

**Media Contacts**

Hisashi Saito / Sophie Yamamoto  
 NEC Electronics Corporation  
 +81 44-435-1676  
 press@necel.com

**Investor Contacts**

Hiro Nakanishi / Nanako Hayashi  
 NEC Electronics Corporation  
 +81 44-435-1664  
 ir@necel.com

## NEC Electronics Reports Financial Results for the Second Quarter Ended September 30, 2008

**KAWASAKI, Japan, October 29, 2008** — NEC Electronics Corporation (TSE: 6723) today announced consolidated financial results for the three months and six months ended September 30, 2008.

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# Consolidated Financial Results for the Second Quarter Ended September 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

October 29, 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>  
 Representative : Toshio Nakajima, President and CEO  
 Contact person : Taizo Endo, Associate General Manager  
 Corporate Communications Department  
 Tel. +81 (0)44-435-1664  
 Filing date of Shihanki Hokokusho (scheduled) : November 10, 2008

(Amounts are rounded to the nearest million yen)

## 1. Consolidated results for the six months ended September 30, 2008

### 1.1 Consolidated financial results

(% of change from corresponding period of the previous year)

	Net Sales		Operating Income		Income (loss) Before Income Taxes		Net Loss	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
Six Months ended September 30, 2008	333,588	(5.0)	1,206	(34.9)	(7)	---	(1,907)	---
Six Months ended September 30, 2007	350,973	2.3	1,852	---	1,831	---	(3,032)	---

  

	Net Loss Per Share: Basic	Net Loss Per Share: Diluted
	Yen	Yen
Six Months ended September 30, 2008	(15.44)	(15.44)
Six Months ended September 30, 2007	(24.55)	(24.55)

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

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

### 1.2 Consolidated financial position

	Total Assets	Shareholders' Equity	Shareholders' Equity Ratio	Shareholders' Equity Per Share
	Million Yen	Million Yen	%	Yen
September 30, 2008	622,047	224,817	36.1	1,820.41
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	---	0.00	---	---	0.00
March 31, 2009 (forecast)	---	---	---	0.00	

Note: Change in forecasts of cash dividends since the most recently announced forecasts: None

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

(% of change from the previous year)

	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
Year ending March 31, 2009	660,000	(4.0)	1,000	(80.4)	(4,000)	---	(8,000)	---	(64.78)

Note: Change in forecast of consolidated results since the most recently announced forecasts: None

## 4. Other

### 4.1 Changes in significant subsidiaries in the six months ended September 30, 2008

(changes in specified subsidiaries resulting in changes in scope of consolidation): Yes

New ---

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

Note: Changes in specified subsidiaries have been noted. Please refer to section "4. Other" on page 15 for further information.

### 4.2 Adoption of simplified accounting methods for quarterly reporting: None

### 4.3 Changes in accounting principles, procedures, and presentations, etc.

(Changes indicated to "Basis of Presenting the Consolidated Financial Statements")

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

2. Other changes : No

Note: Please refer to section "4. Other" on page 15 for further information.

### 4.4 Number of shares issued and outstanding (common stock)

1. Number of shares issued and outstanding at the end of each period

As of Sept. 30, 2008: 123,500,000 As of Mar. 31, 2008: 123,500,000

2. Number of treasury shares at the end of each period

As of Sept. 30, 2008: 2,181 As of Mar. 31, 2008: 2,039

3. Average number of shares issued and outstanding in each period

As of Sept. 30, 2008: 123,497,900 As of Sept. 30, 2007: 123,498,306

**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.

**Reference: Consolidated results for the three months ended September 30, 2008**

(Amounts are rounded to the nearest million yen)

(% of change from corresponding period of the previous year)

	Net Sales		Operating Income (Loss)		Income (loss) Before Income Taxes		Net Loss	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
Three Months ended September 30, 2008	167,306	(5.7)	(495)	---	(286)	---	(590)	---
Three Months ended September 30, 2007	177,400	(0.2)	4,079	---	1,394	---	(1,706)	---

	Net Loss Per Share: Basic	Net Loss Per Share: Diluted
	Yen	Yen
Three Months ended September 30, 2008	(4.78)	(4.78)
Three Months ended September 30, 2007	(13.81)	(13.81)

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

Note 2: NEC Electronics' consolidated financial 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.

# 1. Financial Results

## 1.1 Summary of Consolidated Financial Results Six Months Ended September 30, 2008

	Six Months Ended September 30, 2007	Six Months Ended September 30, 2008		Increase (Decrease)	
	Billion Yen	Billion Yen	Million USD	Billion Yen	% Change
Net sales	351.0	333.6	3,147	(17.4)	(5.0)
Operating income	1.9	1.2	11	(0.6)	(34.9)
Income (loss) before income taxes	1.8	(0.0)	(0)	(1.8)	---
Net loss	(3.0)	(1.9)	(18)	1.1	---
	Yen	Yen			
Exchange rate (USD)	120	105		---	---
Exchange rate (Euro)	162	163		---	---

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

Consolidated net sales for the six months ended September 30, 2008 were 333.6 billion yen, down 17.4 billion yen, or 5.0% year on year. Sales of Automotive and Industrial products increased year on year, but sales in all other areas decreased.

Consolidated operating income was 1.2 billion yen, securing a profit despite a decline of 0.6 billion yen year on year. Although consolidated sales declined sharply year on year, the amount of depreciation decreased, and fixed costs were reduced as a result of improved management efficiency, leading to improved cost to sales ratio.

