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**NEC Electronics Reports Financial Results for the
First Quarter Ended June 30, 2006**

KAWASAKI, Japan, July 26, 2006 — NEC Electronics Corporation (TSE: 6723) today announced consolidated financial results for the first quarter ended June 30, 2006.

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I. Summary of Consolidated Financial Results

	Three Months Ended June 30, 2006			Three Months Ended June 30, 2005		Increase (Decrease)	
	Billion Yen	Million USD	% of Net Sales	Billion Yen	% of Net Sales	Billion Yen	% Change
Net sales	165.2	1,437	100.0	146.1	100.0	19.1	13.1
Sales from semiconductors	158.1	1,375		140.3		17.7	12.6
Operating loss	(5.8)	(50)	(3.5)	(9.8)	(6.7)	4.0	---
Loss before income taxes	(4.8)	(42)	(2.9)	(10.8)	(7.4)	6.0	---
Net loss	(6.1)	(53)	(3.7)	(6.3)	(4.3)	0.2	---
Net loss per share of common stock:	Yen	USD		Yen		Yen	% Change
Basic	(49.34)	(0.43)		(51.26)		1.92	---
Diluted	(49.34)	(0.43)		(51.26)		1.92	---

	Billion Yen	Million USD	Billion Yen	Billion Yen	% Change
Capital expenditures	40.2	349	19.6	20.6	105.2
Depreciation and amortization	18.9	165	20.3	(1.4)	(6.8)
R&D expenses	31.0	269	28.0	3.0	10.8
Exchange rate (USD)	Yen 115		Yen 107		
Exchange rate (Euro)	142		138		

	June 30, 2006		March 31, 2006	Increase (Decrease)		June 30, 2005
	Billion Yen	Million USD	Billion Yen	Billion Yen	% Change	Billion Yen
Total assets	742.6	6,457	745.3	(2.7)	(0.4)	787.5
Shareholders' equity	299.2	2,602	308.3	(9.1)	(2.9)	387.3

	Persons	Persons	Persons	% Change	Persons
Number of employees	24,118		23,857	261	1.1
					24,230

Notes

- The figures in the consolidated financial statements are unaudited.
- U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥115=U.S.\$1.
- All figures are rounded to the nearest 100 million yen.
- The consolidated financial statements of NEC Electronics are prepared in accordance with accounting principles generally accepted in the United States, or U.S. GAAP.
- The figures for operating loss shown above represent net sales minus the cost of sales, research and development, and selling, general and administrative expenses.
- Net income (loss) per share of common stock is calculated based on Statement of Financial Accounting Standards ("SFAS") No.128, "Earnings per share".

(2) Consolidated financial position

	Total Assets	Shareholders' Equity	Shareholders' Equity Ratio	Shareholders' Equity Per Share
	Million Yen	Million Yen	%	Yen
June 30, 2006	742,602	299,197	40.3	2,422.67
June 30, 2005	787,474	387,338	49.2	3,136.36
March 31, 2006	745,281	308,251	41.4	2,495.98

Consolidated cash flows

	Cash Flows From Operating Activities	Cash Flows From Investing Activities	Cash Flows From Financing Activities	Cash and Cash Equivalents at the End of the Period
	Million Yen	Million Yen	Million Yen	Million Yen
Three Months ended June 30, 2006	7,799	(12,439)	(1,251)	204,792
Three Months ended June 30, 2005	1,495	(20,255)	(4,482)	202,964
Year ended March 31, 2006	49,890	(54,673)	(12,530)	211,060

2. Forecasts for the fiscal year ending March 31, 2007

Forecasts for the fiscal year ending March 31, 2007 remain unchanged from those announced previously on April 25, 2006.

	Net Sales	Loss Before Income Taxes	Net Loss
	Million Yen	Million Yen	Million Yen
Six months ending September 30, 2006	345,000	(7,000)	(9,000)
Year ending March 31, 2007	705,000	—	(5,000)

Note: Net income (loss) per share of common stock (forecast) for fiscal year ending March 31, 2007: (40.49) yen

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

II. Business Results and Financial Condition

1. Quarter Ended June 30, 2006

Overview of the Quarter Ended June 30, 2006

During the first quarter, the global economy continued to show steady growth, but saw a gradual slowing trend as interest rates were raised based on concerns of global inflation. In the United States, the housing market peaked and consumer spending decreased; in Europe, business confidence declined, and stock prices around the world are becoming more volatile. The Japanese economy is still seeing growth due to improved business earnings and consumer spending, but it is also affected by economic slowdowns in other countries and interest rate hikes in Japan.

