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## NEC Electronics Reports Financial Results for the First Quarter Ended June 30, 2008

**KAWASAKI, Japan, July 30, 2008** — NEC Electronics Corporation (TSE: 6723) today announced consolidated financial results for the first quarter ended June 30, 2008.

	page
Consolidated Financial Results for the First Quarter Ended June 30, 2008	2
Business Results	
1. Analysis of Business Results	4
2. Financial Condition	8
3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2009	9
4. Others	9
Condensed Consolidated Quarterly Financial Statements	
1. Condensed Consolidated Quarterly Balance Sheets	10
2. Condensed Consolidated Quarterly Statements of Operations	11
3. Condensed Consolidated Quarterly Statements of Change in Shareholders' Equity	12
4. Condensed Consolidated Quarterly Statements of Cash Flows	13
5. Segment Information	14
6. Notes on Assumption for Going Concern	15
Summary of Consolidated Financial Results	16



## Consolidated Financial Results for the First Quarter Ended June 30, 2008

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

July 30, 2008

Company name : **NEC Electronics Corporation**  
 Stock exchanges on which the shares are listed : Tokyo Stock Exchange, First Section  
 Code number : 6723  
 URL : <http://www.necel.com>  
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 Corporate Communications Department  
 Tel. +81 (0)44-435-1664  
 Filing date of Shihanki Hokokusho : August 13, 2008(Scheduled)

(Amounts are rounded to the nearest million yen)

### 1. Consolidated results for the first quarter ended June 30, 2008

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

	Net Sales		Operating Income (Loss)		Income Before Income Taxes		Net Loss	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
Three Months ended June 30, 2008	166,282	---	1,701	---	279	---	(1,317)	---
Three Months ended June 30, 2007	173,573	5.0	(2,227)	---	437	---	(1,326)	---

	Net Loss Per Share: Basic	Net Loss Per Share: Diluted
	Yen	Yen
Three Months ended June 30, 2008	(10.66)	(10.66)
Three Months ended June 30, 2007	(10.74)	(10.74)

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

Note 2: NEC Electronics' consolidated information is in accordance with U.S. GAAP. However, the figure for operating income (loss) shown above represents net sales minus the cost of sales, research and development expenses, and selling, general and administrative expenses.

### (2) Consolidated financial position

	Total Assets	Shareholders' Equity	Shareholders' Equity Ratio	Shareholders' Equity Per Share
	Million Yen	Million Yen	%	Yen
June 30, 2008	621,175	230,137	37.0	1,863.49
March 31, 2008	616,304	227,138	36.9	1,839.20

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

## 2. Cash dividends

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

Note: Changes of cash dividends forecasts from these announced previously None

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

	Net Sales		Operating Income (Loss)		Income (Loss) Before Income Taxes		Net Income (Loss)		Net Income (Loss) Per Share
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Yen
Six months ending September 30, 2008	335,000	(4.6)	3,000	62.0	0	---	(2,000)	---	(16.19)
Year ending March 31, 2009	685,000	(0.4)	10,000	96.3	4,000	---	0	---	0.00

Note: Changes of financial results forecasts from these announced previously None

## 4. Other

(1) Changes in significant subsidiaries in the quarter ended June 30, 2008 (changes in subsidiaries resulting in changes in scope of consolidation)

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

Note: Only specified subsidiaries are mentioned. Please refer to page 9 for further information.

(2) Adoption of simplified accounting methods for quarterly reporting  
None.

(3) Changes in accounting policies, procedures, and presentations, etc.  
(Changes indicated to "Basis of Presenting the Consolidated Financial Statements")

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

3.2. Other changes : No

Note: Please refer to page 9 for further information.

(4) Number of shares issued and outstanding (common stock)

4.1. Number of shares issued and outstanding

June 30, 2008:123,500,000 shares March 31, 2008:123,500,000 shares

4.2. Number of treasury shares

June 30, 2008:2,079 shares March 31, 2008:2,039 shares

4.3. Average number of shares issued and outstanding

June 30, 2008:123,497,928 shares June 30, 2007:123,498,409 shares

## Cautionary Statement

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

# Business Results

## 1 Analysis of Business Results

### (1) Overview of the First Quarter Ended June 30, 2008

In the first quarter ended June 30, 2008, an increasing number of indicators pointed to stagnation in the global economy. In the United States, domestic demand was weakened by the protracted readjustment in the financial market, by soaring prices for crude oil and other materials, and by employment adjustments. In Europe, despite slowing economic growth, financial authorities took measures to counter the threat of inflation by raising policy interest rates. Asian economies, which recently have enjoyed vigorous growth, began to show the effects of higher material costs, stagnating exports, and the Sichuan earthquake. The Japanese economy also experienced a slowdown due to decreased exports, higher crude oil and food prices, and reduced investment in housing.

