

**Media Contacts**

Kyoko Okamoto  
 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 Third Quarter Ended December 31, 2008

**KAWASAKI, Japan, January 29, 2009** — NEC Electronics Corporation (TSE: 6723) today announced consolidated financial results for the three months and nine months ended December 31, 2008.

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# Consolidated Financial Results for the Third Quarter Ended December 31, 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

January 29, 2009

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) : February 9, 2009

(Amounts are rounded to the nearest million yen)

## 1. Consolidated results for the nine months ended December 31, 2008

### 1.1 Consolidated financial results

(% 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	%
Nine Months ended December 31, 2008	460,924	(11.7)	(15,037)	---	(20,118)	---	(21,806)	---
Nine Months ended December 31, 2007	521,751	0.2	4,854	---	3,475	---	(3,968)	---

	Net Loss Per Share: Basic	Net Loss Per Share: Diluted
	Yen	Yen
Nine Months ended December 31, 2008	(176.57)	(176.57)
Nine Months ended December 31, 2007	(32.13)	(32.13)

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.

### 1.2 Consolidated financial position

	Total Assets	Shareholders' Equity	Shareholders' Equity Ratio	Shareholders' Equity Per Share
	Million Yen	Million Yen	%	Yen
December 31, 2008	579,389	196,918	34.0	1,594.51
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
Year ending March 31, 2009	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Yen
	555,000	(19.3)	(55,000)	---	(62,000)	---	(65,000)	---	(526.32)

Note: Change in forecast of consolidated results since the most recently announced forecasts: Yes  
Please refer to section "3. Consolidated Forecasts" on page 13 for further information.

## 4. Other

### 4.1 Changes in significant subsidiaries in the nine months ended December 31, 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 Dec. 31, 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 Dec. 31, 2008: 2,306 As of Mar. 31, 2008: 2,039

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

As of Dec. 31, 2008: 123,497,846 As of Dec. 31, 2007: 123,498,231

**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 December 31, 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 December 31, 2008	127,336	(25.4)	(16,243)	---	(20,111)	---	(19,899)	---
Three Months ended December 31, 2007	170,778	(4.0)	3,002	---	1,644	---	(936)	---

	Net Loss Per Share: Basic	Net Loss Per Share: Diluted
	Yen	Yen
Three Months ended December 31, 2008	(161.13)	(161.13)
Three Months ended December 31, 2007	(7.58)	(7.58)

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 Nine Months Ended December 31, 2008

	Nine Months Ended December 31, 2007	Nine Months Ended December 31, 2008		Increase (Decrease)	
	Billion Yen	Billion Yen	Million USD	Billion Yen	% Change
Net sales	521.8	460.9	5,065	(60.8)	(11.7)
Sales from semiconductors	497.8	441.0	4,846	(56.8)	(11.4)
Operating income (loss)	4.9	(15.0)	(165)	(19.9)	---
Income (loss) before income taxes	3.5	(20.1)	(221)	(23.6)	---
Net loss	(4.0)	(21.8)	(240)	(17.8)	---
	Yen	Yen			
Exchange rate (USD)	118	104		---	---
Exchange rate (Euro)	162	154		---	---

Note: U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥91=U.S. \$1.

Consolidated net sales for the nine months ended December 31, 2008 were 460.9 billion yen, down 60.8 billion yen, or 11.7 percent year on year.

Sales of products in all areas decreased. Especially computing and peripherals, discrete, optical, and microwave devices decreased by approximate of more than 15 percent year on year.

In addition, due to rapid exchange fluctuations, the yen became stronger compared to the corresponding period of the previous fiscal year, which contributed to the decrease in net sales.

Consolidated operating loss was 15.0 billion yen, 19.9 billion yen worse year on year. This drop was due to the severe decline in consolidated sales year on year.

Consolidated loss before income taxes was 20.1 billion yen, 23.6 billion yen worse year on year. This drop was due to an increase in consolidated operating loss; a decrease of 1.9 billion yen in non-operating income compared to the same period last year, in which the photomask business was transferred; and an increase of 1.8 billion yen in non-operating expenses due to the closing of a prototype line in Japan.

Consolidated net loss was 21.8 billion yen, 17.8 billion yen worse year on year.

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. For more information on the consolidated financial results for the three months ended September 30, 2008, please refer to the second quarter financial results announced on October 29, 2008.

## **1.2 Overview of the Three Months Ended December 31, 2008**

During the three months ended December 31, 2008, the financial crisis exerted severe impact on the real economy, triggering a worldwide recession.

In the United States, the economy grew steadily worse as the housing market faltered, the credit crunch and employment adjustments continued, and even the Christmas selling season failed to achieve a satisfactory result. In the European economy as well, consumer spending was flat and the economy slowed significantly due to repercussions from the financial crisis in the United States. In Asia, reductions in exports especially for electronics and related products led to an economic slowdown.