The global semiconductor market had grown as a result of favorable economic conditions, but with the slowed growth of the personal computer market, the overall U.S. market is also slowing. In contrast, the Japanese and European semiconductor markets are showing recovery, but this could be interpreted as a reaction to the downturn from the previous fiscal year. The global semiconductor market can therefore be seen as growing steadily, but certain regions and products continue to face adverse conditions.

Summary of Consolidated Financial Results

	Three Months Ended June 30, 2006		Three Months Ended June 30, 2005	Increase (Decrease)	
	Billion Yen	Million USD	Billion Yen	Billion Yen	% Change
Net sales	165.2	1,437	146.1	19.1	13.1
Operating loss	(5.8)	(50)	(9.8)	4.0	---
Loss before income taxes	(4.8)	(42)	(10.8)	6.0	---
Net loss	(6.1)	(53)	(6.3)	0.2	---
Exchange rate (USD)	Yen 115		Yen 107	---	---
Exchange rate (Euro)	142		138	---	---

Note: The figures for operating loss shown above represent net sales minus the cost of sales, research and development, and selling, general and administrative expenses.

NEC Electronics posted consolidated net sales of 165.2 billion yen, an increase of 19.1 billion yen (13.1 percent) year on year. Sales increased in every category, but growth was especially strong in LCD driver ICs for mobile handsets, LCD televisions, and PC monitors, as well as general purpose microcontrollers in the multi-market ICs category.

Consolidated operating loss totaled 5.8 billion yen, a 4.0 billion yen increase in profit year on year due to an increase in sales. Consolidated loss before income taxes totaled 4.8 billion yen, a 6.0 billion yen increase in profit year on year. Consolidated net loss was 6.1 billion yen, a 0.2 billion yen increase in profit year on year.

2. Breakdown of Net Sales by Market Application

	Three Months Ended June 30, 2006		Three Months Ended June 30, 2005	Increase (Decrease)	
	Billion Yen	Million USD	Billion Yen	Billion Yen	% Change
Communications	28.5	248	24.3	4.3	17.6
Computing and peripherals	30.3	263	27.2	3.0	11.1
Consumer electronics	23.4	204	21.4	2.0	9.5
Automotive and industrial	26.3	229	25.3	1.0	4.1
Multi-market ICs	20.9	182	15.8	5.1	32.3
Discrete, optical, and microwave devices	28.7	249	26.4	2.3	8.7
Semiconductor total	158.1	1,375	140.3	17.7	12.6
Other	7.1	62	5.8	1.4	24.2
Total	165.2	1,437	146.1	19.1	13.1

Communications

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

Net sales 28.5 billion yen (Up 4.3 billion yen, 17.6% year on year)

Sales of semiconductors for mobile phones increased year on year, as the adoption of thin film transistor (TFT) LCDs in mobile handsets for American and European markets increased, leading to an overall increase in sales of LCD driver ICs.

Computing and Peripherals

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

Net sales 30.3 billion yen (Up 3.0 billion yen, 11.1% year on year)

Sales of semiconductors for PC peripherals increased year on year on account of greater demand by LCD panel manufacturers, and a resultant increase in sales of LCD driver ICs for LCD televisions and PC monitors.

Consumer Electronics

Products Semiconductors for digital AV equipment and game consoles.

Net sales 23.4 billion yen (Up 2.0 billion yen, 9.5% year on year)

Sales of system LSIs for game consoles, and digital consumer electronics such as digital cameras, and digital televisions increased year on year.

Automotive and Industrial

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

Net sales 26.3 billion yen (Up 1.0 billion yen, 4.1% year on year)

Sales of automotive semiconductors increased with the increased adoption of semiconductors in automobiles, pushing sales higher year on year.

Multi-market ICs

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

Net sales 20.9 billion yen (Up 5.1 billion yen, 32.3% year on year)

Sales of general purpose microcontrollers increased with the pickup in the microcontroller market, and increased sales of NEC Electronics' new All Flash series.

