balance at March 31, 2009(*3)
Company and others that Board member and the close relatives own the majority of voting right	Sanka Corporation (*1)	Nil	Concurrently serving as a board member	Consulting service agreement for semiconductor business with the Company(*2)	10	Accrued expenses	2

(*1) Mr. T. W. Kang, the Company's outside Director, and his close relatives own the majority of voting right.

(*2) Price and other transaction conditions were determined under price negotiation.

(*3) Consumption tax and other taxes are not included in transaction amount and the balances.

(Notes to the per share information)

1. Net assets per share	1,293.75 yen
2. Net loss per share	631.12 yen

(Notes to Subsequent Events)

Having been approved by the Board of Directors on April 27, 2009, NEC Electronics, on the same day, signed a memorandum of understanding with Renesas Technology Corp., to enter into negotiations to integrate their business operations.

In the semiconductor market, as global competition on the performance, architecture, price, and quality grows increasingly severe, manufacturers are faced to keep abreast of these changes. In light of this fierce condition, NEC Electronics and Renesas have agreed to initiate joint deliberations to integrate their business operations in around April, 2010, to further strengthen their business foundations and technological assets while increasing corporate value through enhanced customer satisfaction. Both companies also agreed on maintaining public listing for the new company.

Terms and conditions of this business integration will be discussed through future negotiations and both companies plan to sign definitive agreement at the end of July, 2009. Implementation of the planned business integration is conditional upon the approval at the Extraordinary General Meetings of Shareholders and the authorization by the relevant government agencies.

Corporate profile of Renesas Technology Corp., as of March 31, 2009 is as follows:

Name of Company: Renesas Technology Corp.

Major Operations: Development, design, manufacture, sale, and servicing of SoC products, discrete semiconductor products; and memory products

Headquarters: 2-6-2, Ootemachi, Chiyoda-ku, Tokyo, Japan

Established: April 1, 2003

Capital: 77,000 million yen

Stockholders and Ownership Ratios: Hitachi, Ltd.: 55% Mitsubishi Electric Corporation: 45%

(Translation)

Report of Independent Auditors

May 8, 2009

The Board of Directors
NEC Electronics Corporation

Ernst & Young ShinNihon LLC

Kazuya Oki
Certified Public Accountant
Designated and Engagement Partner

Koki Ito
Certified Public Accountant
Designated and Engagement Partner

Kazuhiro Ishiguro
Certified Public Accountant
Designated and Engagement Partner

Pursuant to Article 444, Section 4 of the Corporation Law, we have audited the consolidated balance sheet, the consolidated statement of operations, the consolidated statement of change in shareholders' equity and the notes to the consolidated financial statements of NEC Electronics Corporation (the "Company") applicable to the fiscal year from April 1, 2008 through March 31, 2009. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and the results of operations of the NEC Electronics Group, which consisted of the Company and consolidated subsidiaries, applicable to the fiscal year ended March 31, 2009 in conformity with accounting principles generally accepted in the United States of America, under Article 120, Section 1 of the Corporation Accounting Regulations (refer to Note 1 of "Significant Accounting Policies" of "Basis of Presenting the Consolidated Financial Statements" in the notes to the consolidated financial statements).

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

(Translation)

Report of Independent Auditors

May 8, 2009

The Board of Directors
NEC Electronics Corporation

Ernst & Young ShinNihon LLC

Kazuya Oki
Certified Public Accountant
Designated and Engagement Partner

Koki Ito
Certified Public Accountant
Designated and Engagement Partner

Kazuhiro Ishiguro
Certified Public Accountant
Designated and Engagement Partner

Pursuant to Article 436, Section 2, Paragraph 1 of the Corporation Law, we have audited the balance sheet, the statement of operations, the statement of changes in net assets, the notes to the financial statements, and the related supplementary schedules of NEC Electronics Corporation (the "Company") applicable to the 7th fiscal year, from April 1, 2008 through March 31, 2009. These financial statements and the related supplementary schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and the related supplementary schedules based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the related supplementary schedules are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and the related supplementary schedules. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and the related supplementary schedules. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements and the related supplementary schedules referred to above present fairly, in all material respects, the financial position and results of operations of the Company applicable to the 7th fiscal year ended March 31, 2009 in conformity with accounting principles generally accepted in Japan.

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accounts Act.