As for Japan, the immediate impact of the financial crisis did not seem to be felt as strongly as in other countries because of its experience with a similar situation in the 1990's. Nevertheless, plant operation and capital expenditure rapidly fell due to the weak profit of exported goods caused by a decrease in the volume of exports and a sharp hike in the yen. Additionally, consumer spending decreased due to deteriorating employment conditions and an economic downturn. These factors overall led to an extremely severe deterioration in the Japanese economy as well.

Amidst this global economic downturn, the electronics industry and automotive industry underwent significant declines in sales and production and led to inventory adjustments. This contributed to the semiconductor market in which NEC Electronics operates to experience a rapid decrease in demand, month by month from October to the end of December 2008, at a rate far outstripping that of customers' decrease in sales.

**1.3 Summary of Consolidated Financial Results**  
**Three Months Ended December 31, 2008**

	Three Months Ended December 31, 2007	Three Months Ended December 31, 2008		Increase (Decrease)	
	Billion Yen	Billion Yen	Million USD	Billion Yen	% Change
Net sales	170.8	127.3	1,399	(43.4)	(25.4)
Sales from semiconductors	163.7	122.7	1,348	(41.1)	(25.1)
Operating income (loss)	3.0	(16.2)	(178)	(19.2)	---
Income (loss) before income taxes	1.6	(20.1)	(221)	(21.8)	---
Net loss	(0.9)	(19.9)	(219)	(19.0)	---
	Yen	Yen			
Exchange rate (USD)	114	101		---	---
Exchange rate (Euro)	163	137		---	---

Consolidated net sales for the three months ended December 31, 2008 were 127.3 billion yen, down 43.4 billion yen, or 25.4 percent, year on year.

Sales of products in all areas especially computing and peripherals, automotive and industrial, as well as discrete, optical, and microwave devices all decreased by more than 30 percent year on year.

Consolidated operating loss was 16.2 billion yen, 19.2 billion yen worse year on year due to a drastic decrease in net sales.

Consolidated loss before income taxes was 20.1 billion yen, 21.8 billion yen worse year on year. This was due to a rapid fall in operating income as well as an increase of 2.8 billion yen in non-operating expenses caused by the closure of a prototype line in Japan.

Consolidated net loss was 19.9 billion yen, 19.0 billion yen worse year on year.

**1.4 Net Sales by Market Application**  
**Three Months Ended December 31, 2008**

	Three Months Ended December 31, 2007	Three Months Ended December 31, 2008		Increase (Decrease)	
	Billion Yen	Billion Yen	Million USD	Billion Yen	% Change
Communications	15.6	15.4	170	(0.2)	(1.1)
Computing and peripherals	30.1	17.0	187	(13.1)	(43.5)
Consumer electronics	35.3	31.9	350	(3.4)	(9.7)
Automotive and industrial	29.0	20.3	222	(8.7)	(30.0)
Multi-market ICs	21.9	15.8	174	(6.1)	(27.7)
Discrete, optical, and microwave devices	31.9	22.3	245	(9.6)	(30.1)
Semiconductor total	163.7	122.7	1,348	(41.1)	(25.1)
Other	7.0	4.7	51	(2.4)	(33.6)
Total	170.8	127.3	1,399	(43.4)	(25.4)

Communications

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

**Net sales** 15.4 billion yen (Down 0.2 billion yen, 1.1% year on year)

Sales of LCD driver ICs 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** 17.0 billion yen (Down 13.1 billion yen, 43.5% year on year)

Sales of LCD driver ICs for LCD televisions and PC monitors, and LSI chips for DVD drives decreased year on year.

Consumer Electronics

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

**Net sales** 31.9 billion yen (Down 3.4 billion yen, 9.7% year on year)

Sales of semiconductors for digital consumer and home appliances declined year on year.



### Automotive and Industrial

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

Net sales 20.3 billion yen (Down 8.7 billion yen, 30.0% year on year)

Sales of semiconductors for automobiles and industrial equipment both decreased year on year. In particular, due to the stagnation in the North American market as well as the sharp downturn in Japanese and European market, sales of microcontrollers used in automobiles declined year on year.

### Multi-market ICs

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

Net sales 15.8 billion yen (Down 6.1 billion yen, 27.7% 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 22.3 billion yen (Down 9.6 billion yen, 30.1% year on year)

Sales of discrete devices and compounds semiconductors such as optical and microwave devices 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 4.7 billion yen (Down 2.4 billion yen, 33.6% year on year)

## 1.5 Net Sales by Region

### Three Months Ended December 31, 2008

	Three Months Ended December 31, 2007	Three Months Ended December 31, 2008		Increase (Decrease)	
	Billion Yen	Billion Yen	Million USD	Billion Yen	% Change
Japan	93.1	79.6	875	(13.5)	(14.5)
United States of America	14.4	8.2	90	(6.2)	(43.2)
Europe	22.2	13.2	145	(9.0)	(40.4)
Asia	41.2	26.4	289	(14.8)	(36.0)
Total	170.8	127.3	1,399	(43.4)	(25.4)

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 79.6 billion yen (Down 13.5 billion yen, 14.5% year on year)

Sales of LSI chips for DVD drives and discrete products decreased.