Against the background of the global economic slowdown, the semiconductor market also experienced sluggish growth. Low-priced personal computers and mobile phones continued to sell well, but demand for high-end products was weak. The automotive market was depressed by production cuts in the United States, and there was little evidence that the Beijing Olympics had spurred demand for digital consumer electronics. In general, the business environment could be characterized as lackluster.

### (2) Summary of Consolidated Financial Results

	Three Months Ended June 30, 2007	Three Months Ended June 30, 2008		Increase (Decrease)	
	Billion Yen	Billion Yen	Million USD	Billion Yen	% Change
Net sales	173.6	166.3	1,569	(7.3)	(4.2)
Operating income (loss)	(2.2)	1.7	16	3.9	---
Income before income taxes	0.4	0.3	3	(0.2)	(36.2)
Net loss	(1.3)	(1.3)	(12)	0.0	---
	Yen	Yen			
Exchange rate (USD)	119	103		---	---
Exchange rate (Euro)	160	160		---	---

**Note:** U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥106=U.S.\$1.

Consolidated net sales for this quarter were 166.3 billion yen, a decrease of 7.3 billion yen, or 4.2% year on year.

Semiconductor sales increased year on year for Computing and Peripherals, and Automotive and Industrial. However, sales decreased for Communications, Consumer Electronics, and Discrete, Optical, and Microwave Devices products. Particularly in Communications, a sharp fall in sales of semiconductors for mobile phones resulted in a decrease of approximately 21% year on year.

Consolidated operating income was 1.7 billion yen, an improvement of 3.9 billion yen year on year.

This was due to a reduction in fixed costs, including R&D expenses, and an improvement in the cost to sales ratio, which offset lower net sales.

Consolidated income before income taxes totaled 0.3 billion yen, a decrease of 0.2 billion yen year on year. This was mainly due to recording of one-time non-operating income from the transfer of the photomask business in the corresponding period of the previous fiscal year.

Consolidated net loss was 1.3 billion yen, roughly comparable to the prior year quarter.

### (3) Breakdown of Net Sales by Market Application

	Three Months Ended June 30, 2007	Three Months Ended June 30, 2008		Increase (Decrease)	
	Billion Yen	Billion Yen	Million USD	Billion Yen	% Change
Communications	20.7	16.4	155	(4.3)	(20.8)
Computing and peripherals	29.5	30.0	283	0.5	1.5
Consumer electronics	33.0	32.1	303	(0.9)	(2.8)
Automotive and industrial	27.4	29.8	281	2.4	8.7
Multi-market ICs	22.6	21.0	198	(1.5)	(6.8)
Discrete, optical, and microwave devices	31.7	29.8	282	(1.9)	(5.9)
Semiconductor total	165.0	159.2	1,502	(5.8)	(3.5)
Other	8.6	7.1	67	(1.5)	(17.2)
Total	173.6	166.3	1,569	(7.3)	(4.2)

#### Communications

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

**Net Sales** 16.4 billion yen (Down 4.3 billion yen, 20.8% year on year)

Sales of semiconductors for mobile phones such as baseband LSI, memory and LCD Driver ICs decreased year on year.

#### Computing and Peripherals

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

**Net Sales** 30.0 billion yen (Up 0.5 billion yen, 1.5% year on year)

Although sales of LCD Driver ICs for flat panel televisions and PC monitors decreased year on year, this was offset by higher sales of semiconductors for blue laser DVD drives.

#### Consumer Electronics

Products Semiconductors for digital AV equipment and game consoles.

Net Sales 32.1 billion yen (Down 0.9 billion yen, 2.8% year on year)

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

#### Automotive and Industrial

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

Net Sales 29.8 billion yen (Up 2.4 billion yen, 8.7% year on year)

Microcontroller sales to Japanese car audio and automotive electronics manufacturers increased.

