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**NEC Electronics Reports Financial Results for the  
 Period Ended December 31, 2006**

**KAWASAKI, Japan, January 25, 2007** — NEC Electronics Corporation (TSE: 6723) today announced consolidated financial results for the nine months ended December 31, 2006.

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# I. Summary of Consolidated Financial Results

## Three months

	Three Months Ended December 31, 2006			Three Months Ended December 31, 2005		Increase (Decrease)	
	Billion Yen	Million USD	% of Net Sales	Billion Yen	% of Net Sales	Billion Yen	% Change
Net sales	177.9	1,495	100.0	162.7	100.0	15.2	9.3
Sales from semiconductors	171.1	1,438		156.8		14.4	9.2
Operating loss	(3.8)	(32)	(2.2)	(7.0)	(4.3)	3.2	---
Loss before income taxes	(3.5)	(29)	(2.0)	(4.4)	(2.7)	0.9	---
Net loss	(5.8)	(48)	(3.2)	(2.6)	(1.6)	(3.2)	---
Net loss per share of common stock:	Yen	USD		Yen		Yen	% Change
Basic	(46.59)	(0.39)		(20.69)		(25.90)	---
Diluted	(46.59)	(0.39)		(20.69)		(25.90)	---

	Billion Yen	Million USD	Billion Yen	Billion Yen	% Change
Capital expenditures	17.7	149	14.8	2.9	19.7
Depreciation and amortization	21.8	183	22.5	(0.7)	(3.3)
R&D expenses	33.7	283	30.0	3.7	12.2
Exchange rate (USD)	Yen 118		Yen 115		
Exchange rate (Euro)	150		138		

## Nine months

	Nine Months Ended December 31, 2006			Nine Months Ended December 31, 2005		Increase (Decrease)	
	Billion Yen	Million USD	% of Net Sales	Billion Yen	% of Net Sales	Billion Yen	% Change
Net sales	520.9	4,377	100.0	475.6	100.0	45.3	9.5
Sales from semiconductors	498.9	4,193		457.1		41.8	9.2
Operating loss	(10.8)	(90)	(2.1)	(19.2)	(4.0)	8.4	---
Loss before income taxes	(9.1)	(76)	(1.7)	(18.1)	(3.8)	9.0	---
Net loss	(13.1)	(110)	(2.5)	(10.4)	(2.2)	(2.7)	---
Net loss per share of common stock:	Yen	USD		Yen		Yen	% Change
Basic	(106.41)	(0.89)		(84.53)		(21.88)	---
Diluted	(106.41)	(0.89)		(84.53)		(21.88)	---

	Billion Yen	Million USD	Billion Yen	Billion Yen	% Change
Capital expenditures	94.4	794	61.3	33.1	53.9
Depreciation and amortization	60.5	508	64.7	(4.2)	(6.5)
R&D expenses	96.6	812	84.8	11.7	13.8
Exchange rate (USD)	Yen 116		Yen 111		
Exchange rate (Euro)	146		137		

	December 31, 2006		September 30, 2006	Increase (Decrease)		March 31, 2006
	Billion Yen	Million USD	Billion Yen	Billion Yen	% Change	Billion Yen
Total assets	751.7	6,317	777.0	(25.3)	(3.3)	745.3
Shareholders' equity	294.8	2,477	298.0	(3.2)	(1.1)	308.3
Number of employees	Persons 24,004		Persons 24,077	Persons (73)	% Change (0.3)	Persons 23,857

**Notes**

1. U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥119=U.S.\$1.
2. All figures are rounded to the nearest 100 million yen.
3. The consolidated financial statements of NEC Electronics are prepared in accordance with accounting principles generally accepted in the United States, or U.S. GAAP.
4. The figures for operating loss shown above represent net sales minus the cost of sales, research and development, and selling, general and administrative expenses.
5. Net income (loss) per share of common stock is calculated based on Statement of Financial Accounting Standards ("SFAS") No.128, "*Earnings per share*".
6. The figures for shareholders' equity are prepared in accordance with accounting principles generally accepted in the United States, or U.S. GAAP.
7. The figures in the consolidated financial statements are unaudited.