Consolidated loss before income taxes was 0.0 billion yen, 1.8 billion yen worse year on year. In the six months ended September 30, 2007, non-operating income totaled 4.3 billion due to the transfer of the company's photomask business; in the six months ended September 30, 2008, non-operating income totaled 2.1 billion yen.

Consolidated net loss was 1.9 billion yen, a 1.1 billion yen improvement year on year. The decline in consolidated income before income taxes reduced provision for income taxes.

For more information on the consolidated financial results for the three months ended June 30, 2008, please refer to the first quarter financial results announced on July 30, 2008.

## **1.2 Overview of the Three Months Ended September 30, 2008**

The global economic situation deteriorated during the three months ended September 30, 2008. As a financial crisis spread from the United States to the rest of the world, asset prices fell and employment rates adjusted, and a decline in consumer confidence led businesses to reduce inventories and curb capital expenditures, hastening a global economic downturn.

In the US economy, consumer spending and capital expenditures fell due to adjustments in the housing market and lingering turmoil in the financial markets. In Europe as well, consumer spending has been flat due to rising commodity prices. In Asia, reductions in exports and stagnant demand due to high prices have slowed growth.

The immediate impact of the financial crisis was not felt as strongly in Japan as in other countries because of its similar experience in the 1990's. Nevertheless, global increases in materials prices, falling stock and asset prices, as well as a downturn in the global economy overall led to a clear slowdown in the Japanese economy as well.

Amidst this global economic downturn, the semiconductor market in which NEC Electronics operates grew increasingly severe, as customers reduced inventories and orders. Sales of computers and automobiles in the European and North American markets declined, and sales of mobile phones and digital consumer electronics, which had been buoyed by demand in emerging economies, were gradually affected.

### 1.3 Summary of Consolidated Financial Results

#### Three Months Ended September 30, 2008

	Three Months Ended September 30, 2007	Three Months Ended September 30, 2008		Increase (Decrease)	
	Billion Yen	Billion Yen	Million USD	Billion Yen	% Change
Net sales	177.4	167.3	1,578	(10.1)	(5.7)
Operating income (loss)	4.1	(0.5)	(5)	(4.6)	---
Income (loss) before income taxes	1.4	(0.3)	(3)	(1.7)	---
Net loss	(1.7)	(0.6)	(6)	1.1	---
Exchange rate (USD)	Yen 120	Yen 108		---	---
Exchange rate (Euro)	164	166		---	---

Consolidated net sales for the three months ended September 30, 2008 were 167.3 billion yen, down 10.1 billion yen, or 5.7%, year on year. Sales of Automotive and Industrial products increased year on year, but sales in all other areas decreased.

Consolidated operating loss was 0.5 billion yen, 4.6 billion yen worse year on year due to lower net sales.

Consolidated loss before income taxes was 0.3 billion yen, 1.7 billion yen worse year on year. Although operating loss was 4.6 billion yen worse year on year, the amount of losses associated with the disposal of some fixed assets was smaller year on year.

Consolidated net loss was 0.6 billion yen, a 1.1 billion yen improvement year on year. The decline in consolidated income before income taxes reduced provision for income taxes.

## 1.4 Net Sales by Market Application

### Three Months Ended September 30, 2008

	Three Months Ended September 30, 2007	Three Months Ended September 30, 2008		Increase (Decrease)	
	Billion Yen	Billion Yen	Million USD	Billion Yen	% Change
Communications	17.1	16.3	154	(0.8)	(4.6)
Computing and peripherals	32.6	30.6	288	(2.0)	(6.1)
Consumer electronics	34.5	31.9	301	(2.6)	(7.6)
Automotive and industrial	27.7	28.8	272	1.0	3.8
Multi-market ICs	24.9	23.1	218	(1.7)	(6.9)
Discrete, optical, and microwave devices	32.4	28.6	269	(3.8)	(11.9)
Semiconductor total	169.1	159.2	1,502	(9.9)	(5.9)
Other	8.3	8.1	76	(0.2)	(2.2)
Total	177.4	167.3	1,578	(10.1)	(5.7)

#### Communications

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

**Net sales** 16.3 billion yen (Down 0.8 billion yen, 4.6% year on year)

Sales of baseband LSI chips and system memory for mobile handsets decreased year on year.

#### Computing and Peripherals

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

**Net sales** 30.6 billion yen (Down 2.0 billion yen, 6.1% year on year)

Sales of LSI chips for DVD drives, especially for Blu-ray applications saw a sharp increase year on year, but this increase was offset by slower sales of LCD driver ICs for LCD televisions and PC monitors, and semiconductors for printers.

#### Consumer Electronics

**Products** Semiconductors for consumer electronics and game consoles.

**Net sales** 31.9 billion yen (Down 2.6 billion yen, 7.6% year on year)



Although sales of the company's "EMMA" series for digital televisions, DVD, and set top box applications increased, semiconductors for digital cameras and home appliances declined year on year.

#### Automotive and Industrial

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

Net sales 28.8 billion yen (Up 1.0 billion yen, 3.8% year on year)

Sales of microcontrollers to Japanese and European automotive electronics makers increased year on year.

#### Multi-market ICs

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

Net sales 23.1 billion yen (Down 1.7 billion yen, 6.9% year on year)

Sales of general purpose microcontrollers, gate arrays, and multi-purpose SRAM decreased year on year as a result of a decline in demand due to a slower market.