#### Multi-market ICs

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

Net sales 21.0 billion yen (Down 1.5 billion yen, 6.8% year on year)

Reduced demand due to worsening market conditions resulted in declining sales of microcontrollers, gate arrays and multi-purpose SRAM.

#### 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 29.8 billion yen (Down 1.9 billion yen, 5.9% year on year)

Reduced demand due to worsening market conditions resulted in declining sales of discrete semiconductors and compound semiconductors.

#### 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 (Down 1.5 billion yen, 17.2% year on year)

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

#### (4) Geographical Segment Analysis

	Three Months Ended June 30, 2007	Three Months Ended June 30, 2008		Increase (Decrease)	
	Billion Yen	Billion Yen	Million USD	Billion Yen	% Change
Japan	93.2	89.1	840	(4.1)	(4.4)
United States of America	15.2	12.3	116	(2.9)	(19.3)
Europe	22.7	22.4	211	(0.3)	(1.3)
Asia	42.5	42.5	402	0.0	0.1
Total	173.6	166.3	1,569	(7.3)	(4.2)

Note: Geographic areas are based on the country of the location of the subsidiaries other than Japan and the United States of America;

Europe: Germany, Great Britain and Ireland

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

##### Japan

Net sales 89.1 billion yen (Down 4.1 billion yen, 4.4% year on year)

Sales of LCD Driver ICs and baseband LSI for mobile phones decreased.

##### United States of America

Net sales 12.3 billion yen (Down 2.9 billion yen, 19.3% year on year)

Sales of system memory for mobile phones decreased.

##### Europe

Net sales 22.4 billion yen (Down 0.3 billion yen 1.3% year on year)

Sales of automotive semiconductors increased, but sales of general-purpose microcontrollers decreased.

The majority of sales in Europe for the three months ended June 30, 2007 and 2008 were sales of NEC Electronics' subsidiary in Germany.

##### Asia

Net sales 42.5 billion yen (Up 0.1% year on year)

Sales of LCD Driver ICs for flat panel televisions and PC monitors decreased, but sales of camera module for mobile phones increased.

Sales of NEC Electronics' subsidiaries in China for the three months ended June 30, 2007 and 2008 were 25.5 billion yen and 22.8 billion yen.

## 2. Financial Condition

### (1) Total Assets and Shareholders' Equity

	March 31, 2008	June 30, 2008		Increase (Decrease)
	Billion Yen	Billion Yen	Million USD	Billion Yen
Total assets	616.3	621.2	5,860	4.9
Shareholders' equity	227.1	230.1	2,171	3.0
Equity ratio	36.9%	37.0%		0.1
Shareholders' equity per share	1,839 yen	1,863 yen	17.58 USD	24 yen
Interest-bearing debt	116.6	117.3	1,107	0.7

Total assets at June 30, 2008 totaled 621.2 billion yen, a 4.9 billion yen increase from March 31, 2008. This was due to increase of inventories.

Compared to March 31, 2008, shareholders' equity was 3.0 billion yen higher at 230.1 billion yen, despite posting net loss in the amount of 1.3 billion yen, due to an improvement in losses in accumulated other comprehensive income (loss) by 4.3 billion yen from currency fluctuations.

The shareholders' equity ratio improved by 0.1 points from March 31, 2008.

Interest-bearing debt totaled 117.3 billion yen, increasing 0.7 billion yen from March 31, 2008.

### (2) Cash Flows

	Three Months Ended June 30, 2007	Three Months Ended June 30, 2008		Increase (Decrease)
	Billion Yen	Billion Yen	Million USD	Billion Yen
Net cash provided by operating activities	1.5	4.2	40	2.7
Net cash used in investing activities	(7.3)	(10.9)	(103)	(3.5)
Free cash flows	(5.9)	(6.7)	(63)	(0.8)
Net cash used in financing activities	(3.6)	(1.5)	(15)	2.1
Effect of exchange rate changes on cash and cash equivalents	1.4	1.7	17	0.3
Net decrease in cash and cash equivalents	(8.0)	(6.5)	(61)	1.5
Cash and cash equivalents at beginning of period	185.4	165.5	1,561	(19.9)
Cash and cash equivalents at end of period	177.3	159.0	1,500	(18.4)

Net cash provided by operating activities was 4.2 billion yen, despite posting a consolidated net loss and an increase in inventories, due to depreciation and amortization in the amount of 15.9 billion yen for the first quarter ended June 30, 2008.