(Translation)

Audit Report of Board of Corporate Auditors

Based on audit reports from each Corporate Auditor, and following due discussion at meetings, the Board of Corporate Auditors have prepared this report regarding the execution of the duties of the Board of Directors for the 7th fiscal year from April 1, 2008 through March 31, 2009. The Board reports as follows:

1. Auditing Method Employed by the Corporate Auditors and Board of Corporate Auditors and the Details

The Board of Corporate Auditors established auditing policies and plans and received reports from each Corporate Auditor on the status of the implementation of audits and the results thereof, as well as reports from Directors and the Independent Auditors regarding the status of execution of their duties, and requested explanations as necessary.

On the basis of the Board of Corporate Auditors Rules established by the Board of Corporate Auditors, and in accordance with the auditing policies and plans, the Corporate Auditors sought mutual understanding with Directors and employees in their efforts to collect information and achieve an environment conducive to audits, attended meetings of the Board of Directors and other important meetings, and received reports from Directors and employees regarding performance of their duties, requested explanations as necessary, and perused important documents regarding decisions and approvals made, and investigated the status of operations and the financial position at the Company's head office and principal offices of business. The Board of Corporate Auditors also carried out an audit and verification of the particulars of Board of Director resolutions relating to the establishment of structures as set forth in Paragraphs 1 and 3, Article 100 of the Enforcement Regulations of the Corporation Law, as structures necessary to ensure that the Board of Directors' performance of its duties is in conformity with applicable laws and regulations and the Company's Articles of Incorporation and to otherwise ensure the appropriateness of the business of a Kabushiki Kaisha, as well as structures established pursuant to such resolutions (Internal Control System). Regarding the subsidiaries, the Board of Corporate Auditors sought to achieve a mutual understanding and exchange of information with directors and corporate auditors of the subsidiaries, and, where necessary, visited the subsidiaries, received business reports from the subsidiaries, and examined their operations and assets. Based on the above methods, the Board of Corporate Auditors evaluated the Business Report and supplementary schedules thereto for the 7th fiscal year ended March 31, 2009.

In addition, the Board of Corporate Auditors audited and verified whether the Independent Auditors maintained their independence and carried out their audits appropriately, received reports from the Independent Auditors regarding the execution of their duties and, where necessary, requested explanations. Also, the Board of Corporate Auditors received notification from the Independent Auditors to the effect that the "structure to ensure that duties are executed appropriately" (the matters listed in Article 131 of the Corporation Accounting Regulations) has been established in accordance with "Quality Control Standards for Auditing" (adopted by the Business Accounting Council on October 28, 2005), etc., and requested explanations as necessary. Based on the above methods, the Board of Corporate Auditors audited the financial statements related to the 7th fiscal year ended March 31, 2009 (the balance sheet, the statement of operations, the statement of changes in net assets and notes to the financial statements) and supplementary schedules as well as the consolidated financial statements (the consolidated balance sheet, the consolidated statement of operations, the consolidated statement of changes in shareholders' equity and notes to the consolidated financial statements).

2. Results of Audit

(1) Results of the Audit on the Business Report, etc.

1. We found that the Business Report and supplementary schedules accurately reflect the conditions of the Company in accordance with applicable laws and regulations and the Articles of Incorporation.
2. No inappropriate conduct concerning the execution of duties by Directors or material facts in violation of applicable laws and regulations or the Articles of Incorporation were found.
3. We found that the particulars of Board of Directors' resolutions concerning the Internal Control System are appropriate. Further, no matter requiring note on our part were found with respect to Director' execution of duties in regards to the Internal Control System.

(2) Results of the Audit on the Financial Statements and Supplementary Schedules

We found that the methods and the results of the audit conducted by the Independent Auditors, Ernst & Young ShinNihon LLC, are appropriate.

(Translation)

(3) Results of the Audit on the Consolidated Financial Statements and Supplementary Schedules

We found that the methods and the results of the audits conducted by the Independent Auditors, Ernst & Young ShinNihon LLC, are appropriate.

May 11, 2009

Board of Corporate Auditors of NEC Electronics Corporation

Corporate Auditor (Full-time) Keiji Suzuki (Seal)

Corporate Auditor (Full-time) Hiroki Kawamura (Seal)

Corporate Auditor Yasuyuki Shibata (Seal)

Corporate Auditor Kaoru Ikenaga (Seal)

Note: Messrs. Hiroki Kawamura, Yasuyuki Shibata and Kaoru Ikenaga are outside Corporate Auditors stipulated in item 16, Article 2, and paragraph 3, Article 335, of the Corporation Law in Japan.