#### 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 28.6 billion yen (Down 3.8 billion yen, 11.9% year on year)

Sales of discrete devices and compounds semiconductors decreased year on year as a result of a decline in demand due to a slower market.

#### Other

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

Net sales 8.1 billion yen (Down 0.2 billion yen, 2.2% year on year)

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

## 1.5 Net Sales by Region

### Three Months Ended September 30, 2008

	Three Months Ended September 30, 2007	Three Months Ended September 30, 2008		Increase (Decrease)	
	Billion Yen	Billion Yen	Million USD	Billion Yen	% Change
Japan	92.2	85.3	804	(6.9)	(7.5)
United States of America	15.2	11.7	111	(3.5)	(22.7)
Europe	26.1	24.7	233	(1.4)	(5.3)
Asia	43.9	45.6	430	1.7	3.9
Total	177.4	167.3	1,578	(10.1)	(5.7)

Note: With the exception of Japan and the United States of America, regions include subsidiaries in the following locations:

Europe: Germany, Great Britain and Ireland

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

#### Japan

Net sales 85.3 billion yen (Down 6.9 billion yen, 7.5% year on year)

Sales of baseband LSI chips for mobile phones and semiconductors for digital cameras decreased.

#### United States of America

Net sales 11.7 billion yen (Down 3.5 billion yen, 22.7% year on year)

Sales of multipurpose microcontrollers and system memory for mobile handsets decreased.

#### Europe

Net sales 24.7 billion yen (Down 1.4 billion yen, 5.3% year on year)

Although sales of automotive semiconductors increased, sales of general purpose microcontrollers decreased. The majority of sales in Europe for the three months ended September 30, 2007 and 2008 were from NEC Electronics' subsidiary in Germany.

#### Asia

Net sales 45.6 billion yen (Up 1.7 billion yen, 3.9% year on year)

Although sales of LCD driver ICs for LCD televisions and PC monitors decreased, sales of LSI chips for mobile phone cameras and DVD drives increased. Sales from NEC Electronics' subsidiaries in China for the three months ended September 30, 2007 and 2008 were 24.8 billion yen and 24.1 billion yen, respectively.

## 2. Financial Condition

### 2.1 Total Assets and Shareholders' Equity

	March 31, 2008	September 30, 2008		Increase (Decrease)
	Billion Yen	Billion Yen	Million USD	Billion Yen
Total assets	616.3	622.0	5,868	5.7
Shareholders' equity	227.1	224.8	2,121	(2.3)
Equity ratio	36.9%	36.1%		(0.8)%
Shareholders' equity per share	1,839 yen	1,820 yen	17.17 USD	(19) yen
Interest-bearing debt	116.6	117.1	1,105	0.5

Total assets at September 30, 2008 totaled 622.0 billion yen, a 5.7 billion yen increase from March 31, 2008, mainly due to an increase in inventories.

Compared to March 31, 2008, shareholders' equity was 2.3 billion yen lower at 224.8 billion yen, due to net loss in the amount of 1.9 billion yen for the period from April to September 2008.

The shareholders' equity ratio decreased by 0.8 points from March 31, 2008 as a result of a decrease in shareholders' equity.

Interest-bearing debt totaled 117.1 billion yen, increasing 0.5 billion yen from March 31, 2008 mainly due to lease obligations.

## 2.2 Cash Flows

### Three Months Ended September 30, 2008

	Three Months Ended September 30, 2007	Three Months Ended September 30, 2008		Increase (Decrease)
	Billion Yen	Billion Yen	Million USD	Billion Yen
Net cash provided by operating activities	27.7	14.6	138	(13.0)
Net cash used in investing activities	(11.5)	(12.5)	(118)	(1.0)
Free cash flows	16.2	2.1	20	(14.0)
Net cash used in financing activities	(1.3)	(0.8)	(7)	0.5
Effect of exchange rate changes on cash and cash equivalents	(0.9)	(2.3)	(22)	(1.5)
Net increase (decrease) in cash and cash equivalents	14.0	(1.0)	(9)	(15.0)
Cash and cash equivalents at beginning of period	177.3	159.0	1,500	(18.4)
Cash and cash equivalents at end of period	191.4	158.0	1,491	(33.3)

Despite recording a net loss and an increase in inventories, depreciation and amortization in the amount of 17.0 billion yen led to net cash provided by operating activities in the amount of 14.6 billion yen for the quarter ended September 30, 2008.

Payments for property, plant, and equipment in the amount of 11.7 billion yen brought the total net cash used in investing activities to 12.5 billion yen.

The foregoing resulted in positive free cash flows of 2.1 billion yen.

Financing activities used net cash in the amount of 0.8 billion yen for the repayment of debt.

As a result of the above, combined with the negative impact of currency exchange fluctuations in the amount of 2.3 billion yen, the net decrease in cash and cash equivalents was 1.0 billion yen, resulting in cash and cash equivalents at September 30, 2008 totaling 158.0 billion yen.

For more information on cash flows for the three months ended June 30, 2008, please refer to the first quarter financial results announced on July 30, 2008.

### 3. Consolidated Forecasts

During the six months ended September 30, 2008, the subprime mortgage issue generated a financial crisis that spread from the United States to the rest of the world, asset prices fell, employment rates adjusted, and a decline in consumer confidence led businesses to reduce inventories and curb capital expenditures, hastening a global economic downturn.