Payments for property, plant, and equipment were 10.5 billion yen, bringing the total net cash used in investing activities to 10.9 billion yen.

The foregoing resulted in negative free cash flows of 6.7 billion yen.

Financing activities used net cash in the amount of 1.5 billion yen, primarily for the repayment of debt.



As a result of the above, combined with the impact from currency fluctuations of 1.7 billion yen, cash and cash equivalents at June 30, 2008 was 159.0 billion yen, a net decrease in the amount of 6.5 billion yen.

### 3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2009

Forecasts for the fiscal year ending March 31, 2009 remain unchanged from those announced previously on May 14, 2008.

	Net Sales		Operating Income (Loss)		Income (Loss) Before Income Taxes		Net Income (Loss)		Net Income (Loss) Per Share
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Yen
Six months ending September 30, 2008	335,000	(4.6)	3,000	62.0	0	---	(2,000)	---	(16.19)
Year ending March 31, 2009	685,000	(0.4)	10,000	96.3	4,000	---	0	---	0.00

The consolidated financial forecasts for the fiscal year are calculated at the rate of 100 yen per USD, and 160 yen per Euro.

### 4. Others

(1) Changes in significant subsidiaries in the quarter ended June 30, 2008 (changes in specified subsidiaries resulting in changes in scope of consolidation)

(2 companies excluded)

1. NEC Fukui, Ltd.

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

2. NEC Semicon Package Solutions, Ltd.

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

(2) Adoption of simplified accounting methods for quarterly reporting

None.

(3) Changes in accounting policies, procedures, and presentations, etc.

Accounting Change

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

# Condensed Consolidated Quarterly Financial Statements

## 1. Condensed Consolidated Quarterly Balance Sheets

	March 31, 2008	June 30, 2008		Increase (decrease)	June 30, 2007
	Million Yen	Million Yen	Million USD	Million Yen	Million Yen
Current assets	344,115	346,339	3,267	2,224	376,791
Cash and cash equivalents	165,472	158,998	1,500	(6,474)	177,349
Notes and accounts receivable, trade	96,352	99,548	939	3,196	104,167
Inventories	75,839	79,518	750	3,679	79,856
Other current assets	6,452	8,275	78	1,823	15,419
Long-term assets	272,189	274,836	2,593	2,647	313,160
Investments	4,565	5,047	48	482	8,026
Property, plant and equipment	259,151	253,851	2,395	(5,300)	291,483
Other assets	8,473	15,938	150	7,465	13,651
<b>Total assets</b>	<b>616,304</b>	<b>621,175</b>	<b>5,860</b>	<b>4,871</b>	<b>689,951</b>
Current liabilities	179,715	173,301	1,635	(6,414)	214,039
Short-term borrowings and current portion of long-term debt	2,394	1,899	18	(495)	19,005
Notes and accounts payable, trade	108,136	106,048	1,000	(2,088)	127,303
Other current liabilities	69,185	65,354	617	(3,831)	67,731
Long-term liabilities	204,275	212,955	2,009	8,680	202,514
Long-term debt	114,207	115,415	1,089	1,208	114,739
Accrued pension and severance costs	74,460	74,541	703	81	70,424
Other	15,608	22,999	217	7,391	17,351
Minority shareholders' equity in consolidated subsidiaries	5,176	4,782	45	(394)	4,744
Shareholders' equity	227,138	230,137	2,171	2,999	268,654
Common stock	85,955	85,955	811	---	85,955
Additional paid-in capital	281,073	281,081	2,652	8	281,048
Accumulated deficit	(114,896)	(116,213)	(1,097)	(1,317)	(100,227)
Accumulated other comprehensive income (loss)	(24,984)	(20,676)	(195)	4,308	1,887
Treasury stock, at cost	(10)	(10)	(0)	---	(9)
<b>Total liabilities and shareholders' equity</b>	<b>616,304</b>	<b>621,175</b>	<b>5,860</b>	<b>4,871</b>	<b>689,951</b>

Interest-bearing debt	116,601	117,314	1,107	713	133,744
Equity ratio	36.9%	37.0%		0.1%	38.9%
Debt / equity ratio	0.51 times	0.51 times		--- times	0.50 times

Accumulated other comprehensive income (loss):					
Foreign currency translation adjustments	1,913	5,672	54	3,759	14,039
Pension liability adjustment	(27,737)	(27,445)	(259)	292	(15,230)
Unrealized gains (losses) on marketable securities	840	1,097	10	257	3,078

### Note

Certain amounts in the consolidated financial statements for the period ended March 31, 2008 have been reclassified to confirm to the presentation in the consolidated financial statements for the period ended June 30, 2008.

