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

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

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I. Summary of Consolidated Financial Results

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

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

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

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

Notes

1. U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥123=U.S.\$1.
2. All figures are rounded to the nearest 100 million yen.
3. The consolidated financial statements of NEC Electronics are prepared in accordance with accounting principles generally accepted in the United States, or U.S. GAAP.
4. The figures for operating loss shown above represent net sales minus the cost of sales, research and development expenses, and selling, general and administrative expenses.
5. Net income (loss) per share of common stock is calculated based on Statement of Financial Accounting Standards ("SFAS") No.128, "Earnings per share".
6. The figures for shareholders' equity are prepared in accordance with accounting principles generally accepted in the United States, or U.S. GAAP.
7. The consolidated financial information is unaudited.



Consolidated Financial Results for the First Quarter Ended June 30, 2007

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

July 30, 2007

Company name : **NEC Electronics Corporation**
 Stock exchanges on which the shares are listed : Tokyo Stock Exchange, First Section
 Code number : 6723
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(Amounts are rounded to the nearest million yen)

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

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

| | Net Sales | | Operating Loss | | Income (Loss) Before Income Taxes | | Net Loss | |
|----------------------------------|-------------|------|----------------|-----|-----------------------------------|-----|-------------|-----|
| | Million Yen | % | Million Yen | % | Million Yen | % | Million Yen | % |
| Three Months ended June 30, 2007 | 173,573 | 5.0 | (2,227) | --- | 437 | --- | (1,326) | --- |
| Three Months ended June 30, 2006 | 165,238 | 13.1 | (5,764) | --- | (4,822) | --- | (6,093) | --- |
| Year ended March 31, 2007 | 692,280 | | (28,557) | | (35,375) | | (41,500) | |

| | Net Loss Per Share: Basic | Net Loss Per Share: Diluted |
|----------------------------------|---------------------------|-----------------------------|
| | Yen | Yen |
| Three Months ended June 30, 2007 | (10.74) | (10.74) |
| Three Months ended June 30, 2006 | (49.34) | (49.34) |
| Year ended March 31, 2007 | (336.04) | (336.04) |

Reference: Equity in loss of affiliated companies:
 Quarter ended June 30, 2007: (283 million yen) Quarter ended June 30, 2006: -
 Year ended March 31, 2007: (468 million yen)

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

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

(2) Consolidated financial position

| | Total Assets | Shareholders' Equity | Shareholders' Equity Ratio | Shareholders' Equity Per Share |
|----------------|--------------|----------------------|----------------------------|--------------------------------|
| | Million Yen | Million Yen | % | Yen |
| June 30, 2007 | 689,951 | 268,654 | 38.9 | 2,175.37 |
| June 30, 2006 | 742,602 | 299,197 | 40.3 | 2,422.67 |
| March 31, 2007 | 695,886 | 265,068 | 38.1 | 2,146.32 |

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

(3) Consolidated cash flows

| | Cash Flows From Operating Activities | Cash Flows From Investing Activities | Cash Flows From Financing Activities | Cash and Cash Equivalents at the End of the Period |
|----------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--|
| | Million Yen | Million Yen | Million Yen | Million Yen |
| Three Months ended June 30, 2007 | 1,461 | (7,333) | (3,597) | 177,349 |
| Three Months ended June 30, 2006 | 7,799 | (12,439) | (1,251) | 204,792 |
| Year ended March 31, 2007 | 66,731 | (78,497) | (15,273) | 185,372 |

2. Cash dividends

| | Interim Cash Dividends Per Share | Cash Dividends Per Share | Annual Cash Dividends Per Share |
|---------------------------|----------------------------------|--------------------------|---------------------------------|
| | Yen | Yen | Yen |
| Year ended March 31, 2007 | --- | --- | --- |
| Year ended March 31, 2008 | --- | --- | --- |

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

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

4. Other

- (1) Changes in significant subsidiaries in the quarter ended June 30, 2007 (changes in specified subsidiaries resulting in changes in scope of consolidation) : None
- (2) Adoption of simplified accounting methods : None
- (3) Changes in accounting policies : None

Note: Please refer to "4. Others" under "II. Business Results" on page 10 for further information.