From the end of September, as financial institutions failed one by one in North America and Europe, there was a crisis in confidence in the broader financial system. As evidenced by the drop in stock prices around the world, and the stronger yen caused by the influx of foreign funds toward a safe haven currency, the global economy became increasingly unstable.

Amidst this global economic downturn, the semiconductor market in which NEC Electronics operates grew increasingly severe as customers reduced inventories and orders. Sales of computers and automobiles in the European and North American markets declined, and sales of mobile phones and digital consumer electronics, which had been buoyed by demand in emerging economies, were gradually affected by the downturn. The second half of the fiscal year (October 2008 to March 2009) is likely to become increasingly severe.

In this environment, NEC Electronics announced the following revisions to its full-year forecasts on October 21, 2008: consolidated net sales are expected to be 660.0 billion yen, 25.0 billion yen less than the initial forecast; semiconductor sales are expected to be 630.0 billion yen, 20.0 billion yen less than the original forecast; consolidated operating income is expected to be 1.0 billion yen, 9.0 billion yen less than the initial forecast; consolidated loss before income taxes is expected to be 4.0 billion yen, 8.0 billion yen less than the initial forecast; and consolidated net loss is expected to be 8.0 billion yen, 8.0 billion yen less than the initial forecast.

The main factor leading to the forecast revisions was the expectation that semiconductor sales would fall far below initial estimates as market conditions deteriorate with the global economic downturn. Sales of automotive semiconductors and general purpose products such as microcontrollers and discrete devices, are expected to be particularly hard hit.

Although NEC Electronics still expects to post an operating profit, the large decline in net sales will significantly reduce profits, and the net income which the company originally forecast has been revised to an 8.0 billion yen net loss.

Although the abrupt decline of the business environment has made it difficult to achieve a net income for the year, the company is dedicated to improving its financial results through the continuous reduction of fixed costs and improvements in management efficiency, as well as by accelerating the reorganization of manufacturing lines, and strengthening its focus on competitive products.

	Net Sales	Sales from semiconductors	Operating Income (Loss)	Income (Loss) Before Income Taxes	Net Income (Loss)
	Million Yen	Million Yen	Million Yen	Million Yen	Million Yen
Initial forecasts (May 14, 2008)	685,000	650,000	10,000	4,000	0
Forecasts as of October 21, 2008	660,000	630,000	1,000	(4,000)	(8,000)
Increase (decrease)	(25,000)	(20,000)	(9,000)	(8,000)	(8,000)
Percent change	(3.6)%	(3.1)%	(90.0)%		

The consolidated financial forecasts for the fiscal year are calculated at the rate of 105 yen per USD (revised from the rate of 100 yen per USD in the initial forecast), and 145 yen per Euro (revised from the rate of 160 yen per Euro in the initial forecast).

## 4. Other

- 4.1 Changes in significant subsidiaries in the six months ended September 30, 2008  
(changes in specified subsidiaries resulting in changes in scope of consolidation)  
(2 companies excluded)

### 4.1.1 NEC Fukui, Ltd.

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

### 4.1.2 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 its company name to NEC Semiconductors Kyushu Yamaguchi, Ltd. on the same date.)

- 4.2 Adoption of simplified accounting methods for quarterly reporting  
None.

- 4.3 Changes in accounting principles, 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.

## 5. Consolidated Financial Statements (Six Months)

### 5.1 Consolidated Balance Sheets

As of September 30, 2008

	March 31, 2008	September 30, 2008		Increase (decrease)	September 30, 2007
	Million Yen	Million Yen	Million USD	Million Yen	Million Yen
Current assets	344,115	344,882	3,253	767	386,179
Cash and cash equivalents	165,472	158,029	1,491	(7,443)	191,367
Notes and accounts receivable, trade	96,352	95,303	899	(1,049)	100,312
Inventories	75,839	82,035	774	6,196	80,167
Other current assets	6,452	9,515	89	3,063	14,333
Long-term assets	272,189	277,165	2,615	4,976	301,729
Investments	4,565	3,943	37	(622)	6,899
Property, plant and equipment	259,151	257,002	2,425	(2,149)	282,456
Other assets	8,473	16,220	153	7,747	12,374
<b>Total assets</b>	<b>616,304</b>	<b>622,047</b>	<b>5,868</b>	<b>5,743</b>	<b>687,908</b>
Current liabilities	179,715	182,207	1,719	2,492	219,047
Short-term borrowings and current portion of long-term debt	2,394	1,818	17	(576)	18,404
Notes and accounts payable, trade	108,136	111,946	1,056	3,810	130,827
Other current liabilities	69,185	68,443	646	(742)	69,816
Long-term liabilities	204,275	209,779	1,979	5,504	202,513
Long-term debt	114,207	115,278	1,088	1,071	114,465
Accrued pension and severance costs	74,460	73,784	696	(676)	70,064
Other	15,608	20,717	195	5,109	17,984
Minority shareholders' equity in consolidated subsidiaries	5,176	5,244	49	68	5,288
Shareholders' equity	227,138	224,817	2,121	(2,321)	261,060
Common stock	85,955	85,955	811	---	85,955
Additional paid-in capital	281,073	281,081	2,652	8	281,056
Accumulated deficit	(114,896)	(116,803)	(1,102)	(1,907)	(101,933)
Accumulated other comprehensive income (loss)	(24,984)	(25,406)	(240)	(422)	(4,009)
Treasury stock, at cost	(10)	(10)	(0)	---	(9)
<b>Total liabilities and shareholders' equity</b>	<b>616,304</b>	<b>622,047</b>	<b>5,868</b>	<b>5,743</b>	<b>687,908</b>
Interest-bearing debt	116,601	117,096	1,105	495	132,869
Equity ratio	36.9%	36.1%		(0.8)%	37.9%
Debt / equity ratio	0.51 times	0.52 times		0.01 times	0.51 times
Accumulated other comprehensive income (loss):					
Foreign currency translation adjustments	1,913	1,449	13	(464)	9,582
Pension liability adjustment	(27,737)	(27,157)	(256)	580	(16,057)
Unrealized gains (losses) on marketable securities	840	302	3	(538)	2,466