#### United States of America

Net sales 8.2 billion yen (Down 6.2 billion yen, 43.2% year on year)

Sales of general-purpose microcontrollers and system memory for mobile handsets decreased.

#### Europe

Net sales 13.2 billion yen (Down 9.0 billion yen, 40.4% year on year)

Sales of both semiconductors for automobiles and general-purpose microcontrollers decreased. The majority of sales in Europe for the three months ended December 31, 2007 and December 31, 2008 were from NEC Electronics' subsidiary in Germany.

#### Asia

Net sales 26.4 billion yen (Down 14.8 billion yen, 36.0% year on year)

Overall sales of LCD driver ICs for LCD televisions and PC monitors, as well as discrete products decreased. Sales from NEC Electronics' subsidiaries in China for the three months ended December 31, 2007 and December 31, 2008 were 22.9 billion yen and 14.6 billion yen, respectively.

## 2. Financial Condition

### 2.1 Total Assets and Shareholders' Equity

	March 31, 2008	December 31, 2008		Increase (Decrease)
	Billion Yen	Billion Yen	Million USD	Billion Yen
Total assets	616.3	579.4	6,367	(36.9)
Shareholders' equity	227.1	196.9	2,165	(30.2)
Equity ratio	36.9%	34.0%		(2.9)%
Shareholders' equity per share	1,839 yen	1,595 yen	17.52 USD	(245) yen
Interest-bearing debt	116.6	117.0	1,285	0.4

Total assets at December 31, 2008 totaled 579.4 billion yen, a 36.9 billion yen decrease from March 31, 2008, mainly due to a decrease in accounts receivable following a decline in net sales.

Compared to March 31, 2008, shareholders' equity was 30.2 billion yen lower at 196.9 billion yen. This was due to a net loss of 21.8 billion yen for the period from April to December 2008, and 8.4 billion yen greater losses for accumulated other comprehensive income (loss), mainly due to exchange fluctuations.

The shareholders' equity ratio decreased by 2.9 points from March 31, 2008 as a result of a decrease in shareholders' equity.

Interest-bearing debt totaled 117.0 billion yen, increasing 0.4 billion yen from March 31, 2008 mainly due to lease obligations.

## 2.2 Cash Flows

### Three Months Ended December 31, 2008

	Three Months Ended December 31, 2007	Three Months Ended December 31, 2008		Increase (Decrease)
	Billion Yen	Billion Yen	Million USD	Billion Yen
Net cash provided by operating activities	13.6	10.5	116	(3.1)
Net cash used in investing activities	(14.7)	(7.2)	(79)	7.5
Free cash flows	(1.0)	3.3	37	4.4
Net cash used in financing activities	(1.4)	(1.3)	(15)	0.1
Effect of exchange rate changes on cash and cash equivalents	(0.0)	(3.5)	(39)	(3.5)
Net decrease in cash and cash equivalents	(2.4)	(1.5)	(17)	0.9
Cash and cash equivalents at beginning of period	191.4	158.0	1,737	(33.3)
Cash and cash equivalents at end of period	188.9	156.5	1,720	(32.4)

Despite recording a net loss and an increase in inventories, decrease in accounts receivable as well as depreciation and amortization of 17.4 billion yen led to net cash provided by operating activities in the amount of 10.5 billion yen for the three months ended December 31, 2008.

Despite the payments for property, plant, and equipment in the amount of 11.1 billion yen, proceeds from the sales of property, plant and equipment property, plant, and equipment in the amount of 4.3 billion yen, brought the total net cash used in investing activities to 7.2 billion yen.

The foregoing resulted in positive free cash flows of 3.3 billion yen.

Financing activities used net cash in the amount of 1.3 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 3.5 billion yen, the net decrease in cash and cash equivalents was 1.5 billion yen, resulting in cash and cash equivalents at December 31, 2008 totaling 156.5 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. For more information on cash flows for the three months ended September 30, 2008, please refer to the second quarter financial results announced on October 29, 2008.

### 3. Consolidated Forecasts

Due to a deterioration in the economic condition from late 2007, customers reduced inventories and orders. In this environment, NEC Electronics announced revisions to its full-year forecasts on October 21, 2008 on the assumption that the fiscal year ending March 2009 would become increasingly severe. In spite of this downward revision, the company made concerted efforts to improve 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.

However, the economic situation in the three months ended December 31, 2008 grew steadily worse, falling far below the company's expectations. Especially from November of last year, the semiconductor market in which NEC Electronics operates grew increasingly severe as customers in the electronics and automotive industries adjusted production and reduced inventories of parts due to sluggish sales.