Discrete, Optical and Microwave Devices

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

Net sales 28.7 billion yen (Up 2.3 billion yen, 8.7% year on year)

Sales of discrete products increased as a result of market recovery, leading to higher sales year on year.

Other

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

Net sales 7.1 billion yen (Up 1.4 billion yen, 24.2% year on year)

The resale of non-semiconductor products is not a part of NEC Electronics' core business, and has little impact on the company's overall profit and loss.

3. Geographical Segment Analysis

	Three Months Ended June 30, 2006		Three Months Ended June 30, 2005	Increase (Decrease)	
	Billion Yen	Million USD	Billion Yen	Billion Yen	% Change
Japan	86.0	748	82.8	3.2	3.9
United States of America	18.8	163	16.7	2.0	12.1
Europe	20.2	176	16.4	3.8	23.4
Asia	40.3	350	30.2	10.1	33.4
Total	165.2	1,437	146.1	19.1	13.1

Japan

Net sales 86.0 billion yen (Up 3.2 billion yen, 3.9% year on year)

In Japan, sales of LCD driver ICs for mobile handsets increased.

United States of America

Net sales 18.8 billion yen (Up 2.0 billion yen, 12.1% year on year)

Sales of system LSIs for game consoles increased in the United States.

Europe

Net sales 20.2 billion yen (Up 3.8 billion yen, 23.4% year on year)

Sales of general purpose microcontrollers increased in Europe.

Asia

Net sales 40.3 billion yen (Up 10.1 billion yen, 33.4% year on year)

Sales of LCD driver ICs for LCD televisions and PC monitors, as well as general purpose microcontrollers increased in Asia.

4. Financial Condition

Total Assets and Shareholders' Equity

	June 30, 2006		March 31, 2006	Increase (Decrease)
	Billion Yen	Million USD	Billion Yen	Billion Yen
Total assets	742.6	6,457	745.3	(2.7)
Shareholders' equity	299.2	2,602	308.3	(9.1)
Equity ratio	40.3%		41.4%	(1.1%)
Shareholders' equity per share	2,423 yen	21.07 USD	2,496 yen	(73) yen
Interest-bearing debt	146.6	1,275	148.3	(1.7)

Total assets at June 30, 2006 totaled 742.6 billion yen, a 2.7 billion yen decrease from March 31, 2006. This was mainly due to a decline in accounts receivable.

Shareholders' equity was 299.2 billion yen, 9.1 billion yen lower, and shareholders' equity ratio decreased by 1.1 percentage points from March 31, 2006.

Interest-bearing debt totaled 146.6 billion yen, decreasing 1.7 billion yen from March 31, 2006 mainly due to the repayment of debt.

Cash Flows

	Three Months Ended June 30, 2006		Three Months Ended June 30, 2005	Increase (Decrease)
	Billion Yen	Million USD	Billion Yen	Billion Yen
Net cash provided by operating activities	7.8	68	1.5	6.3
Net cash used in investing activities	(12.4)	(108)	(20.3)	7.8
Free cash flows	(4.6)	(40)	(18.8)	14.1
Net cash used in financing activities	(1.3)	(11)	(4.5)	3.2
Effect of exchange rate changes on cash and cash equivalents	(0.1)	(1)	0.5	(0.6)
Net decrease in cash and cash equivalents	(6.0)	(52)	(22.7)	16.7
Cash and cash equivalents at beginning of period	211.1	1,835	225.7	(14.6)
Cash and cash equivalents at end of period	204.8	1,781	203.0	1.8

Operating activities provided net cash of 7.8 billion yen for the quarter ended June 30, 2006, a 6.3 billion yen increase year on year. This was a result of net loss in the amount of 6.1 billion yen, depreciation and amortization in the amount of 18.9 billion yen.

Although there were capital investments in the amount of 28.5 billion yen, primarily for the 300mm wafer line, the conversion of new equipment for leasing purposes brought the total net cash used in investing activities to 12.4 billion yen, 7.8 billion less year on year.

The foregoing resulted in negative free cash flows of 4.6 billion yen, 14.1 billion yen improved year on year.