Cautionary Statement

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

II. Business Results

(1) Analysis of Business Results

1. Overview of the First Quarter Ended June 30, 2007

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

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

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

2. Summary of Consolidated Financial Results

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

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

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

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

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

3. Breakdown of Net Sales by Market Application

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

Communications

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

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

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

Computing and Peripherals

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

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

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

Consumer Electronics

Products Semiconductors for digital AV equipment and game consoles.

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

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

Automotive and Industrial

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

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

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

Multi-market ICs

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

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

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

Discrete, Optical and Microwave Devices

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

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

Sales of discrete semiconductors increased in line with healthy sales of personal computing products, and sales of compound semiconductors improved year on year.

Other

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

Net sales 8.6 billion yen (Up 1.4 billion yen, 19.9% year on year)

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

4. Geographical Segment Analysis

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

Japan

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

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

United States of America

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

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

Europe

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

Sales of automotive semiconductors increased.

Asia

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

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

(2) Financial Condition

1. Total Assets and Shareholders' Equity

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

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

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

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

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

2. Cash Flows

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

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

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

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

Financing activities used net cash in the amount of 3.6 billion yen, primarily for the repayment of debt.

As a result of the above, and taking into consideration the effect of currency fluctuations, cash and cash equivalents at June 30, 2007 was 177.3 billion yen, an 8.0 billion yen decrease from March 31, 2007.

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

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

| | Net Sales | | Operating Income (Loss) | | Loss Before Income Taxes | | Net Loss | | Net Loss Per Share |
|--------------------------------------|-------------|-------|-------------------------|-----|--------------------------|-----|-------------|-----|--------------------|
| | Million Yen | % | Million Yen | % | Million Yen | % | Million Yen | % | Yen |
| Six months ending September 30, 2007 | 335,000 | (2.3) | (5,000) | --- | (12,000) | --- | (15,000) | --- | (121.46) |
| Year ending March 31, 2008 | 690,000 | (0.3) | 0 | --- | (10,000) | --- | (15,000) | --- | (121.46) |

(4) Others

1. Changes in significant subsidiaries in the quarter ended June 30, 2007 (changes in specified subsidiaries resulting in changes in scope of consolidation)

None.

2. Adoption of simplified accounting methods

None.

3. Changes in accounting policies

None.

III. Condensed Consolidated Financial Statements

Condensed Consolidated Statements of Operations

| | Three Months Ended June 30, 2006 | | Three Months Ended June 30, 2007 | | | Increase (Decrease) Million Yen | Year Ended March 31, 2007 | |
|---|-------------------------------------|-------------------|-------------------------------------|-------------|-------------------|---------------------------------------|------------------------------|-------------------|
| | Million Yen | % of Net Sales | Million Yen | Million USD | % of Net Sales | | Million Yen | % of Net Sales |
| Net sales | 165,238 | 100.0 | 173,573 | 1,411 | 100.0 | 8,335 | 692,280 | 100.0 |
| Cost of sales | 118,931 | 72.0 | 125,927 | 1,024 | 72.5 | 6,996 | 502,086 | 72.5 |
| Research and development expenses | 30,978 | 18.7 | 29,344 | 238 | 16.9 | (1,634) | 131,751 | 19.0 |
| Selling, general, and administrative expenses | 21,093 | 12.8 | 20,529 | 167 | 11.9 | (564) | 87,000 | 12.6 |
| Operating loss | (5,764) | (3.5) | (2,227) | (18) | (1.3) | 3,537 | (28,557) | (4.1) |
| Non-operating income | 4,747 | 2.9 | 3,667 | 30 | 2.1 | (1,080) | 10,913 | 1.6 |
| Interest and dividend income | 494 | | 495 | 4 | | 1 | 1,929 | |
| Other | 4,253 | | 3,172 | 26 | | (1,081) | 8,984 | |
| Non-operating expense | 3,805 | 2.3 | 1,003 | 8 | 0.5 | (2,802) | 17,731 | 2.6 |
| Interest expense | 212 | | 228 | 2 | | 16 | 698 | |
| Other | 3,593 | | 775 | 6 | | (2,818) | 17,033 | |
| Income (loss) before income taxes | (4,822) | (2.9) | 437 | 4 | 0.3 | 5,259 | (35,375) | (5.1) |
| Provision for income taxes | 1,238 | 0.8 | 1,579 | 13 | 0.9 | 341 | 5,105 | 0.7 |
| Minority interest in income (loss) of consolidated subsidiaries | 33 | 0.0 | (99) | (1) | (0.1) | (132) | 552 | 0.1 |
| Equity in loss of affiliated companies | --- | --- | (283) | (3) | (0.1) | (283) | (468) | (0.1) |
| Net loss | (6,093) | (3.7) | (1,326) | (11) | (0.8) | 4,767 | (41,500) | (6.0) |