Moreover, as the gap in Japanese interest rates and North American and European rates narrowed, and the yen appreciated rapidly against the dollar and euro due to its status as a safe haven currency. This stronger yen fell below 90 yen to the dollar for the first time in 13 years, and had a severe impact on exporting companies including NEC Electronics.

There seems to be no sign of improvement on this economic downturn and the current severe state is likely to continue.

In this environment, NEC Electronics announced the following revisions to its full-year forecasts. Due to the general decline in semiconductor sales, sales of automotive semiconductors, general-purpose products such as discrete devices and microcontrollers, as well as LCD driver ICs for LCD televisions and PC monitors are expected to be particularly hard hit. As a result of this decrease in net sales, operating loss is expected to be 55.0 billion yen and net loss is expected to be 65.0 billion yen.

	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
Previous forecasts (October 21, 2008)	660,000	630,000	1,000	(4,000)	(8,000)
Forecasts as of January 29, 2008	555,000	530,000	(55,000)	(62,000)	(65,000)
Increase (decrease)	(105,000)	(100,000)	(56,000)	(58,000)	(57,000)
Percent change	(15.9)%	(15.9)%	---	---	---

The consolidated financial forecasts for the full year ending March 31, 2009 are calculated at the rate of 90 yen per USD (revised from the rate of 105 yen per USD in the previous forecasts), and 125 yen per Euro (revised from the rate of 145 yen per Euro in the previous forecasts).

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.

## 4. Other

- 4.1 Changes in significant subsidiaries in the nine months ended December 31, 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 (Nine Months)

### 5.1 Consolidated Balance Sheets

As of December 31, 2008

	March 31, 2008		December 31, 2008		Increase (Decrease)	December 31, 2007
	Million Yen	Million Yen	Million USD	Million Yen	Million Yen	
Current assets	344,115	315,087	3,463	(29,028)	376,491	
Cash and cash equivalents	165,472	156,496	1,720	(8,976)	188,931	
Notes and accounts receivable, trade	96,352	68,063	748	(28,289)	92,604	
Inventories	75,839	82,132	903	6,293	81,069	
Other current assets	6,452	8,396	92	1,944	13,887	
Long-term assets	272,189	264,302	2,904	(7,887)	291,151	
Investments	4,565	4,209	46	(356)	5,672	
Property, plant and equipment	259,151	244,689	2,689	(14,462)	273,760	
Other assets	8,473	15,404	169	6,931	11,719	
Total assets	616,304	579,389	6,367	(36,915)	667,642	
Current liabilities	179,715	171,304	1,882	(8,411)	201,960	
Short-term borrowings and current portion of long-term debt	2,394	1,835	20	(559)	17,659	
Notes and accounts payable, trade	108,136	110,883	1,218	2,747	118,261	
Other current liabilities	69,185	58,586	644	(10,599)	66,040	
Long-term liabilities	204,275	205,978	2,263	1,703	201,754	
Long-term debt	114,207	115,119	1,265	912	114,316	
Accrued pension and severance costs	74,460	72,846	800	(1,614)	69,672	
Other	15,608	18,013	198	2,405	17,766	
Minority shareholders' equity in consolidated subsidiaries	5,176	5,189	57	13	5,083	
Shareholders' equity	227,138	196,918	2,165	(30,220)	258,845	
Common stock	85,955	85,955	945	---	85,955	
Additional paid-in capital	281,073	281,081	3,089	8	281,065	
Accumulated deficit	(114,896)	(136,702)	(1,502)	(21,806)	(102,869)	
Accumulated other comprehensive income (loss)	(24,984)	(33,405)	(367)	(8,421)	(5,296)	
Treasury stock, at cost	(10)	(11)	(0)	(1)	(10)	
Total liabilities and shareholders' equity	616,304	579,389	6,367	(36,915)	667,642	

Interest-bearing debt	116,601	116,954	1,285	353	131,975
Equity ratio	36.9%	34.0%		(2.9)%	38.8%
Debt / equity ratio	0.51 times	0.59 times		0.08 times	0.51 times

Accumulated other comprehensive income (loss):					
Foreign currency translation adjustments	1,913	(7,044)	(78)	(8,957)	8,942
Pension liability adjustment	(27,737)	(26,868)	(295)	869	(15,870)
Unrealized gains (losses) on marketable securities	840	507	6	(333)	1,632

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 December 31, 2008.