## (2) Consolidated financial position

	Total Assets	Shareholders' Equity	Shareholders' Equity Ratio	Shareholders' Equity Per Share
	Million Yen	Million Yen	%	Yen
December 31, 2006	751,748	294,784	39.2	2,386.94
December 31, 2005	810,442	388,552	47.9	3,146.20
March 31, 2006	745,281	308,251	41.4	2,495.98

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

## Consolidated cash flows

	Cash Flows From Operating Activities	Cash Flows From Investing Activities	Cash Flows From Financing Activities	Cash and Cash Equivalents at the End of the Period
	Million Yen	Million Yen	Million Yen	Million Yen
Nine months ended December 31, 2006	54,072	(48,238)	(5,770)	212,624
Nine months ended December 31, 2005	50,437	(35,478)	(6,184)	236,939
Year ended March 31, 2006	49,890	(54,673)	(12,530)	211,060

## 3. Forecasts for the fiscal year ending March 31, 2007

The consolidated forecasts below are unchanged from those previously announced on October 25, 2006. However, the company expects fourth quarter performance to fall below third quarter levels. NEC Electronics is currently considering structural reforms aimed at recovery over the medium term, and consequently, the company is still determining the costs that will be incurred. It will disclose consolidated forecasts for the fiscal year when these figures are established.

	Net Sales	Loss Before Income Taxes	Net Loss
	Million Yen	Million Yen	Million Yen
Year ending March 31, 2007	695,000	(19,000)	(25,000)

Note: Net income (loss) per share of common stock (forecast) for fiscal year ending March 31, 2007: (202.43) yen

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

## II. Business Results and Financial Condition

### 1. Three Months Ended December 31, 2006 and Fiscal Year Ending March 31, 2007

#### Overview of the Three Months Ended December 31, 2006

For the three months ended December 31, 2006, the global economy showed signs of a gradual slowdown. The decline in the American housing market and slowdown in capital investment, as well as inventory adjustments in the Asian IT and digital consumer markets, contributed to slowing of growth. Although economic growth continued in Japan, a decline in foreign demand as well as domestic demand resulted in low overall growth rates.

Although there are some positive developments such as the decline in crude oil prices and increased demand in European markets, this downward trend in the global economy is expected to continue for some time.

Similarly, the global semiconductor market is also showing signs of a slowdown. Although there were some positive signs such as the continuation of high DRAM prices and the increase in demand for new game consoles, sluggish PC sales and steep price cuts for flat-panel televisions and other digital consumer electronics pushed the semiconductor market into a period of adjustment.

#### Summary of Consolidated Financial Results

	Three Months Ended December 31, 2006		Three Months Ended December 31, 2005	Increase (Decrease)	
	Billion Yen	Million USD	Billion Yen	Billion Yen	% Change
Net sales	177.9	1,495	162.7	15.2	9.3
Operating loss	(3.8)	(32)	(7.0)	3.2	---
Loss before income taxes	(3.5)	(29)	(4.4)	0.9	---
Net loss	(5.8)	(48)	(2.6)	(3.2)	---
	Yen		Yen		
Exchange rate (USD)	118		115	---	---
Exchange rate (Euro)	150		138	---	---

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

NEC Electronics posted consolidated net sales of 177.9 billion yen, an increase of 15.2 billion yen (9.3 percent) year on year, as a result of significant growth in chips for game consoles as well as higher sales of automotive semiconductors and multipurpose microcontrollers.

Despite an increase in gross profit due to a year-on-year increase in sales, R&D and other expenses increased, leading to consolidated operating losses in the amount of 3.8 billion yen, a 3.2 billion improvement over the corresponding period of the previous fiscal. Consolidated loss before income taxes totaled 3.5 billion yen, a 0.9 billion yen increase in profit year on year.

Consolidated net loss totaled 5.8 billion yen, 3.2 billion yen worse compared to the corresponding period of the previous fiscal year. This was the result of an increase in the provision for income taxes, due to the recording of a valuation allowance against deferred tax assets of NEC Electronics Group companies in Japan from the end of the previous fiscal year.

**Consolidated Forecasts for the Fiscal Year Ending March 31, 2007**

The consolidated forecasts are unchanged from those previously announced on October 25, 2006. However, the company expects fourth quarter performance to fall below third quarter levels due to anticipated declines in sales and fab utilization rates. NEC Electronics is currently considering structural reforms aimed at recovery over the medium term, and consequently, the company is still determining the costs that will be incurred. The company will disclose the consolidated forecasts for the fiscal year in a timely manner, once these figures are established.

## 2. Breakdown of Net Sales by Market Application

	Three Months Ended December 31, 2006		Three Months Ended December 31, 2005	Increase (Decrease)	
	Billion Yen	Million USD	Billion Yen	Billion Yen	% Change
Communications	23.6	199	27.4	(3.8)	(13.9)
Computing and peripherals	31.8	267	33.4	(1.6)	(4.8)
Consumer electronics	36.5	306	26.7	9.8	36.7
Automotive and industrial	26.5	222	24.7	1.8	7.2
Multi-market ICs	21.9	184	17.7	4.2	23.5
Discrete, optical, and microwave devices	30.9	260	26.8	4.1	15.2
Semiconductor total	171.1	1,438	156.8	14.4	9.2
Other	6.7	57	5.9	0.8	13.7
Total	177.9	1,495	162.7	15.2	9.3

### Communications

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

**Net sales** 23.6 billion yen (Down 3.8 billion yen, 13.9% year on year)

Sales of semiconductors for mobile phones decreased year on year, as a result of declining sales of system memory and LCD driver ICs.