Cash flows from financing activities used net cash in the amount of 1.3 billion yen for the repayment of debt. This figure was 3.2 billion yen lower compared to the corresponding period of the previous fiscal year, in which dividends payments were made.

As a result of the above, combined with the effects of currency fluctuations, net decrease in cash and cash equivalents was 6.0 billion yen, 16.7 billion yen improved year on year, where net decrease in cash and cash equivalents was 22.7 billion yen.

III. Condensed Consolidated Financial Statements

Condensed Consolidated Statements of Operations

	Three Months Ended June 30, 2006			Three Months Ended June 30, 2005		Increase (Decrease)	Year Ended March 31, 2006	
	Million Yen	Million USD	% of Net Sales	Million Yen	% of Net Sales	Million Yen	Million Yen	% of Net Sales
Net sales	165,238	1,437	100.0	146,096	100.0	19,142	645,963	100.0
Cost of sales	118,931	1,034	72.0	107,986	73.9	10,945	477,476	73.9
Research and development	30,978	269	18.7	27,954	19.1	3,024	120,874	18.7
Selling, general, and administrative expenses	21,093	184	12.8	19,961	13.7	1,132	83,302	12.9
Operating loss	(5,764)	(50)	(3.5)	(9,805)	(6.7)	4,041	(35,689)	(5.5)
Non-operating income	4,747	41	2.9	595	0.4	4,152	4,360	0.6
Interest and dividends income	494	4		250		244	1,078	
Other	4,253	37		345		3,908	3,282	
Non-operating expense	3,805	33	2.3	1,582	1.1	2,223	11,057	1.7
Interest expense	212	2		149		63	874	
Other	3,593	31		1,433		2,160	10,183	
Loss before income taxes	(4,822)	(42)	(2.9)	(10,792)	(7.4)	5,970	(42,386)	(6.6)
Provision for income taxes	1,238	11	0.8	(4,371)	(3.0)	5,609	56,166	8.7
Minority interest in income (loss) of consolidated subsidiaries	33	---	0.0	(91)	(0.1)	124	(354)	(0.1)
Net loss	(6,093)	(53)	(3.7)	(6,330)	(4.3)	237	(98,198)	(15.2)

Notes

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

Condensed Consolidated Balance Sheets

	June 30, 2006		March 31, 2006	Increase (Decrease)	June 30, 2005
	Million Yen	Million USD	Million Yen	Million Yen	Million Yen
Current assets	409,509	3,561	413,370	(3,861)	405,941
Cash and cash equivalents	204,792	1,781	211,060	(6,268)	202,964
Notes and accounts receivable, trade	106,519	926	113,850	(7,331)	97,673
Inventories	76,149	662	72,525	3,624	72,161
Other current assets	22,049	192	15,935	6,114	33,143
Long-term assets	333,093	2,896	331,911	1,182	381,533
Investments	9,825	85	15,597	(5,772)	10,377
Property, plant and equipment	309,530	2,692	302,125	7,405	331,956
Other assets	13,738	119	14,189	(451)	39,200
Total assets	742,602	6,457	745,281	(2,679)	787,474
Current liabilities	224,519	1,952	214,027	10,492	183,512
Short-term borrowings and current portion of long-term debt	13,982	122	15,074	(1,092)	14,460
Notes and accounts payable, trade	137,519	1,196	122,939	14,580	110,742
Other current liabilities	73,018	634	76,014	(2,996)	58,310
Long-term liabilities	214,746	1,867	218,881	(4,135)	212,699
Long-term debt	132,617	1,153	133,235	(618)	137,483
Accrued pension and severance costs	70,618	614	75,761	(5,143)	75,107
Other	11,511	100	9,885	1,626	109
Minority shareholders' equity in consolidated subsidiaries	4,140	36	4,122	18	3,925
Shareholders' equity	299,197	2,602	308,251	(9,054)	387,338
Common stock	85,955	747	85,955	---	85,955
Additional paid-in capital	281,007	2,444	281,007	---	274,804
Retained earnings (Accumulated deficit)	(63,494)	(552)	(57,369)	(6,125)	34,499
Accumulated other comprehensive income (loss)	(4,271)	(37)	(1,342)	(2,929)	(7,920)
Total liabilities and shareholders' equity	742,602	6,457	745,281	(2,679)	787,474
Interest-bearing debt	146,599	1,275	148,309	(1,710)	151,943
Equity ratio	40.3%		41.4%	(1.1%)	49.2%
Debt / equity ratio	0.49 times		0.48 times	0.01 times	0.39 times
Accumulated other comprehensive income (loss):					
Foreign currency translation adjustments	7,050	61	7,713	(663)	3,635
Minimum pension liability adjustment	(14,624)	(127)	(14,798)	174	(14,985)
Unrealized gains on marketable securities	3,299	29	5,755	(2,456)	3,414
Unrealized gains (losses) on derivative financial instruments	4	---	(12)	16	16