**5.2 Consolidated Statements of Operations**  
**Nine Months Ended December 31, 2008**

	Nine Months Ended December 31, 2007		Nine Months Ended December 31, 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	521,751	100.0	460,924	5,065	100.0	(60,827)	687,745	100.0
Cost of sales	365,186	70.0	331,330	3,641	71.9	(33,856)	485,683	70.6
Research and development	87,706	16.8	83,432	917	18.1	(4,274)	112,300	16.3
Selling, general, and administrative expenses	64,005	12.3	61,199	672	13.3	(2,806)	84,668	12.4
Operating income (loss)	4,854	0.9	(15,037)	(165)	(3.3)	(19,891)	5,094	0.7
Non-operating income	5,179	1.0	3,295	36	0.7	(1,884)	6,053	0.9
Interest and dividends income	1,621		1,422	16		(199)	2,152	
Other	3,558		1,873	20		(1,685)	3,901	
Non-operating expense	6,558	1.2	8,376	92	1.8	1,818	14,399	2.1
Interest expense	624		341	4		(283)	741	
Other	5,934		8,035	88		2,101	13,658	
Income (loss) before income taxes	3,475	0.7	(20,118)	(221)	(4.4)	(23,593)	(3,252)	(0.5)
Provision for income taxes	6,859	1.3	1,670	19	0.3	(5,189)	12,285	1.8
Minority interest in income of consolidated subsidiaries	246	0.1	163	2	0.0	(83)	251	0.0
Equity in earnings (loss) of affiliated companies	(338)	(0.1)	145	2	0.0	483	(207)	(0.0)
Net Loss	(3,968)	(0.8)	(21,806)	(240)	(4.7)	(17,838)	(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.

### 5.3 Consolidated Statements of Change in Shareholders' Equity

#### Nine Months Ended December 31, 2008

Nine Months Ended December 31, 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	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			26								26	
Comprehensive income (loss)												
Net loss					(3,968)						(3,968)	
Other comprehensive income (loss), net of tax												
Foreign currency translation adjustments							(1,560)				(1,560)	
Pension liability adjustment							67				67	
Unrealized gains (losses) on marketable securities							(786)				(786)	
Comprehensive income (loss)											(6,247)	
Purchase of treasury stock, at cost									(2)		(2)	
Balance at end of period	85,955		281,065		(102,869)		(5,296)		(10)		258,845	

Nine Months Ended December 31, 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	945	281,073	3,089	(114,896)	(1,262)	(24,984)	(275)	(10)	(0)	227,138	2,497
Compensation expense for stock options			8	0							8	0
Comprehensive income (loss)												
Net loss					(21,806)	(240)					(21,806)	(240)
Other comprehensive income (loss), net of tax												
Foreign currency translation adjustments							(8,957)	(98)			(8,957)	(98)
Pension liability adjustment							869	10			869	10
Unrealized gains (losses) on marketable securities							(333)	(4)			(333)	(4)
Comprehensive income (loss)											(30,227)	(332)
Purchase of treasury stock, at cost									(1)	(0)	(1)	(0)
Balance at end of period	85,955	945	281,081	3,089	(136,702)	(1,502)	(33,405)	(367)	(11)	(0)	196,918	2,165

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	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

### Nine Months Ended December 31, 2008

	Nine Months Ended December 31, 2007	Nine Months Ended December 31, 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	(3,968)	(21,806)	(240)	(17,838)	(15,995)
Adjustments to reconcile net loss to net cash provided by operating activities					
Depreciation and amortization	55,762	50,354	553	(5,408)	75,067
(Increase) decrease in notes and accounts receivable	6,431	22,259	245	15,828	(3,710)
(Increase) decrease in inventories	(3,048)	(10,042)	(110)	(6,994)	856
Increase (decrease) in notes and accounts payable	(10,626)	1,626	18	12,252	(17,309)
Other, net	(1,778)	(13,025)	(143)	(11,247)	4,353
Net cash provided by operating activities	42,773	29,366	323	(13,407)	43,262
<b>II. Cash flows from investing activities</b>					
Proceeds from sales of property, plant and equipment	6,694	4,690	52	(2,004)	20,653
Additions to property, plant and equipment	(44,490)	(33,261)	(366)	11,229	(62,188)
(Increase) decrease in loans receivable	(7)	2	0	9	(2)
Other, net	4,304	(2,000)	(22)	(6,304)	3,768
Net cash used in investing activities	(33,499)	(30,569)	(336)	2,930	(37,769)
Free cash flows ( I + II )	9,274	(1,203)	(13)	(10,477)	5,493
<b>III. Cash flows from financing activities</b>					
Net repayments of borrowings	(4,321)	(1,514)	(17)	2,807	(20,456)
Other, net	(1,952)	(2,149)	(23)	(197)	(2,529)
Net cash used in financing activities	(6,273)	(3,663)	(40)	2,610	(22,985)
Effect of exchange rate changes on cash and cash equivalents	558	(4,110)	(45)	(4,668)	(2,408)
Net increase (decrease) in cash and cash equivalents	3,559	(8,976)	(98)	(12,535)	(19,900)
Cash and cash equivalents at beginning of period	185,372	165,472	1,818	(19,900)	185,372
Cash and cash equivalents at end of period	188,931	156,496	1,720	(32,435)	165,472