Notes

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

Condensed Consolidated Balance Sheets

| | March 31, 2007 | June 30, 2007 | | Increase (Decrease) | June 30, 2006 |
|---|----------------|---------------|-------------|------------------------|------------------|
| | Million Yen | Million Yen | Million USD | Million Yen | Million Yen |
| Current assets | 381,614 | 380,345 | 3,092 | (1,269) | 409,509 |
| Cash and cash equivalents | 185,372 | 177,349 | 1,442 | (8,023) | 204,792 |
| Notes and accounts receivable, trade | 99,543 | 104,167 | 847 | 4,624 | 106,519 |
| Inventories | 82,573 | 83,410 | 678 | 837 | 76,149 |
| Other current assets | 14,126 | 15,419 | 125 | 1,293 | 22,049 |
| Long-term assets | 314,272 | 309,606 | 2,517 | (4,666) | 333,093 |
| Investments | 7,154 | 8,026 | 65 | 872 | 9,825 |
| Property, plant and equipment | 292,823 | 287,929 | 2,341 | (4,894) | 309,530 |
| Other assets | 14,295 | 13,651 | 111 | (644) | 13,738 |
| Total assets | 695,886 | 689,951 | 5,609 | (5,935) | 742,602 |
| Current liabilities | 222,960 | 214,039 | 1,740 | (8,921) | 222,022 |
| Short-term borrowings and current portion of long-term debt | 20,603 | 19,005 | 154 | (1,598) | 13,982 |
| Notes and accounts payable, trade | 132,467 | 127,303 | 1,035 | (5,164) | 137,519 |
| Other current liabilities | 69,890 | 67,731 | 551 | (2,159) | 70,521 |
| Long-term liabilities | 203,023 | 202,514 | 1,646 | (509) | 217,243 |
| Long-term debt | 115,427 | 114,739 | 933 | (688) | 132,617 |
| Accrued pension and severance costs | 71,535 | 70,424 | 572 | (1,111) | 70,618 |
| Other liabilities | 16,061 | 17,351 | 141 | 1,290 | 14,008 |
| Minority shareholders' equity in consolidated subsidiaries | 4,835 | 4,744 | 39 | (91) | 4,140 |
| Shareholders' equity | 265,068 | 268,654 | 2,184 | 3,586 | 299,197 |
| Common Stock | 85,955 | 85,955 | 699 | --- | 85,955 |
| Additional paid-in capital | 281,039 | 281,048 | 2,285 | 9 | 281,014 |
| Accumulated deficit | (98,901) | (100,227) | (815) | (1,326) | (63,494) |
| Accumulated other comprehensive income (loss) | (3,017) | 1,887 | 15 | 4,904 | (4,271) |
| Treasury stock, at cost | (8) | (9) | --- | (1) | (7) |
| Total liabilities and shareholders' equity | 695,886 | 689,951 | 5,609 | (5,935) | 742,602 |
| Interest-bearing debt | 136,030 | 133,744 | 1,087 | (2,286) | 146,599 |
| Equity ratio | 38.1% | 38.9% | | 0.8% | 40.3 |
| Debt / equity ratio | 0.51 times | 0.50 times | | -0.01 times | 0.49 |
| Accumulated other comprehensive income (loss): | | | | | |
| Foreign currency translation adjustments | 10,502 | 14,039 | 114 | 3,537 | 7,050 |
| Minimum pension liability adjustment | --- | --- | --- | --- | (14,624) |
| Pension liability adjustment | (15,937) | (15,230) | (124) | 707 | --- |
| Unrealized gains (losses) on marketable securities | 2,418 | 3,078 | 25 | 660 | 3,299 |
| Unrealized gains (losses) on derivative financial instruments | --- | --- | --- | --- | 4 |