Condensed Consolidated Statements of Cash Flows

	Three Months Ended June 30, 2006		Three Months Ended June 30, 2005	Increase (Decrease)	Year Ended March 31, 2006
	Million Yen	Million USD	Million Yen	Million Yen	Million Yen
I. Cash flows from operating activities					
Net loss	(6,093)	(53)	(6,330)	237	(98,198)
Adjustments to reconcile net loss to net cash provided by operating activities					
Depreciation and amortization	18,947	165	20,323	(1,376)	89,342
(Increase) decrease in notes and accounts receivable	7,336	64	4,008	3,328	(7,928)
Increase in inventories	(3,764)	(33)	(4,148)	384	(3,062)
Increase (decrease) in notes and accounts payable	1,934	17	(1,355)	3,289	5,675
Other, net	(10,561)	(92)	(11,003)	442	64,061
Net cash provided by operating activities	7,799	68	1,495	6,304	49,890
II. Cash flows from investing activities					
Proceeds from sales of property, plant and equipment	16,220	141	11,675	4,545	56,474
Additions to property, plant and equipment	(28,523)	(248)	(31,681)	3,158	(106,642)
Proceeds from sales of marketable securities	---	---	170	(170)	395
(Increase) decrease in loans receivable	227	2	29	198	(223)
Other, net	(363)	(3)	(448)	85	(4,677)
Net cash used in investing activities	(12,439)	(108)	(20,255)	7,816	(54,673)
Free cash flows (I + II)	(4,640)	(40)	(18,760)	14,120	(4,783)
III. Cash flows from financing activities					
Net repayments of borrowings	(1,251)	(11)	(1,895)	644	(9,320)
Dividends paid	---	---	(1,207)	1,207	(1,235)
Other, net	---	---	(1,380)	1,380	(1,975)
Net cash used in financing activities	(1,251)	(11)	(4,482)	3,231	(12,530)
Effect of exchange rate changes on cash and cash equivalents	(133)	(1)	515	(648)	2,682
Net decrease in cash and cash equivalents	(6,024)	(52)	(22,727)	16,703	(14,631)
Effect of change in fiscal year-end of certain subsidiary	(244)	(2)	---	(244)	---
Cash and cash equivalents at beginning of period	211,060	1,835	225,691	(14,631)	225,691
Cash and cash equivalents at end of period	204,792	1,781	202,964	1,828	211,060

Segment Information

Breakdown of Net Sales by Region

	Three Months Ended June 30, 2006			Three Months Ended June 30, 2005		Increase (Decrease)	Year Ended March 31, 2006	
	Million Yen	Million USD	% of Total	Million Yen	% of Total	% Change	Million Yen	% of Total
Japan	85,998	748	52.1	82,807	56.7	3.9	352,875	54.6
United States of America	18,750	163	11.3	16,722	11.4	12.1	76,860	11.9
Europe	20,230	176	12.2	16,396	11.2	23.4	72,961	11.3
Asia	40,260	350	24.4	30,171	20.7	33.4	143,267	22.2
Total	165,238	1,437	100.0	146,096	100.0	13.1	645,963	100.0

Breakdown of Profit / Loss by Region

	Three Months Ended June 30, 2006			Three Months Ended June 30, 2005		Increase (Decrease)	Year Ended March 31, 2006	
	Million Yen	Million USD	% of Total	Million Yen	% of Total	Million Yen	Million Yen	% of Total
Japan	(9,510)	(83)	---	(13,632)	---	4,122	(51,074)	---
United States of America	997	9	---	2,140	---	(1,143)	7,999	---
Europe	381	3	---	(200)	---	581	20	---
Asia	2,368	21	---	1,887	---	481	7,366	---
Total	(5,764)	(50)	---	(9,805)	---	4,041	(35,689)	---