## 2. Condensed Consolidated Quarterly Statements of Operations

	Three Months Ended June 30, 2007		Three Months Ended June 30, 2008			Year Ended March 31, 2008	
	Million Yen	% of Net Sales	Million Yen	Million USD	% of Net Sales	Million Yen	% of Net Sales
Net sales	173,573	100.0	166,282	1,569	100.0	687,745	100.0
Cost of sales	125,927	72.5	117,986	1,113	71.0	485,683	70.6
Research and development	29,344	16.9	26,445	250	15.9	112,300	16.3
Selling, general, and administrative expenses	20,529	11.9	20,150	190	12.1	84,668	12.4
Operating income (loss)	(2,227)	(1.3)	1,701	16	1.0	5,094	0.7
Non-operating income	3,667	2.1	1,075	10	0.7	6,053	0.9
Interest and dividends income	495		513	5		2,152	
Other	3,172		562	5		3,901	
Non-operating expense	1,003	0.5	2,497	23	1.5	14,399	2.1
Interest expense	228		116	1		741	
Other	775		2,381	22		13,658	
Income (loss) before income taxes	437	0.3	279	3	0.2	(3,252)	(0.5)
Provision for income taxes	1,579	0.9	1,563	14	1.0	12,285	1.8
Minority interest in income (loss) of consolidated subsidiaries	(99)	(0.1)	59	1	0.0	251	0.0
Equity in earnings of affiliated companies	(283)	(0.1)	26	0	0.0	(207)	(0.0)
Net Loss	(1,326)	(0.8)	(1,317)	(12)	(0.8)	(15,995)	(2.3)

### Notes

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

### 3. Condensed Consolidated Quarterly Statements of Change in Shareholders' Equity

#### Three Months Ended June 30, 2007

Three Months Ended June 30, 2007	Common stock	Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive income (loss)	Treasury stock	Total
	Million Yen	Million Yen	Million Yen	Million Yen	Million Yen	Million Yen
Balance at beginning of year	85,955	281,039	(98,901)	(3,017)	(8)	265,068
Compensation expense for stock options		9				9
Comprehensive income (loss)						
Net loss			(1,326)			(1,326)
Other comprehensive income (loss), net of tax						
Foreign currency translation adjustments				3,537		3,537
Pension liability adjustment				707		707
Unrealized gains (losses) on marketable securities				660		660
Comprehensive income (loss)						3,578
Purchase of treasury stock, at cost					(1)	(1)
Balance at end of the period	85,955	281,048	(100,227)	1,887	(9)	268,654

#### Three Months Ended June 30, 2008

Three Months Ended June 30, 2008	Common stock		Additional paid-in capital		Accumulated deficit		Accumulated other comprehensive income (loss)		Treasury stock		Total	
	Million Yen	Million USD	Million Yen	Million USD	Million Yen	Million USD	Million Yen	Million USD	Million Yen	Million USD	Million Yen	Million USD
Balance at beginning of year	85,955	811	281,073	2,652	(114,896)	(1,085)	(24,984)	(236)	(10)	(0)	227,138	2,142
Compensation expense for stock options			8	0							8	0
Comprehensive income (loss)												
Net loss					(1,317)	(12)					(1,317)	(12)
Other comprehensive income (loss), net of tax												
Foreign currency translation adjustments							3,759	36			3,759	36
Pension liability adjustment							292	3			292	3
Unrealized gains (losses) on marketable securities							257	2			257	2
Comprehensive income (loss)											2,991	29
Balance at end of the period	85,955	811	281,081	2,652	(116,213)	(1,097)	(20,676)	(195)	(10)	(0)	230,137	2,171