Condensed Consolidated Statements of Change in Shareholders' Equity

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

| Three Months Ended June 30, 2007 | Common stock | | Additional paid-in capital | | Accumulated deficit | | Accumulated other comprehensive income (loss) | | Treasury stock, at cost | | Total | |
|---|-----------------|----------------|-------------------------------|----------------|------------------------|----------------|--|----------------|-------------------------------|----------------|----------------|----------------|
| | Million Yen | Million USD | Million Yen | Million USD | Million Yen | Million USD | Million Yen | Million USD | Million Yen | Million USD | Million Yen | Million USD |
| Balance at March 31, 2007 | 85,955 | 699 | 281,039 | 2,285 | (98,901) | (804) | (3,017) | (25) | (8) | --- | 265,068 | 2,155 |
| Compensation expense for stock options | | | 9 | --- | | | | | | | 9 | --- |
| Comprehensive income (loss) | | | | | | | | | | | | |
| Net income (loss) | | | | | (1,326) | (11) | | | | | (1,326) | (11) |
| Other comprehensive income (loss) | | | | | | | | | | | | |
| Foreign currency translation adjustments | | | | | | | 3,537 | 29 | | | 3,537 | 29 |
| Pension liability adjustment, net of tax | | | | | | | 707 | 6 | | | 707 | 6 |
| Unrealized gains (losses) on marketable securities, net of tax | | | | | | | 660 | 5 | | | 660 | 5 |
| Comprehensive income (loss) | | | | | | | | | | | 3,578 | 29 |
| Purchase of treasury stock, at cost | | | | | | | | | (1) | --- | (1) | --- |
| Balance at June 30, 2007 | 85,955 | 699 | 281,048 | 2,285 | (100,227) | (815) | 1,887 | 15 | (9) | --- | 268,654 | 2,184 |

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

Condensed Consolidated Statements of Cash Flows

| | Three Months Ended June 30, 2006 | Three Months Ended June 30, 2007 | | Increase (Decrease) | Year Ended March 31, 2007 |
|--|--|-------------------------------------|-------------|------------------------|---------------------------------|
| | Million Yen | Million Yen | Million USD | Million Yen | Million Yen |
| I. Cash flows from operating activities | | | | | |
| Net loss | (6,093) | (1,326) | (11) | 4,767 | (41,500) |
| Adjustments to reconcile net loss to net cash provided by operating activities | | | | | |
| Depreciation and amortization | 18,947 | 17,692 | 144 | (1,255) | 82,960 |
| (Increase) decrease in notes and accounts receivable | 7,336 | (1,337) | (11) | (8,673) | 15,985 |
| (Increase) decrease in inventories | (3,764) | 73 | 1 | 3,837 | (9,333) |
| Increase (decrease) in notes and accounts payable | 1,934 | (6,859) | (56) | (8,793) | 16,171 |
| Other, net | (10,561) | (6,782) | (55) | 3,779 | 2,448 |
| Net cash provided by operating activities | 7,799 | 1,461 | 12 | (6,338) | 66,731 |
| II. Cash flows from investing activities | | | | | |
| Proceeds from sales of property, plant and equipment | 16,220 | 782 | 6 | (15,438) | 39,803 |
| Additions to property, plant and equipment | (28,523) | (14,406) | (117) | 14,117 | (121,126) |
| Proceeds from sales of marketable securities | --- | --- | --- | --- | 3,660 |
| Increase in loans receivable | 227 | 1 | --- | (226) | 511 |
| Other, net | (363) | 6,290 | 51 | 6,653 | (1,345) |
| Net cash used in investing activities | (12,439) | (7,333) | (60) | 5,106 | (78,497) |
| Free cash flows (I + II) | (4,640) | (5,872) | (48) | (1,232) | (11,766) |
| III. Cash flows from financing activities | | | | | |
| Net repayments of borrowings | (1,251) | (2,918) | (24) | (1,667) | (13,074) |
| Other, net | --- | (679) | (5) | (679) | (2,199) |
| Net cash used in financing activities | (1,251) | (3,597) | (29) | (2,346) | (15,273) |
| Effect of exchange rate changes on cash and cash equivalents | (133) | 1,446 | 12 | 1,579 | 1,595 |
| Net decrease in cash and cash equivalents | (6,024) | (8,023) | (65) | (1,999) | (25,444) |
| Effect of change in fiscal year-end of certain subsidiary | (244) | --- | --- | 244 | (244) |
| Cash and cash equivalents at beginning of period | 211,060 | 185,372 | 1,507 | (25,688) | 211,060 |
| Cash and cash equivalents at end of period | 204,792 | 177,349 | 1,442 | (27,443) | 185,372 |