Note: Certain amounts in the consolidated balance sheet as of March 31, 2008 have been reclassified to conform to the presentation in the consolidated balance sheet as of September 30, 2008.



## 5.2 Consolidated Statements of Operations

### Six Months Ended September 30, 2008

	Six Months Ended September 30, 2007		Six Months Ended September 30, 2008			Increase (Decrease)	Year Ended March 31, 2008	
	Million Yen	% of Net Sales	Million Yen	Million USD	% of Net Sales		Million Yen	% of Net Sales
Net sales	350,973	100.0	333,588	3,147	100.0	(17,385)	687,745	100.0
Cost of sales	248,751	70.9	233,979	2,207	70.1	(14,772)	485,683	70.6
Research and development	57,685	16.4	56,720	535	17.0	(965)	112,300	16.3
Selling, general, and administrative expenses	42,685	12.2	41,683	394	12.5	(1,002)	84,668	12.4
Operating income	1,852	0.5	1,206	11	0.4	(646)	5,094	0.7
Non-operating income	4,288	1.2	2,126	20	0.6	(2,162)	6,053	0.9
Interest and dividends income	1,046		1,023	10		(23)	2,152	
Other	3,242		1,103	10		(2,139)	3,901	
Non-operating expense	4,309	1.2	3,339	31	1.0	(970)	14,399	2.1
Interest expense	472		228	2		(244)	741	
Other	3,837		3,111	29		(726)	13,658	
Income (loss) before income taxes	1,831	0.5	(7)	(0)	(0.0)	(1,838)	(3,252)	(0.5)
Provision for income taxes	4,343	1.2	1,920	18	0.6	(2,423)	12,285	1.8
Minority interest in income (loss) of consolidated subsidiaries	186	0.1	125	1	0.0	(61)	251	0.0
Equity in earnings of affiliated companies	(334)	(0.1)	145	1	0.0	479	(207)	(0.0)
Net Loss	(3,032)	(0.9)	(1,907)	(18)	(0.6)	1,125	(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 shown above represent net sales minus the cost of sales, research and development expenses, and selling, general and administrative expenses.

## 5.3 Consolidated Statements of Change in Shareholders' Equity

### Six Months Ended September 30, 2008

Six Months Ended September 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 period	85,955	281,039	(98,901)	(3,017)	(8)	265,068
Compensation expense for stock options		17				17
Comprehensive income (loss)						
Net loss			(3,032)			(3,032)
Other comprehensive income (loss), net of tax						
Foreign currency translation adjustments				(920)		(920)
Pension liability adjustment				(120)		(120)
Unrealized gains (losses) on marketable securities				48		48
Comprehensive income (loss)						(4,024)
Purchase of treasury stock, at cost					(1)	(1)
Balance at end of period	85,955	281,056	(101,933)	(4,009)	(9)	261,060

Six Months Ended September 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 period	85,955	811	281,073	2,652	(114,896)	(1,084)	(24,984)	(236)	(10)	(0)	227,138	2,143
Compensation expense for stock options			8	0							8	0
Comprehensive income (loss)												
Net loss					(1,907)	(18)					(1,907)	(18)
Other comprehensive income (loss), net of tax												
Foreign currency translation adjustments							(464)	(4)			(464)	(4)
Pension liability adjustment							580	5			580	5
Unrealized gains (losses) on marketable securities							(538)	(5)			(538)	(5)
Comprehensive income (loss)											(2,329)	(22)
Balance at end of period	85,955	811	281,081	2,652	(116,803)	(1,102)	(25,406)	(240)	(10)	(0)	224,817	2,121

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 year	85,955	281,073	(114,896)	(24,984)	(10)	227,138