#### Year Ended March 31, 2008

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

## 4 . Condensed Consolidated Quarterly Statements of Cash Flows

	Three Months Ended June 30, 2007	Three Months Ended June 30, 2008		Increase (decrease)	Year Ended March 31, 2008
	Million Yen	Million Yen	Million USD	Million Yen	Million Yen
I. Cash flows from operating activities					
Net loss	(1,326)	(1,317)	(12)	9	(15,995)
Adjustments to reconcile net loss to net cash provided by operating activities					
Depreciation and amortization	17,692	15,947	150	(1,745)	75,067
(Increase) decrease in notes and accounts receivable	(1,337)	589	6	1,926	(3,710)
(Increase) decrease in inventories	73	(2,529)	(24)	(2,602)	856
Increase (decrease) in notes and accounts payable	(6,859)	(2,665)	(25)	4,194	(17,309)
Other, net	(6,782)	(5,834)	(55)	948	4,353
Net cash provided by operating activities	1,461	4,191	40	2,730	43,262
II. Cash flows from investing activities					
Proceeds from sales of property, plant and equipment	782	189	2	(593)	20,653
Additions to property, plant and equipment	(14,406)	(10,497)	(99)	3,909	(62,188)
(Increase) decrease in loans receivable	1	---	---	(1)	(2)
Other, net	6,290	(560)	(6)	(6,850)	3,768
Net cash used in investing activities	(7,333)	(10,868)	(103)	(3,535)	(37,769)
Free cash flows ( I + II )	(5,872)	(6,677)	(63)	(805)	5,493
III. Cash flows from financing activities					
Net repayments of borrowings	(2,918)	(894)	(8)	2,024	(20,456)
Other, net	(679)	(648)	(7)	31	(2,529)
Net cash used in financing activities	(3,597)	(1,542)	(15)	2,055	(22,985)
Effect of exchange rate changes on cash and cash equivalents	1,446	1,745	17	299	(2,408)
Net decrease in cash and cash equivalents	(8,023)	(6,474)	(61)	1,549	(19,900)
Cash and cash equivalents at beginning of period	185,372	165,472	1,561	(19,900)	185,372
Cash and cash equivalents at end of period	177,349	158,998	1,500	(18,351)	165,472

## 5. Segment Information

### Breakdown of Net Sales by Market

#### Application

	Three Months Ended June 30, 2007		Three Months Ended June 30, 2008			Increase (decrease)		Year Ended March 31, 2008	
	Million Yen	% Total	Million Yen	Million USD	% Total	Million Yen	% Change	Million Yen	% Total
Communications	20,691	11.9	16,379	155	9.9	(4,312)	(20.8)	70,350	10.2
Computing and peripherals	29,534	17.0	29,986	283	18.0	452	1.5	119,352	17.4
Consumer electronics	33,048	19.0	32,135	303	19.3	(913)	(2.8)	134,546	19.6
Automotive and industrial	27,428	15.8	29,804	281	17.9	2,376	8.7	113,320	16.5
Multi-market ICs	22,579	13.0	21,037	198	12.7	(1,542)	(6.8)	89,643	13.0
Discrete, optical, and microwave devices	31,710	18.4	29,831	282	17.9	(1,879)	(5.9)	126,064	18.3
Semiconductor total	164,990	95.1	159,172	1,502	95.7	(5,818)	(3.5)	653,275	95.0
Other	8,583	4.9	7,110	67	4.3	(1,473)	(17.2)	34,470	5.0
Total	173,573	100.0	166,282	1,569	100.0	(7,291)	(4.2)	687,745	100.0

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

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

	Three Months Ended June 30, 2007		Three Months Ended June 30, 2008			Increase (decrease)		Year Ended March 31, 2008	
	Million Yen	% Total	Million Yen	Million USD	% Total	Million Yen	% Change	Million Yen	% Total
SoC platform	63,630	36.7	63,278	597	38.1	(352)	(0.6)	251,295	36.5
MCU platform	44,354	25.6	44,611	421	26.8	257	0.6	180,113	26.2
Discrete and IC	57,006	32.8	51,283	484	30.8	(5,723)	(10.0)	221,867	32.3
Semiconductor total	164,990	95.1	159,172	1,502	95.7	(5,818)	(3.5)	653,275	95.0
Other	8,583	4.9	7,110	67	4.3	(1,473)	(17.2)	34,470	5.0
Total	173,573	100.0	166,282	1,569	100.0	(7,291)	(4.2)	687,745	100.0