### Computing and Peripherals

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

**Net sales** 31.8 billion yen (Down 1.6 billion yen, 4.8% year on year)

Sales of PC peripherals declined year on year. Although sales of LCD driver ICs for LCD televisions and PC monitors increased, semiconductors for printers and DVD recorders decreased, leading to an overall decline in Computing and Peripherals.

### Consumer Electronics

**Products** Semiconductors for digital AV equipment and game consoles.

**Net sales** 36.5 billion yen (Up 9.8 billion yen, 36.7% year on year)

Sales of semiconductors for new game consoles contributed to the significant increase.

### Automotive and Industrial

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



Net sales 26.5 billion yen (Up 1.8 billion yen, 7.2% year on year)

Sales of automotive semiconductors increased due to expansion of the automotive semiconductor market, pushing sales higher year on year.

#### Multi-market ICs

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

Net sales 21.9 billion yen (Up 4.2 billion yen, 23.5% year on year)

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

#### Discrete, Optical and Microwave Devices

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

Net sales 30.9 billion yen (Up 4.1 billion yen, 15.2% year on year)

Sales of discrete and optical products increased year on year.

#### Other

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

Net sales 6.7 billion yen (Up 0.8 billion yen, 13.7% year on year)

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

### 3. Geographical Segment Analysis

	Three Months Ended December 31, 2006		Three Months Ended December 31, 2005	Increase (Decrease)	
	Billion Yen	Million USD	Billion Yen	Billion Yen	% Change
Japan	101.5	853	88.3	13.1	14.9
United States of America	14.9	125	19.8	(4.9)	(24.9)
Europe	21.5	181	17.1	4.4	25.8
Asia	40.0	336	37.5	2.6	6.8
Total	177.9	1,495	162.7	15.2	9.3

#### Japan

Net sales 101.5 billion yen (Up 13.1 billion yen, 14.9% year on year)

Sales of semiconductors for game consoles increased significantly.

#### United States of America

Net sales 14.9 billion yen (Down 4.9 billion yen, 24.9% year on year)

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

#### Europe

Net sales 21.5 billion yen (Up 4.4 billion yen, 25.8% year on year)

Sales of automotive and general purpose microcontrollers increased.

#### Asia

Net sales 40.0 billion yen (Up 2.6 billion yen, 6.8% year on year)

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

## 4. Financial Condition

### Total Assets and Shareholders' Equity

	December 31, 2006		September 30, 2006	Increase (Decrease)
	Billion Yen	Million USD	Billion Yen	Billion Yen
Total assets	751.7	6,317	777.0	(25.3)
Shareholders' equity	294.8	2,477	298.0	(3.2)
Equity ratio	39.2%		38.4%	0.8%
Shareholders' equity per share	2,387yen	20.06 USD	2,413 yen	(26) yen
Interest-bearing debt	144.7	1,216	146.0	(1.3)

Total assets at December 31, 2006 totaled 751.7 billion yen, a 25.3 billion yen decrease from September 30, 2006. This was mainly due to a decrease in current assets such as notes and accounts receivable.

Compared to September 30, 2006, shareholders' equity was 3.2 billion yen lower at 294.8 billion yen, due to net loss in the amount of 5.8 billion yen. Shareholders' equity ratio increased by 0.8 points from September 30, 2006 as a result of the decrease in total assets.

Interest-bearing debt totaled 144.7 billion yen, decreasing 1.3 billion yen from September 30, 2006 mainly due to the repayment of debt.

### Cash Flows

	Three Months Ended December 31, 2006		Three Months Ended December 31, 2005	Increase (Decrease)
	Billion Yen	Million USD	Billion Yen	Billion Yen
Net cash provided by operating activities	19.5	164	35.8	(16.3)
Net cash used in investing activities	(27.1)	(228)	(1.3)	(25.8)
Free cash flows	(7.6)	(64)	34.5	(42.1)
Net cash used in financing activities	(2.8)	(23)	(0.7)	(2.1)
Effect of exchange rate changes on cash and cash equivalents	1.1	9	1.5	(0.4)
Net increase (decrease) in cash and cash equivalents	(9.4)	(78)	35.3	(44.6)
Cash and cash equivalents at beginning of period	222.0	1,865	201.7	20.3
Cash and cash equivalents at end of period	212.6	1,787	236.9	(24.3)

The company recorded 5.8 billion yen in net losses, which was offset by depreciation and amortization in the amount of 21.8 billion yen, leading to 19.5 billion yen for net cash provided by operating activities. This resulted in 16.3 billion yen less year on year for cash flows from operating activities.