## 5.4 Consolidated Statements of Cash Flows

### Six Months Ended September 30, 2008

	Six Months Ended September 30, 2007	Six Months Ended September 30, 2008		Increase (decrease)	Year Ended March 31, 2008
	Million Yen	Million Yen	Million USD	Million Yen	Million Yen
<b>I. Cash flows from operating activities</b>					
Net loss	(3,032)	(1,907)	(18)	1,125	(15,995)
Adjustments to reconcile net loss to net cash provided by operating activities					
Depreciation and amortization	36,678	32,993	311	(3,685)	75,067
(Increase) decrease in notes and accounts receivable	(1,082)	866	8	1,948	(3,710)
Increase in inventories	(1,856)	(6,392)	(60)	(4,536)	856
Decrease in notes and accounts payable	(1,688)	(1,448)	(14)	240	(17,309)
Other, net	108	(5,278)	(49)	(5,386)	4,353
Net cash provided by operating activities	29,128	18,834	178	(10,294)	43,262
<b>II. Cash flows from investing activities</b>					
Proceeds from sales of property, plant and equipment	5,756	395	4	(5,361)	20,653
Additions to property, plant and equipment	(29,409)	(22,167)	(209)	7,242	(62,188)
Increase in loans receivable	---	---	---	---	(2)
Other, net	4,818	(1,596)	(15)	(6,414)	3,768
Net cash used in investing activities	(18,835)	(23,368)	(220)	(4,533)	(37,769)
Free cash flows ( I + II )	10,293	(4,534)	(42)	(14,827)	5,493
<b>III. Cash flows from financing activities</b>					
Net repayments of borrowings	(3,596)	(1,116)	(11)	2,480	(20,456)
Other, net	(1,272)	(1,211)	(11)	61	(2,529)
Net cash used in financing activities	(4,868)	(2,327)	(22)	2,541	(22,985)
Effect of exchange rate changes on cash and cash equivalents	570	(582)	(6)	(1,152)	(2,408)
Net increase (decrease) in cash and cash equivalents	5,995	(7,443)	(70)	(13,438)	(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	191,367	158,029	1,491	(33,338)	165,472

## 5.5 Segment Information

Six Months Ended September 30, 2008

### 5.5.1 Net Sales by Market Application

	Six Months Ended September 30, 2007		Six Months Ended September 30, 2008			Increase (decrease)		Year Ended March 31, 2008	
	Million Yen	% of Total	Million Yen	Million USD	% of Total	Million Yen	% Change	Million Yen	% of Total
Communications	37,749	10.8	32,656	308	9.8	(5,093)	(13.5)	70,350	10.2
Computing and peripherals	62,092	17.7	60,551	571	18.2	(1,541)	(2.5)	119,352	17.4
Consumer electronics	67,550	19.2	64,027	604	19.2	(3,523)	(5.2)	134,546	19.6
Automotive and industrial	55,148	15.7	58,568	552	17.5	3,420	6.2	113,320	16.5
Multi-market ICs	47,443	13.5	44,176	417	13.2	(3,267)	(6.9)	89,643	13.0
Discrete, optical, and microwave devices	64,108	18.3	58,383	551	17.5	(5,725)	(8.9)	126,064	18.3
Semiconductor total	334,090	95.2	318,361	3,003	95.4	(15,729)	(4.7)	653,275	95.0
Other	16,883	4.8	15,227	144	4.6	(1,656)	(9.8)	34,470	5.0
Total	350,973	100.0	333,588	3,147	100.0	(17,385)	(5.0)	687,745	100.0

### Reference: Net Sales by Platform

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

	Six Months Ended September 30, 2007		Six Months Ended September 30, 2008			Increase (decrease)		Year Ended March 31, 2008	
	Million Yen	% of Total	Million Yen	Million USD	% of Total	Million Yen	% Change	Million Yen	% of Total
SoC platform	128,485	36.6	127,806	1,206	38.3	(679)	(0.5)	251,295	36.5
MCU platform	90,481	25.8	89,691	846	26.9	(790)	(0.9)	180,113	26.2
Discrete and IC	115,124	32.8	100,864	951	30.2	(14,260)	(12.4)	221,867	32.3
Semiconductor total	334,090	95.2	318,361	3,003	95.4	(15,729)	(4.7)	653,275	95.0
Other	16,883	4.8	15,227	144	4.6	(1,656)	(9.8)	34,470	5.0
Total	350,973	100.0	333,588	3,147	100.0	(17,385)	(5.0)	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

Components: display drivers, analog ICs, discrete, optical and microwave devices

### 5.5.2 Net Sales by Region

	Six Months Ended September 30, 2007		Six Months Ended September 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	185,403	52.8	174,355	1,645	52.3	(6.0)	370,238	53.8
United States of America	30,384	8.7	24,000	226	7.2	(21.0)	58,256	8.5
Europe	48,780	13.9	47,103	444	14.1	(3.4)	95,936	14.0
Asia	86,406	24.6	88,130	832	26.4	2.0	163,315	23.7
Total	350,973	100.0	333,588	3,147	100.0	(5.0)	687,745	100.0

### 5.5.3 Profit / Loss by Region

	Six Months Ended September 30, 2007		Six Months Ended September 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	(4,294)	---	(4,523)	(43)	---	(229)	(9,386)	---
United States of America	(113)	---	(637)	(6)	---	(524)	755	---
Europe	295	---	1,234	12	---	939	2,023	---
Asia	5,964	---	5,132	48	---	(832)	11,702	---
Total	1,852	---	1,206	11	---	(646)	5,094	---