## 5.5 Segment Information

### Nine Months Ended December 31, 2008

#### 5.5.1 Net Sales by Market Application

	Nine Months Ended December 31, 2007		Nine Months Ended December 31, 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	53,364	10.2	48,098	529	10.5	(5,266)	(9.9)	70,350	10.2
Computing and peripherals	92,230	17.7	77,564	852	16.8	(14,666)	(15.9)	119,352	17.4
Consumer electronics	102,827	19.7	95,899	1,054	20.8	(6,928)	(6.7)	134,546	19.6
Automotive and industrial	84,098	16.1	78,820	866	17.1	(5,278)	(6.3)	113,320	16.5
Multi-market ICs	69,334	13.3	59,993	659	13.0	(9,341)	(13.5)	89,643	13.0
Discrete, optical, and microwave devices	95,979	18.4	80,651	886	17.5	(15,328)	(16.0)	126,064	18.3
Semiconductor total	497,832	95.4	441,025	4,846	95.7	(56,807)	(11.4)	653,275	95.0
Other	23,919	4.6	19,899	219	4.3	(4,020)	(16.8)	34,470	5.0
Total	521,751	100.0	460,924	5,065	100.0	(60,827)	(11.7)	687,745	100.0

#### Reference: Net Sales by Platform

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

	Nine Months Ended December 31, 2007		Nine Months Ended December 31, 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	192,172	36.8	183,495	2,016	39.8	(8,677)	(4.5)	251,295	36.5
MCU platform	135,335	25.9	120,991	1,330	26.3	(14,344)	(10.6)	180,113	26.2
Discrete and IC	170,325	32.7	136,539	1,500	29.6	(33,786)	(19.8)	221,867	32.3
Semiconductor total	497,832	95.4	441,025	4,846	95.7	(56,807)	(11.4)	653,275	95.0
Other	23,919	4.6	19,899	219	4.3	(4,020)	(16.8)	34,470	5.0
Total	521,751	100.0	460,924	5,065	100.0	(60,827)	(11.7)	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

	Nine Months Ended December 31, 2007		Nine Months Ended December 31, 2008			Increase (Decrease)	Year Ended March 31, 2008	
	Million Yen	% of Total	Million Yen	Million USD	% of Total	% Change	Million Yen	% of Total
Japan	278,498	53.4	253,978	2,791	55.1	(8.8)	370,238	53.8
United States of America	44,747	8.6	32,157	353	7.0	(28.1)	58,256	8.5
Europe	70,940	13.6	60,306	663	13.1	(15.0)	95,936	14.0
Asia	127,566	24.4	114,483	1,258	24.8	(10.3)	163,315	23.7
Total	521,751	100.0	460,924	5,065	100.0	(11.7)	687,745	100.0

### 5.5.3 Profit / Loss by Region

	Nine Months Ended December 31, 2007		Nine Months Ended December 31, 2008			Increase (Decrease)	Year Ended March 31, 2008	
	Million Yen	% of Total	Million Yen	Million USD	% of Total		Million Yen	% of Total
Japan	(4,985)	---	(18,674)	(205)	---	(13,689)	(9,386)	---
United States of America	29	---	(2,460)	(27)	---	(2,489)	755	---
Europe	545	---	745	8	---	200	2,023	---
Asia	9,265	---	5,352	59	---	(3,913)	11,702	---
Total	4,854	---	(15,037)	(165)	---	(19,891)	5,094	---

## 6. Consolidated Financial Statements (Three Months)

### 6.1 Consolidated Statements of Operations

Three Months Ended December 31, 2008

	Three Months Ended December 31, 2007		Three Months Ended December 31, 2008			Increase (Decrease) Million Yen
	Million Yen	% of Net Sales	Million Yen	Million USD	% of Net Sales	
Net sales	170,778	100.0	127,336	1,399	100.0	(43,442)
Cost of sales	116,435	68.2	97,351	1,070	76.5	(19,084)
Research and development	30,021	17.6	26,712	294	21.0	(3,309)
Selling, general, and administrative expenses	21,320	12.4	19,516	213	15.3	(1,804)
Operating income (loss)	3,002	1.8	(16,243)	(178)	(12.8)	(19,245)
Non-operating income	891	0.5	1,169	12	0.9	278
Interest and dividends income	575		399	4		(176)
Other	316		770	8		454
Non-operating expense	2,249	1.3	5,037	55	3.9	2,788
Interest expense	152		113	1		(39)
Other	2,097		4,924	54		2,827
Income (loss) before income taxes	1,644	1.0	(20,111)	(221)	(15.8)	(21,755)
Provision for income taxes	2,516	1.5	(250)	(2)	(0.2)	(2,766)
Minority interest in income of consolidated subsidiaries	60	0.0	38	0	0.0	(22)
Equity in loss of affiliated companies	(4)	(0.0)	0	0	0.0	4
Net Loss	(936)	(0.5)	(19,899)	(219)	(15.6)	(18,963)