Capital investments in the amount of 37.8 billion yen, primarily for the 300mm wafer line, brought the total net cash used in investing activities to 27.1 billion yen, 25.8 billion yen more year on year.

The foregoing resulted in negative free cash flows of 7.6 billion yen, 42.1 billion yen worse year on year.

Cash flows from financing activities used net cash in the amount of 2.8 billion yen for the repayment of debt. This figure was 2.1 billion yen more compared to the corresponding period of the previous fiscal year.

As a result of the above, combined with the effects of currency fluctuations, net decrease in cash and cash equivalents was 9.4 billion yen, 44.6 billion yen less than the corresponding period of the previous fiscal year, where net increase in cash and cash equivalents was 35.3 billion yen.

### III. Condensed Consolidated Financial Statements

#### Condensed Consolidated Statements of Operations (Three Months)

	Three Months Ended December 31, 2006			Three Months Ended December 31, 2005		Increase (Decrease) Million Yen
	Million Yen	Million USD	% of Net Sales	Million Yen	% of Net Sales	
Net sales	177,879	1,495	100.0	162,688	100.0	15,191
Cost of sales	127,434	1,071	71.6	119,392	73.4	8,042
Research and development	33,713	283	19.0	30,041	18.5	3,672
Selling, general, and administrative expenses	20,565	173	11.6	20,283	12.4	282
Operating loss	(3,833)	(32)	(2.2)	(7,028)	(4.3)	3,195
Non-operating income	1,304	11	0.7	3,645	2.2	(2,341)
Interest and dividends	489	4		346		143
Other	815	7		3,299		(2,484)
Non-operating expenses	961	8	0.5	1,007	0.6	(46)
Interest	223	2		253		(30)
Other	738	6		754		(16)
Loss before income taxes	(3,490)	(29)	(2.0)	(4,390)	(2.7)	900
Provision for income taxes	1,716	14	0.9	(1,778)	(1.1)	3,494
Minority interest in income (loss) of consolidated subsidiaries	184	2	0.1	(57)	---	241
Equity in earnings (losses) of affiliated companies	(364)	(3)	(0.2)	---	---	(364)
Net loss	(5,754)	(48)	(3.2)	(2,555)	(1.6)	(3,199)

#### Notes

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

## Condensed Consolidated Statements of Operations (Nine Months)

	Nine Months Ended December 31, 2006			Nine Months Ended December 31, 2005		Increase (Decrease)	Year Ended March 31, 2006	
	Million Yen	Million USD	% of Net Sales	Million Yen	% of Net Sales		Million Yen	% of Net Sales
Net sales	520,890	4,377	100.0	475,632	100.0	45,258	645,963	100.0
Cost of sales	371,069	3,118	71.2	348,726	73.3	22,343	477,476	73.9
Research and development	96,571	812	18.6	84,848	17.8	11,723	120,874	18.7
Selling, general, and administrative expenses	64,007	537	12.3	61,235	12.9	2,772	83,302	12.9
Operating loss	(10,757)	(90)	(2.1)	(19,177)	(4.0)	8,420	(35,689)	(5.5)
Non-operating income	9,899	83	1.9	4,539	1.0	5,360	4,360	0.6
Interest and dividends income	1,490	13		769		721	1,078	
Other	8,409	70		3,770		4,639	3,282	
Non-operating expense	8,235	69	1.5	3,412	0.8	4,823	11,057	1.7
Interest expense	645	5		614		31	874	
Other	7,590	64		2,798		4,792	10,183	
Loss before income taxes	(9,093)	(76)	(1.7)	(18,050)	(3.8)	8,957	(42,386)	(6.6)
Provision for income taxes	3,274	28	0.6	(7,310)	(1.5)	10,584	56,166	8.7
Minority interest in income (loss) of consolidated subsidiaries	384	3	0.1	(301)	(0.1)	685	(354)	(0.1)
Equity in earnings (losses) of affiliated companies	(390)	(3)	(0.1)	---	---	(390)	---	---
Net loss	(13,141)	(110)	(2.5)	(10,439)	(2.2)	(2,702)	(98,198)	(15.2)