Segment Information

Breakdown of Net Sales by Market Application

| | Three Months Ended June 30, 2006 | | Three Months Ended June 30, 2007 | | | Increase (Decrease) | | Year Ended March 31, 2007 | |
|--|-------------------------------------|--------------|-------------------------------------|--------------|--------------|---------------------|------------|------------------------------|--------------|
| | Million Yen | % Total | Million Yen | Million USD | % Total | Million Yen | % Change | Million Yen | % Total |
| Communications | 28,533 | 17.3 | 20,691 | 168 | 11.9 | (7,842) | (27.5) | 99,641 | 14.4 |
| Computing and peripherals | 30,255 | 18.3 | 29,534 | 240 | 17.0 | (721) | (2.4) | 123,714 | 17.9 |
| Consumer electronics | 23,434 | 14.2 | 33,048 | 269 | 19.0 | 9,614 | 41.0 | 120,757 | 17.4 |
| Automotive and industrial | 26,315 | 15.9 | 27,428 | 223 | 15.8 | 1,113 | 4.2 | 106,097 | 15.3 |
| Multi-market ICs | 20,876 | 12.6 | 22,579 | 183 | 13.0 | 1,703 | 8.2 | 88,961 | 12.9 |
| Discrete, optical, and microwave devices | 28,664 | 17.4 | 31,710 | 258 | 18.4 | 3,046 | 10.6 | 120,563 | 17.4 |
| Semiconductor total | 158,077 | 95.7 | 164,990 | 1,341 | 95.1 | 6,913 | 4.4 | 659,733 | 95.3 |
| Other | 7,161 | 4.3 | 8,583 | 70 | 4.9 | 1,422 | 19.9 | 32,547 | 4.7 |
| Total | 165,238 | 100.0 | 173,573 | 1,411 | 100.0 | 8,335 | 5.0 | 692,280 | 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, 2006 | | Three Months Ended June 30, 2007 | | | Increase (Decrease) | | Year Ended March 31, 2007 | |
|---------------------|-------------------------------------|--------------|-------------------------------------|--------------|--------------|---------------------|------------|------------------------------|--------------|
| | Million Yen | % Total | Million Yen | Million USD | % Total | Million Yen | % Change | Million Yen | % Total |
| SoC platform | 58,963 | 35.7 | 63,630 | 517 | 36.7 | 4,667 | 7.9 | 259,249 | 37.5 |
| MCU platform | 40,799 | 24.7 | 44,354 | 361 | 25.6 | 3,555 | 8.7 | 168,421 | 24.3 |
| Discrete and IC | 58,315 | 35.3 | 57,006 | 463 | 32.8 | (1,309) | (2.2) | 232,063 | 33.5 |
| Semiconductor total | 158,077 | 95.7 | 164,990 | 1,341 | 95.1 | 6,913 | 4.4 | 659,733 | 95.3 |
| Other | 7,161 | 4.3 | 8,583 | 70 | 4.9 | 1,422 | 19.9 | 32,547 | 4.7 |
| Total | 165,238 | 100.0 | 173,573 | 1,411 | 100.0 | 8,335 | 5.0 | 692,280 | 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

Segment Information

Breakdown of Net Sales by Region

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

Breakdown of Profit / Loss by Region

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

Capital Expenditures and R&D Expenses

| | Three Months Ended June 30, 2006 | Three Months Ended June 30, 2007 | | Increase (Decrease) | Year Ended March 31, 2007 |
|-------------------------------|-------------------------------------|-------------------------------------|-------------|------------------------|------------------------------|
| | Million Yen | Million Yen | Million USD | Million Yen | Million Yen |
| Capital expenditures | 40,190 | 12,268 | 100 | (27,922) | 105,865 |
| Depreciation and amortization | 18,947 | 17,692 | 144 | (1,255) | 82,960 |
| R&D expenses | 30,978 | 29,344 | 239 | (1,634) | 131,751 |

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

Forward-Looking Statements

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

About NEC Electronics

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

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