## 6. Consolidated Financial Statements (Three Months)

### 6.1 Consolidated Statements of Operations

Three Months Ended September 30, 2008

	Three Months Ended September 30, 2007		Three Months Ended September 30, 2008			Increase (Decrease)
	Million Yen	% of Net Sales	Million Yen	Million USD	% of Net Sales	Million Yen
Net sales	177,400	100.0	167,306	1,578	100.0	(10,094)
Cost of sales	122,824	69.2	115,993	1,094	69.3	(6,831)
Research and development	28,341	16.0	30,275	286	18.1	1,934
Selling, general, and administrative expenses	22,156	12.5	21,533	203	12.9	(623)
Operating income (loss)	4,079	2.3	(495)	(5)	(0.3)	(4,574)
Non-operating income	969	0.6	1,615	15	1.0	646
Interest and dividends income	551		510	5		(41)
Other	418		1,105	10		687
Non-operating expense	3,654	2.1	1,406	13	0.9	(2,248)
Interest expense	244		112	1		(132)
Other	3,410		1,294	12		(2,116)
Income (loss) before income taxes	1,394	0.8	(286)	(3)	(0.2)	(1,680)
Provision for income taxes	2,764	1.6	357	3	0.2	(2,407)
Minority interest in income (loss) of consolidated subsidiaries	285	0.2	66	1	0.0	(219)
Equity in earnings of affiliated companies	(51)	(0.0)	119	1	0.0	170
Net Loss	(1,706)	(1.0)	(590)	(6)	(0.4)	1,116

#### 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.

**6.2 Consolidated Statements of Change in Shareholders' Equity**  
**Three Months Ended September 30, 2008**

Three Months Ended September 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 period	85,955	281,048	(100,227)	1,887	(9)	268,654
Compensation expense for stock options		8				8
Comprehensive income (loss)						
Net loss			(1,706)			(1,706)
Other comprehensive income (loss), net of tax						
Foreign currency translation adjustments				(4,457)		(4,457)
Pension liability adjustment				(827)		(827)
Unrealized gains (losses) on marketable securities				(612)		(612)
Comprehensive income (loss)						(7,602)
Balance at end of period	85,955	281,056	(101,933)	(4,009)	(9)	261,060

Three Months Ended September 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 period	85,955	811	281,081	2,652	(116,213)	(1,096)	(20,676)	(195)	(10)	(0)	230,137	2,172
Comprehensive income (loss)												
Net loss					(590)	(6)					(590)	(6)
Other comprehensive income (loss), net of tax												
Foreign currency translation adjustments							(4,223)	(40)			(4,223)	(40)
Pension liability adjustment							288	3			288	3
Unrealized gains (losses) on marketable securities							(795)	(8)			(795)	(8)
Comprehensive income (loss)											(5,320)	(51)
Balance at end of period	85,955	811	281,081	2,652	(116,803)	(1,102)	(25,406)	(240)	(10)	(0)	224,817	2,121

### 6.3 Consolidated Statements of Cash Flows

#### Three Months Ended September 30, 2008

	Three Months Ended	Three Months Ended		Increase
	September 30, 2007	September 30, 2008		(decrease)
	Million Yen	Million Yen	Million USD	Million Yen
<b>I. Cash flows from operating activities</b>				
Net loss	(1,706)	(590)	(6)	1,116
Adjustments to reconcile net loss to net cash provided by operating activities				
Depreciation and amortization	18,986	17,046	161	(1,940)
Decrease in notes and accounts receivable	255	277	3	22
Increase in inventories	(1,929)	(3,863)	(36)	(1,934)
Increase in notes and accounts payable	5,171	1,217	11	(3,954)
Other, net	6,890	556	5	(6,334)
Net cash provided by operating activities	27,667	14,643	138	(13,024)
<b>II. Cash flows from investing activities</b>				
Proceeds from sales of property, plant and equipment	4,974	206	2	(4,768)
Additions to property, plant and equipment	(15,003)	(11,670)	(110)	3,333
Increase in loans receivable	(1)	---	---	1
Other, net	(1,472)	(1,036)	(10)	436
Net cash used in investing activities	(11,502)	(12,500)	(118)	(998)
Free cash flows ( I + II )	16,165	2,143	20	(14,022)
<b>III. Cash flows from financing activities</b>				
Net repayments of borrowings	(678)	(222)	(2)	456
Other, net	(593)	(563)	(5)	30
Net cash used in financing activities	(1,271)	(785)	(7)	486
Effect of exchange rate changes on cash and cash equivalents	(876)	(2,327)	(22)	(1,451)
Net increase (decrease) in cash and cash equivalents	14,018	(969)	(9)	(14,987)
Cash and cash equivalents at beginning of period	177,349	158,998	1,500	(18,351)
Cash and cash equivalents at end of period	191,367	158,029	1,491	(33,338)



## 6.4 Segment Information

### Three Months Ended September 30, 2008

#### 6.4.1 Net Sales by Market Application

	Three Months Ended September 30, 2007		Three Months Ended September 30, 2008			Increase (decrease)	
	Million Yen	% of Total	Million Yen	Million USD	% of Total	Million Yen	% Change
Communications	17,058	9.6	16,277	154	9.7	(781)	(4.6)
Computing and peripherals	32,558	18.4	30,565	288	18.3	(1,993)	(6.1)
Consumer electronics	34,502	19.4	31,892	301	19.0	(2,610)	(7.6)
Automotive and industrial	27,720	15.6	28,764	272	17.2	1,044	3.8
Multi-market ICs	24,864	14.0	23,139	218	13.8	(1,725)	(6.9)
Discrete, optical, and microwave devices	32,398	18.3	28,552	269	17.1	(3,846)	(11.9)
Semiconductor total	169,100	95.3	159,189	1,502	95.1	(9,911)	(5.9)
Other	8,300	4.7	8,117	76	4.9	(183)	(2.2)
Total	177,400	100.0	167,306	1,578	100.0	(10,094)	(5.7)