### Notes

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

## Condensed Consolidated Balance Sheets

	December 31, 2006		September 30, 2006	Increase (Decrease)	March 31, 2006
	Million Yen	Million USD	Million Yen	Million Yen	Million Yen
Current assets	426,565	3,584	451,147	(24,582)	413,370
Cash and cash equivalents	212,624	1,787	221,975	(9,351)	211,060
Notes and accounts receivable, trade	105,138	883	116,685	(11,547)	113,850
Inventories	88,968	747	83,053	5,915	72,525
Other current assets	19,835	167	29,434	(9,599)	15,935
Long-term assets	325,183	2,733	325,890	(707)	331,911
Investments	6,754	57	6,841	(87)	15,597
Property, plant and equipment	305,741	2,569	305,938	(197)	302,125
Other assets	12,688	107	13,111	(423)	14,189
<b>Total assets</b>	<b>751,748</b>	<b>6,317</b>	<b>777,037</b>	<b>(25,289)</b>	<b>745,281</b>
Current liabilities	235,883	1,982	257,878	(21,995)	210,894
Short-term borrowings and current portion of long-term debt	13,720	115	13,682	38	15,074
Notes and accounts payable, trade	150,715	1,267	169,222	(18,507)	122,939
Other current liabilities	71,448	600	74,974	(3,526)	72,881
Long-term liabilities	216,517	1,820	216,904	(387)	222,014
Long-term debt	130,990	1,101	132,349	(1,359)	133,235
Accrued pension and severance costs	70,049	589	69,922	127	75,761
Other	15,478	130	14,633	845	13,018
Minority shareholders' equity in consolidated subsidiaries	4,564	38	4,228	336	4,122
Shareholders' equity	294,784	2,477	298,027	(3,243)	308,251
Common stock	85,955	722	85,955	---	85,955
Additional paid-in capital	281,031	2,362	281,022	9	281,014
Retained earnings (Accumulated deficit)	(70,542)	(593)	(64,788)	(5,754)	(57,369)
Accumulated other comprehensive income (loss)	(1,653)	(14)	(4,155)	2,502	(1,342)
Treasury stock	(7)	---	(7)	---	(7)
<b>Total liabilities and shareholders' equity</b>	<b>751,748</b>	<b>6,317</b>	<b>777,037</b>	<b>(25,289)</b>	<b>745,281</b>
Interest-bearing debt	144,710	1,216	146,031	(1,321)	148,309
Equity ratio	39.2%		38.4%	(0.8%)	41.4%
Debt / equity ratio	0.49 times		0.49 times	--- times	0.48 times
Accumulated other comprehensive income (loss):					
Foreign currency translation adjustments	10,642	89	8,605	2,037	7,713
Minimum pension liability adjustment	(14,228)	(119)	(14,419)	191	(14,797)
Unrealized gains (losses) on marketable securities	1,933	16	1,652	281	5,754
Unrealized gains (losses) on derivative financial instruments	---	---	7	(7)	(12)

## Condensed Consolidated Statements of Change in Shareholders' Equity

Nine Months Ended December 31, 2006	Common stock		Additional paid-in capital		Retained earnings (Accumulated deficit)		Accumulated other comprehensive income (loss)		Treasury stock		Total	
	Million Yen	Million USD	Million Yen	Million USD	Million Yen	Million USD	Million Yen	Million USD	Million Yen	Million USD	Million Yen	Million USD
Balance at beginning of year	85,955	722	281,014	2,361	(57,369)	(482)	(1,342)	(11)	(7)	---	308,251	2,590
Compensation expense for stock options			17	1							17	1
Comprehensive income (loss)												
Net income (loss)					(13,141)	(110)					(13,141)	(110)
Other comprehensive income (loss), net of tax												
Foreign currency translation adjustments							2,929	25			2,929	25
Minimum pension liability adjustment							569	4			569	4
Unrealized gains (losses) on marketable securities							(3,821)	(32)			(3,821)	(32)
Unrealized gains (losses) on derivative financial instruments							12	---			12	---
Comprehensive income (loss)											(13,452)	(113)
Effect of change in fiscal year-end of a subsidiary					(32)	(1)					(32)	(1)
Balance at end of the period	85,955	722	281,031	2,362	(70,542)	(593)	(1,653)	(14)	(7)	---	294,784	2,477

Nine Months Ended December 31, 2005	Common stock		Additional paid-in capital		Retained earnings (Accumulated deficit)		Accumulated other comprehensive income (loss)		Treasury stock		Total	
	Million Yen	Million USD	Million Yen	Million USD	Million Yen	Million USD	Million Yen	Million USD	Million Yen	Million USD	Million Yen	Million USD
Balance at beginning of year	85,955		276,693		40,829		(9,608)		(6)		393,863	
Transaction under common control			(1,974)								(1,974)	
Compensation expense for stock options			203								203	
Comprehensive income (loss)												
Net income (loss)					(10,439)						(10,439)	
Other comprehensive income (loss), net of tax												
Foreign currency translation adjustments							3,354				3,354	
Minimum pension liability adjustment							1,719				1,719	
Unrealized gains (losses) on marketable securities							1,848				1,848	
Unrealized gains (losses) on derivative financial instruments							(22)				(22)	
Comprehensive income (loss)											(3,540)	
Balance at end of the period	85,955		274,922		30,390		(2,709)		(6)		388,552	