#### 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 December 31, 2008

Three Months Ended December 31, 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	281,056	(101,933)	(4,009)	(9)	261,060
Compensation expense for stock options		9				9
Comprehensive income (loss)						
Net loss			(936)			(936)
Other comprehensive income (loss), net of tax						
Foreign currency translation adjustments				(640)		(640)
Pension liability adjustment				187		187
Unrealized gains (losses) on marketable securities				(834)		(834)
Comprehensive income (loss)						(2,223)
Purchase of treasury stock, at cost					(1)	(1)
Balance at end of period	85,955	281,065	(102,869)	(5,296)	(10)	258,845

Three Months Ended December 31, 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	945	281,081	3,089	(116,803)	(1,283)	(25,406)	(279)	(10)	(0)	224,817	2,472
Comprehensive income (loss)												
Net loss					(19,899)	(219)					(19,899)	(219)
Other comprehensive income (loss), net of tax												
Foreign currency translation adjustments							(8,493)	(93)			(8,493)	(93)
Pension liability adjustment							289	3			289	3
Unrealized gains (losses) on marketable securities							205	2			205	2
Comprehensive income (loss)											(27,898)	(307)
Purchase of treasury stock, at cost									(1)	(0)	(1)	(0)
Balance at end of period	85,955	945	281,081	3,089	(136,702)	(1,502)	(33,405)	(367)	(11)	(0)	196,918	2,165

**6.3 Consolidated Statements of Cash Flows**  
**Three Months Ended December 31, 2008**

	Three Months Ended December 31, 2007	Three Months Ended December 31, 2008		Increase (Decrease)
	Million Yen	Million Yen	Million USD	Million Yen
<b>I. Cash flows from operating activities</b>				
Net loss	(936)	(19,899)	(219)	(18,963)
Adjustments to reconcile net loss to net cash provided by operating activities				
Depreciation and amortization	19,084	17,361	191	(1,723)
Decrease in notes and accounts receivable	7,513	21,393	235	13,880
Increase in inventories	(1,192)	(3,650)	(40)	(2,458)
Increase (decrease) in notes and accounts payable	(8,938)	3,074	34	12,012
Other, net	(1,886)	(7,747)	(85)	(5,861)
Net cash provided by operating activities	13,645	10,532	116	(3,113)
<b>II. Cash flows from investing activities</b>				
Proceeds from sales of property, plant and equipment	938	4,295	47	3,357
Additions to property, plant and equipment	(15,081)	(11,094)	(122)	3,987
(Increase) decrease in loans receivable	(7)	2	0	9
Other, net	(514)	(404)	(4)	110
Net cash used in investing activities	(14,664)	(7,201)	(79)	7,463
Free cash flows ( I + II )	(1,019)	3,331	37	4,350
<b>III. Cash flows from financing activities</b>				
Net repayments of borrowings	(725)	(398)	(4)	327
Other, net	(680)	(938)	(11)	(258)
Net cash used in financing activities	(1,405)	(1,336)	(15)	69
Effect of exchange rate changes on cash and cash equivalents	(12)	(3,528)	(39)	(3,516)
Net decrease in cash and cash equivalents	(2,436)	(1,533)	(17)	903
Cash and cash equivalents at beginning of period	191,367	158,029	1,737	(33,338)
Cash and cash equivalents at end of period	188,931	156,496	1,720	(32,435)



## 6.4 Segment Information

Three Months Ended December 31, 2008

### 6.4.1 Net Sales by Market Application

	Three Months Ended December 31, 2007		Three Months Ended December 31, 2008			Increase (Decrease)	
	Million Yen	% of Total	Million Yen	Million USD	% of Total	Million Yen	% Change
Communications	15,615	9.1	15,442	170	12.1	(173)	(1.1)
Computing and peripherals	30,138	17.6	17,013	187	13.4	(13,125)	(43.5)
Consumer electronics	35,277	20.7	31,872	350	25.0	(3,405)	(9.7)
Automotive and industrial	28,950	17.0	20,252	222	15.9	(8,698)	(30.0)
Multi-market ICs	21,891	12.8	15,817	174	12.4	(6,074)	(27.7)
Discrete, optical, and microwave devices	31,871	18.7	22,268	245	17.5	(9,603)	(30.1)
Semiconductor total	163,742	95.9	122,664	1,348	96.3	(41,078)	(25.1)
Other	7,036	4.1	4,672	51	3.7	(2,364)	(33.6)
Total	170,778	100.0	127,336	1,399	100.0	(43,442)	(25.4)