Breakdown of Net Sales by Market Application

	Three Months Ended June 30, 2006			Three Months Ended June 30, 2005		Increase (Decrease)		Year Ended March 31, 2006	
	Million Yen	Million USD	% Total	Million Yen	% Total	Million Yen	% Change	Million Yen	% Total
Communications	28,533	248	17.3	24,269	16.6	4,264	17.6	107,995	16.7
Computing and peripherals	30,255	263	18.3	27,229	18.6	3,026	11.1	126,581	19.6
Consumer electronics	23,434	204	14.2	21,407	14.7	2,027	9.5	102,639	15.9
Automotive and industrial	26,315	229	15.9	25,272	17.3	1,043	4.1	103,780	16.1
Multi-market ICs	20,876	182	12.6	15,774	10.8	5,102	32.3	69,449	10.8
Discrete, optical, and microwave devices	28,664	249	17.4	26,381	18.1	2,283	8.7	108,701	16.8
Semiconductor total	158,077	1,375	95.7	140,332	96.1	17,745	12.6	619,145	95.9
Other	7,161	62	4.3	5,764	3.9	1,397	24.2	26,818	4.1
Total	165,238	1,437	100.0	146,096	100.0	19,142	13.1	645,963	100.0

(Reference) Breakdown of Net Sales by Platform

Starting this period, NEC Electronics will report sales according to platform, in addition to sales by market application.

	Three Months Ended June 30, 2006			Three Months Ended June 30, 2005		Increase (Decrease)		Year Ended March 31, 2006	
	Million Yen	Million USD	% Total	Million Yen	% Total	Million Yen	% Change	Million Yen	% Total
SoC platform	58,963	513	35.7	55,940	38.3	3,023	5.4	245,602	38.0
MCU platform	40,799	355	24.7	37,398	25.6	3,401	9.1	156,490	24.3
Components	58,315	507	35.3	46,994	32.2	11,321	24.1	217,053	33.6
Semiconductor total	158,077	1,375	95.7	140,332	96.1	17,745	12.6	619,145	95.9
Other	7,161	62	4.3	5,764	3.9	1,397	24.2	26,818	4.1
Total	165,238	1,437	100.0	146,096	100.0	19,142	13.1	645,963	100.0

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

Capital Expenditures and R&D Expenses

	Three Months Ended June 30, 2006		Three Months Ended June 30, 2005	Increase (Decrease)	Year Ended March 31, 2006
	Million Yen	Million USD	Million Yen	Million Yen	Million Yen
Capital expenditures	40,190	349	19,585	20,605	83,030
Depreciation and amortization	18,947	165	20,323	(1,376)	89,342
R&D expenses	30,978	269	27,954	3,024	120,874

Note: Capital expenditures refer to the cost of additions to property, plant and equipment (excluding software).

Forward-Looking Statements

The statements in this press release with respect to the plans, strategies and financial outlook of NEC Electronics and its consolidated subsidiaries (collectively "NEC Electronics") are forward-looking statements involving risks and uncertainties. We caution you in advance that actual results may differ materially from such forward-looking statements due to several important factors including, but not limited to, general economic conditions in our markets, which are primarily Japan, North America, Asia, and Europe; demand for, and competitive pricing pressure on, products and services in the marketplace; ability to continue to win acceptance of products and services in these highly competitive markets; and fluctuations in currency exchange rates, particularly between the yen and the U.S. dollar. Among other factors, downturn of the world economy; deteriorating financial conditions in world markets, or deterioration in domestic and overseas stock markets, may cause actual results to differ from the projected results forecast.

About NEC Electronics

NEC Electronics Corporation (TSE: 6723) specializes in semiconductor products encompassing advanced technology solutions for the high-end computing and broadband networking markets, system solutions for the mobile handsets, PC peripherals, automotive and digital consumer markets, and multi-market solutions for a wide range of customer applications. NEC Electronics Corporation has 25 subsidiaries worldwide including NEC Electronics America, Inc. (www.am.necel.com) and NEC Electronics (Europe) GmbH (www.eu.necel.com). For additional information about NEC Electronics worldwide, visit www.necel.com.

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