#### Reference: Net Sales by Platform

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

	Three Months Ended September 30, 2007		Three Months Ended September 30, 2008			Increase (decrease)	
	Million Yen	% of Total	Million Yen	Million USD	% of Total	Million Yen	% Change
SoC platform	64,855	36.5	64,528	609	38.6	(327)	(0.5)
MCU platform	46,127	26.0	45,080	425	26.9	(1,047)	(2.3)
Discrete and IC	58,118	32.8	49,581	468	29.6	(8,537)	(14.7)
Semiconductor total	169,100	95.3	159,189	1,502	95.1	(9,911)	(5.9)
Other	8,300	4.7	8,117	76	4.9	(183)	(2.2)
Total	177,400	100.0	167,306	1,578	100.0	(10,094)	(5.7)

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

Microcomputer (MCU) Platform: microcontrollers, car audio controllers

Components: display drivers, analog ICs, discrete, optical and microwave devices

#### 6.4.2 Net Sales by Region

	Three Months Ended September 30, 2007		Three Months Ended September 30, 2008			Increase (decrease)
	Million Yen	% of Total	Million Yen	Million USD	% of Total	% Change
Japan	92,210	52.0	85,270	804	51.0	(7.5)
United States of America	15,196	8.6	11,741	111	7.0	(22.7)
Europe	26,098	14.7	24,708	233	14.8	(5.3)
Asia	43,896	24.7	45,587	430	27.2	3.9
Total	177,400	100.0	167,306	1,578	100.0	(5.7)

### 6.4.3 Profit / Loss by Region

	Three Months Ended September 30, 2007		Three Months Ended September 30, 2008			Increase (decrease)
	Million Yen	% of Total	Million Yen	Million USD	% of Total	Million Yen
Japan	172	4.2	(3,128)	(30)	---	(3,300)
United States of America	122	3.0	(632)	(6)	---	(754)
Europe	97	2.4	901	9	---	804
Asia	3,688	90.4	2,364	22	---	(1,324)
Total	4,079	100.0	(495)	(5)	---	(4,574)

### 7. Notes on Assumption for Going Concern

None.

## Reference: Summary of Consolidated Financial Results

Six months ended September 30, 2008

	Six Months Ended September 30, 2007		Six Months Ended September 30, 2008			Increase (Decrease)	
	Billion Yen	% of Net Sales	Billion Yen	Million USD	% of Net Sales	Billion Yen	% Change
Net sales	351.0	100.0	333.6	3,147	100.0	(17.4)	(5.0)
Sales from semiconductors	334.1		318.4	3,003		(15.7)	(4.7)
Operating income	1.9	0.5	1.2	11	0.4	(0.6)	(34.9)
Income (loss) before income taxes	1.8	0.5	(0.0)	(0)	(0.0)	(1.8)	---
Net loss	(3.0)	(0.9)	(1.9)	(18)	(0.6)	1.1	---
Net loss per share of common stock:	Yen		Yen	USD		Yen	% Change
Basic	(24.55)		(15.44)	(0.15)		9.11	---
Diluted	(24.55)		(15.44)	(0.15)		9.11	---
Capital expenditures	Billion Yen 27.2		Billion Yen 28.0	Million USD 264		Billion Yen 0.8	% Change 2.9
Depreciation and amortization	36.7		33.0	311		(3.7)	(10.0)
R&D expenses	57.7		56.7	535		(1.0)	(1.7)
Exchange rate (USD)	Yen 120		Yen 105				
Exchange rate (Euro)	162		163				

### Three months ended September 30, 2008

	Three Months Ended September 30, 2007		Three Months Ended September 30, 2008			Increase (Decrease)	
	Billion Yen	% of Net Sales	Billion Yen	Million USD	% of Net Sales	Billion Yen	% Change
Net sales	177.4	100.0	167.3	1,578	100.0	(10.1)	(5.7)
Sales from semiconductors	169.1		159.2	1,502		(9.9)	(5.9)
Operating income (loss)	4.1	2.3	(0.5)	(5)	(0.3)	(4.6)	---
Income (loss) before income taxes	1.4	0.8	(0.3)	(3)	(0.2)	(1.7)	---
Net loss	(1.7)	(1.0)	(0.6)	(6)	(0.4)	1.1	---
Net loss per share of common stock:	Yen		Yen	USD		Yen	% Change
Basic	(13.81)		(4.78)	(0.05)		9.03	---
Diluted	(13.81)		(4.78)	(0.05)		9.03	---

	Billion Yen	Billion Yen	Million USD	Billion Yen	% Change
Capital expenditures	15.0	18.7	177	3.8	25.3
Depreciation and amortization	19.0	17.0	161	(1.9)	(10.2)
R&D expenses	28.3	30.3	286	1.9	6.8
Exchange rate (USD)	Yen 120	Yen 108			
Exchange rate (Euro)	164	166			

	March 31, 2008	September 30, 2008		Increase (Decrease)		September 30, 2007
	Billion Yen	Billion Yen	Million USD	Billion Yen	% Change	Billion Yen
Total assets	616.3	622.0	5,868	5.7	0.9	687.9
Shareholders' equity	227.1	224.8	2,121	(2.3)	(1.0)	261.1
Number of employees	Persons 23,110	Persons 23,249		Persons 139	% Change 0.6	Persons 24,160

#### 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 in accordance with 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 handsets, PC peripherals, 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)). For additional information about NEC Electronics worldwide, visit [www.necel.com](http://www.necel.com).

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