Year Ended March 31, 2006	Common stock		Additional paid-in capital		Retained earnings (Accumulated deficit)		Accumulated other comprehensive income (loss)		Treasury stock		Total	
	Million Yen	Million USD	Million Yen	Million USD	Million Yen	Million USD	Million Yen	Million USD	Million Yen	Million USD	Million Yen	Million USD
Balance at beginning of year	85,955		276,693		40,829		(9,608)		(6)		393,863	
Contribution to capital			6,092								6,092	
Transaction under common control			(1,974)								(1,974)	
Compensation expense for stock options			203								203	
Comprehensive income (loss)												
Net income (loss)					(98,198)						(98,198)	
Other comprehensive income (loss), net of tax												
Foreign currency translation adjustments							4,757				4,757	
Minimum pension liability adjustment							1,243				1,243	
Unrealized gains (losses) on marketable securities							2,304				2,304	
Unrealized gains (losses) on derivative financial instruments							(38)				(38)	
Comprehensive income (loss)											(89,932)	
Purchase of treasury stock, at cost									(1)		(1)	
Balance at end of year	85,955		281,014		(57,369)		(1,342)		(7)		308,251	



## Condensed Consolidated Statements of Cash Flows (Three Months)

	Three Months Ended December 31, 2006		Three Months Ended December 31, 2005	Increase (Decrease)
	Million Yen	Million USD	Million Yen	Million Yen
<b>I. Cash flows from operating activities</b>				
Net loss	(5,754)	(48)	(2,555)	(3,199)
Adjustments to reconcile net loss to net cash provided by operating activities				
Depreciation and amortization	21,773	183	22,521	(748)
Decrease in notes and accounts receivable	11,516	97	15,499	(3,983)
Increase in inventories	(5,201)	(44)	(4,436)	(765)
Increase (decrease) in notes and accounts payable	(1,085)	(9)	11,706	(12,791)
Other, net	(1,734)	(15)	(6,950)	5,216
Net cash provided by operating activities	19,515	164	35,785	(16,270)
<b>II. Cash flows from investing activities</b>				
Proceeds from sales of property, plant and equipment	1,572	13	22,065	(20,493)
Additions to property, plant and equipment	(37,771)	(317)	(24,893)	(12,878)
Proceeds from sales of marketable securities	---	---	50	(50)
Decrease in loans receivable	8,386	70	---	8,386
Other, net	687	6	1,473	(786)
Net cash used in investing activities	(27,126)	(228)	(1,305)	(25,821)
Free cash flows ( I + II )	(7,611)	(64)	34,480	(42,091)
<b>III. Cash flows from financing activities</b>				
Net repayments of borrowings	(2,243)	(19)	(670)	(1,573)
Dividends paid	---	---	(1)	1
Other, net	(547)	(4)	---	(547)
Net cash used in financing activities	(2,790)	(23)	(671)	(2,119)
Effect of exchange rate changes on cash and cash equivalents	1,050	9	1,479	(429)
Net increase (decrease) in cash and cash equivalents	(9,351)	(78)	35,288	(44,639)
Cash and cash equivalents at beginning of period	221,975	1,865	201,651	20,324
Cash and cash equivalents at end of period	212,624	1,787	236,939	(24,315)