### Reference: Net Sales by Platform

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

	Three Months Ended December 31, 2007		Three Months Ended December 31, 2008			Increase (Decrease)	
	Million Yen	% of Total	Million Yen	Million USD	% of Total	Million Yen	% Change
SoC platform	63,687	37.3	55,689	612	43.7	(7,998)	(12.6)
MCU platform	44,854	26.3	31,300	344	24.6	(13,554)	(30.2)
Discrete and IC	55,201	32.3	35,675	392	28.0	(19,526)	(35.4)
Semiconductor total	163,742	95.9	122,664	1,348	96.3	(41,078)	(25.1)
Other	7,036	4.1	4,672	51	3.7	(2,364)	(33.6)
Total	170,778	100.0	127,336	1,399	100.0	(43,442)	(25.4)

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 December 31, 2007		Three Months Ended December 31, 2008			Increase (Decrease)
	Million Yen	% of Total	Million Yen	Million USD	% of Total	% Change
Japan	93,095	54.5	79,623	875	62.5	(14.5)
United States of America	14,363	8.4	8,157	90	6.4	(43.2)
Europe	22,160	13.0	13,203	145	10.4	(40.4)
Asia	41,160	24.1	26,353	289	20.7	(36.0)
Total	170,778	100.0	127,336	1,399	100.0	(25.4)

### 6.4.3 Profit / Loss by Region

	Three Months Ended December 31, 2007		Three Months Ended December 31, 2008			Increase (Decrease)
	Million Yen	% of Total	Million Yen	Million USD	% of Total	Million Yen
Japan	(691)	---	(14,151)	(156)	---	(13,460)
United States of America	142	---	(1,823)	(20)	---	(1,965)
Europe	250	---	(489)	(5)	---	(739)
Asia	3,301	---	220	3	---	(3,081)
Total	3,002	---	(16,243)	(178)	---	(19,245)

### 7. Notes on Assumption for Going Concern

None.

## Reference: Summary of Consolidated Financial Results

### Nine months ended December 31, 2008

	Nine Months Ended December 31, 2007		Nine Months Ended December 31, 2008			Increase (Decrease)	
	Billion Yen	% of Net Sales	Billion Yen	Million USD	% of Net Sales	Billion Yen	% Change
Net sales	521.8	100.0	460.9	5,065	100.0	(60.8)	(11.7)
Sales from semiconductors	497.8		441.0	4,846		(56.8)	(11.4)
Operating income (loss)	4.9	0.9	(15.0)	(165)	(3.3)	(19.9)	---
Income (loss) before income taxes	3.5	0.7	(20.1)	(221)	(4.4)	(23.6)	---
Net loss	(4.0)	(0.8)	(21.8)	(240)	(4.7)	(17.8)	---
Net loss per share of common stock:	Yen		Yen	USD		Yen	% Change
Basic	(32.13)		(176.57)	(1.94)		(144.44)	---
Diluted	(32.13)		(176.57)	(1.94)		(144.44)	---
Capital expenditures	Billion Yen 38.0		Billion Yen 39.4	Million USD 433		Billion Yen 1.5	% Change 3.8
Depreciation and amortization	55.8		50.4	553		(5.4)	(9.7)
R&D expenses	87.7		83.4	917		(4.3)	(4.9)
Exchange rate (USD)	Yen 118		Yen 104				
Exchange rate (Euro)	162		154				

### Three months ended December 31, 2008

	Three Months Ended December 31, 2007		Three Months Ended December 31, 2008			Increase (Decrease)	
	Billion Yen	% of Net Sales	Billion Yen	Million USD	% of Net Sales	Billion Yen	% Change
Net sales	170.8	100.0	127.3	1,399	100.0	(43.4)	(25.4)
Sales from semiconductors	163.7		122.7	1,348		(41.1)	(25.1)
Operating income (loss)	3.0	1.8	(16.2)	(178)	(12.8)	(19.2)	---
Income (loss) before income taxes	1.6	1.0	(20.1)	(221)	(15.8)	(21.8)	---
Net loss	(0.9)	(0.5)	(19.9)	(219)	(15.6)	(19.0)	---
Net loss per share of common stock:	Yen		Yen	USD		Yen	% Change
Basic	(7.58)		(161.13)	(1.77)		(153.55)	---
Diluted	(7.58)		(161.13)	(1.77)		(153.55)	---

	Billion Yen	Billion Yen	Million USD	Billion Yen	% Change
Capital expenditures	10.8	11.4	126	0.7	6.2
Depreciation and amortization	19.1	17.4	191	(1.7)	(9.0)
R&D expenses	30.0	26.7	294	(3.3)	(11.0)
Exchange rate (USD)	Yen 114	Yen 101			
Exchange rate (Euro)	163	137			

	March 31, 2008	December 31, 2008		Increase (Decrease)		December 31, 2007
	Billion Yen	Billion Yen	Million USD	Billion Yen	% Change	Billion Yen
Total assets	616.3	579.4	6,367	(36.9)	(6.0)	667.6
Shareholders' equity	227.1	196.9	2,165	(30.2)	(13.3)	258.8
Number of employees	Persons 23,110	Persons 23,184		Persons 74	% Change 0.3	Persons 23,887

#### Notes

1. U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥91=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.
8. 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 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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