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

Microcomputer (MCU) Platform: microcontrollers, car audio controllers

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

### Breakdown of Net Sales by Region

	Three Months Ended June 30, 2007		Three Months Ended June 30, 2008			Increase (decrease)	Year Ended March 31, 2008	
	Million Yen	% of Total	Million Yen	Million USD	% of Total	% Change	Million Yen	% of Total
Japan	93,193	53.7	89,085	840	53.5	(4.4)	370,238	53.8
United States of America	15,188	8.7	12,259	116	7.4	(19.3)	58,256	8.5
Europe	22,682	13.1	22,395	211	13.5	(1.3)	95,936	14.0
Asia	42,510	24.5	42,543	402	25.6	0.1	163,315	23.7
Total	173,573	100.0	166,282	1,569	100.0	(4.2)	687,745	100.0

## Breakdown of Profit / Loss by Region

	Three Months Ended June 30, 2007		Three Months Ended June 30, 2008			Increase (decrease)	Year Ended March 31, 2008	
	Million Yen	% of Total	Million Yen	Million USD	% of Total	Million Yen	Million Yen	% of Total
Japan	(4,466)	---	(1,395)	(13)	---	3,071	(9,386)	---
United States of America	(235)	---	(5)	(0)	---	230	755	---
Europe	198	---	333	3	---	135	2,023	---
Asia	2,276	---	2,768	26	---	492	11,702	---
Total	(2,227)	---	1,701	16	---	3,928	5,094	---

## 6. Notes on Assumption for Going Concern

None

## Summary of Consolidated Financial Results

	Three Months Ended June 30, 2007		Three Months Ended June 30, 2008			Increase (Decrease)	
	Billion Yen	% of Net Sales	Billion Yen	Million USD	% of Net Sales	Billion Yen	% Change
Net sales	173.6	100.0	166.3	1,569	100.0	(7.3)	(4.2)
Sales from semiconductors	165.0		159.2	1,502		(5.8)	(3.5)
Operating income (loss)	(2.2)	(1.3)	1.7	16	1.0	3.9	---
Income before income taxes	0.4	0.3	0.3	3	0.2	(0.2)	(36.2)
Net loss	(1.3)	(0.8)	(1.3)	(12)	(0.8)	0.0	---
Net loss per share of common stock:	Yen		Yen	USD		Yen	% Change
Basic	(10.74)		(10.66)	(0.10)		0.08	---
Diluted	(10.74)		(10.66)	(0.10)		0.08	---

	Billion Yen	Billion Yen	Million USD	Billion Yen	% Change
Capital expenditures	12.3	9.3	87	(3.0)	(24.5)
Depreciation and amortization	17.7	15.9	150	(1.7)	(9.9)
R&D expenses	29.3	26.4	250	(2.9)	(9.9)
Exchange rate (USD)	Yen 119	Yen 103			
Exchange rate (Euro)	160	160			

	March 31, 2008	June 30, 2008		Increase (Decrease)		June 30, 2007
	Billion Yen	Billion Yen	Million USD	Billion Yen	% Change	Billion Yen
Total assets	616.3	621.2	5,860	4.9	0.8	690.0
Shareholders' equity	227.1	230.1	2,171	3.0	1.3	268.7

	Persons	Persons	Persons	% Change	Persons	
Number of employees	23,110	23,353		243	1.1	24,189

### Notes

1. U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥106=U.S.\$1.
2. All figures are rounded to the nearest 100 million yen.
3. The consolidated financial statements of NEC Electronics are prepared in accordance with accounting principles generally accepted in the United States, or U.S. GAAP.
4. The figures for operating income (loss) shown above represent net sales minus the cost of sales, research and development expenses, and selling, general and administrative expenses.
5. Net loss per share of common stock is calculated based on Statement of Financial Accounting Standards ("SFAS") No.128, "Earnings per share".
6. The figures for shareholders' equity are prepared in accordance with accounting principles generally accepted in the United States, or U.S. GAAP.
7. The quarterly review by the external auditor for financial information in this fiscal result is not completed. After release of the financial result, subsequent event or quarterly review by the external auditor could change financial information. In such a case, corrected information will be promptly press released.



## **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 handset, PC peripheral, automotive and digital consumer markets; and multi-market solutions for a wide range of customer applications. NEC Electronics Corporation has subsidiaries worldwide including NEC Electronics America, Inc. ([www.am.necel.com](http://www.am.necel.com)) and NEC Electronics (Europe) GmbH ([www.eu.necel.com](http://www.eu.necel.com)). More information about NEC Electronics worldwide can be found at [www.necel.com](http://www.necel.com).

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