## Condensed Consolidated Statements of Cash Flows (Nine Months)

	Nine Months Ended December 31, 2006		Nine Months Ended December 31, 2005	Increase (Decrease)	Year Ended March 31, 2006
	Million Yen	Million USD	Million Yen	Million Yen	Million Yen
<b>I. Cash flows from operating activities</b>					
Net loss	(13,141)	(110)	(10,439)	(2,702)	(98,198)
Adjustments to reconcile net loss to net cash provided by operating activities					
Depreciation and amortization	60,504	508	64,721	(4,217)	89,342
(Increase) decrease in notes and accounts receivable	9,828	83	5,239	4,589	(7,928)
Increase in inventories	(15,401)	(129)	(8,108)	(7,293)	(3,062)
Increase in notes and accounts payable	18,466	155	14,598	3,868	5,675
Other, net	(6,184)	(53)	(15,574)	9,390	64,061
Net cash provided by operating activities	54,072	454	50,437	3,635	49,890
<b>II. Cash flows from investing activities</b>					
Proceeds from sales of property, plant and equipment	39,403	331	51,280	(11,877)	56,474
Additions to property, plant and equipment	(91,800)	(771)	(85,665)	(6,135)	(106,642)
Proceeds from sales of marketable securities	3,660	31	395	3,265	395
(Increase) decrease in loans receivable	505	4	---	505	(223)
Other, net	(6)	---	(1,488)	1,482	(4,677)
Net cash used in investing activities	(48,238)	(405)	(35,478)	(12,760)	(54,673)
Free cash flows ( I + II )	5,834	49	14,959	(9,125)	(4,783)
<b>III. Cash flows from financing activities</b>					
Net repayments of borrowings	(4,124)	(35)	(2,975)	(1,149)	(9,320)
Dividends paid	---	---	(1,235)	1,235	(1,235)
Other, net	(1,646)	(14)	(1,974)	328	(1,975)
Net cash used in financing activities	(5,770)	(49)	(6,184)	414	(12,530)
Effect of exchange rate changes on cash and cash equivalents	1,744	15	2,473	(729)	2,682
Net increase (decrease) in cash and cash equivalents	1,808	15	11,248	(9,440)	(14,631)
Effect of change in fiscal year-end of certain subsidiary	(244)	(2)	---	(244)	---
Cash and cash equivalents at beginning of period	211,060	1,774	225,691	(14,631)	225,691
Cash and cash equivalents at end of period	212,624	1,787	236,939	(24,315)	211,060

## Segment Information (Three Months)

### Breakdown of Net Sales by Region

	Three Months Ended December 31, 2006			Three Months Ended December 31, 2005		Increase (Decrease)
	Million Yen	Million USD	% of Total	Million Yen	% of Total	% Change
Japan	101,462	853	57.0	88,321	54.3	14.9
United States of America	14,856	125	8.4	19,787	12.2	(24.9)
Europe	21,535	181	12.1	17,118	10.5	25.8
Asia	40,026	336	22.5	37,462	23.0	6.8
<b>Total</b>	<b>177,879</b>	<b>1,495</b>	<b>100.0</b>	<b>162,688</b>	<b>100.0</b>	<b>9.3</b>

### Breakdown of Profit / Loss by Region

	Three Months Ended December 31, 2006			Three Months Ended December 31, 2005		Increase (Decrease)
	Million Yen	Million USD	% of Total	Million Yen	% of Total	Million Yen
Japan	(6,880)	(58)	---	(10,976)	---	4,096
United States of America	(367)	(3)	---	2,449	---	(2,816)
Europe	198	2	---	(122)	---	320
Asia	3,216	27	---	1,621	---	1,595
<b>Total</b>	<b>(3,833)</b>	<b>(32)</b>	<b>---</b>	<b>(7,028)</b>	<b>---</b>	<b>3,195</b>

### Breakdown of Net Sales by Market Application

	Three Months Ended December 31, 2006			Three Months Ended December 31, 2005		Increase (Decrease)	
	Million Yen	Million USD	% Total	Million Yen	% Total	Million Yen	% Change
Communications	23,637	199	13.3	27,446	16.9	(3,809)	(13.9)
Computing and peripherals	31,808	267	17.9	33,426	20.5	(1,618)	(4.8)
Consumer electronics	36,470	306	20.5	26,674	16.4	9,796	36.7
Automotive and industrial	26,454	222	14.9	24,681	15.2	1,773	7.2
Multi-market ICs	21,874	184	12.3	17,712	10.9	4,162	23.5
Discrete, optical, and microwave devices	30,887	260	17.3	26,813	16.5	4,074	15.2
Semiconductor total	171,130	1,438	96.2	156,752	96.4	14,378	9.2
Other	6,749	57	3.8	5,936	3.6	813	13.7
<b>Total</b>	<b>177,879</b>	<b>1,495</b>	<b>100.0</b>	<b>162,688</b>	<b>100.0</b>	<b>15,191</b>	<b>9.3</b>

## Segment Information (Three Months)

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

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

	Three Months Ended December 31, 2006			Three Months Ended December 31, 2005		Increase (Decrease)	
	Million Yen	Million USD	% Total	Million Yen	% Total	Million Yen	% Change
SoC platform	70,406	592	39.6	62,203	38.2	8,203	13.2
MCU platform	42,494	357	23.9	37,833	23.3	4,661	12.3
Components	58,230	489	32.7	56,716	34.9	1,514	2.7
Semiconductor total	171,130	1,438	96.2	156,752	96.4	14,378	9.2
Other	6,749	57	3.8	5,936	3.6	813	13.7
Total	177,879	1,495	100.0	162,688	100.0	15,191	9.3

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

Microcontroller (MCU) Platform: microcontrollers, car audio controllers

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

## Segment Information (Nine Months)

### Breakdown of Net Sales by Region

	Nine Months Ended December 31, 2006			Nine Months Ended December 31, 2005		Increase (Decrease)	Year Ended March 31, 2006	
	Million Yen	Million USD	% of Total	Million Yen	% of Total	% Change	Million Yen	% of Total
Japan	283,413	2,381	54.4	260,974	54.8	8.6	352,875	54.6
United States of America	51,830	436	10.0	56,948	12.0	(9.0)	76,860	11.9
Europe	64,215	540	12.3	52,710	11.1	21.8	72,961	11.3
Asia	121,432	1,020	23.3	105,000	22.1	15.6	143,267	22.2
Total	520,890	4,377	100.0	475,632	100.0	9.5	645,963	100.0

### Breakdown of Profit / Loss by Region

	Nine Months Ended December 31, 2006			Nine Months Ended December 31, 2005		Increase (Decrease)	Year Ended March 31, 2006	
	Million Yen	Million USD	% of Total	Million Yen	% of Total	Million Yen	Million Yen	% of Total
Japan	(21,154)	(177)	---	(31,465)	---	10,311	(51,074)	---
United States of America	1,351	11	---	6,554	---	(5,203)	7,999	---
Europe	316	3	---	(116)	---	432	20	---
Asia	8,730	73	---	5,850	---	2,880	7,366	---
Total	(10,757)	(90)	---	(19,177)	---	8,420	(35,689)	---

### Breakdown of Net Sales by Market Application

	Nine Months Ended December 31, 2006			Nine Months Ended December 31, 2005		Increase (Decrease)		Year Ended March 31, 2006	
	Million Yen	Million USD	% Total	Million Yen	% Total	Million Yen	%	Million Yen	% Total
Communications	76,722	645	14.7	77,431	16.3	(709)	(0.9)	107,995	16.7
Computing and peripherals	96,742	813	18.6	93,211	19.6	3,531	3.8	126,581	19.6
Consumer electronics	90,556	761	17.4	77,122	16.2	13,434	17.4	102,639	15.9
Automotive and industrial	78,561	660	15.1	76,296	16.0	2,265	3.0	103,780	16.1
Multi-market ICs	66,065	555	12.7	52,094	11.0	13,971	26.8	69,449	10.8
Discrete, optical, and microwave devices	90,303	759	17.3	80,948	17.0	9,355	11.6	108,701	16.8
Semiconductor total	498,949	4,193	95.8	457,102	96.1	41,847	9.2	619,145	95.9
Other	21,941	184	4.2	18,530	3.9	3,411	18.4	26,818	4.1
Total	520,890	4,377	100.0	475,632	100.0	45,258	9.5	645,963	100.0

## Segment Information (Nine Months)

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

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

	Nine Months Ended December 31, 2006			Nine Months Ended December 31, 2005		Increase (Decrease)		Year Ended March 31, 2006	
	Million Yen	Million USD	% Total	Million Yen	% Total	Million Yen	% Change	Million Yen	% Total
SoC platform	196,881	1,654	37.8	181,190	38.1	15,691	8.7	245,602	38.0
MCU platform	124,451	1,046	23.9	115,671	24.3	8,780	7.6	156,490	24.3
Components	177,617	1,493	34.1	160,241	33.7	17,376	10.8	217,053	33.6
Semiconductor total	498,949	4,193	95.8	457,102	96.1	41,847	9.2	619,145	95.9
Other	21,941	184	4.2	18,530	3.9	3,411	18.4	26,818	4.1
<b>Total</b>	<b>520,890</b>	<b>4,377</b>	<b>100.0</b>	<b>475,632</b>	<b>100.0</b>	<b>45,258</b>	<b>9.5</b>	<b>645,963</b>	<b>100.0</b>

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

Microcontroller (MCU) Platform: microcontrollers, car audio controllers

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

## Capital Expenditures and R&D Expenses

### Three Months

	Three Months Ended December 31, 2006		Three Months Ended December 31, 2005	Increase (Decrease)
	Million Yen	Million USD	Million Yen	Million Yen
Capital expenditures	17,687	149	14,771	2,916
Depreciation and amortization	21,773	183	22,521	(748)
R&D expenses	33,713	283	30,041	3,672

### Nine Months

	Nine Months Ended December 31, 2006		Nine Months Ended December 31, 2005	Increase (Decrease)	Year Ended March 31, 2006
	Million Yen	Million USD	Million Yen	Million Yen	Million Yen
Capital expenditures	94,431	794	61,344	33,087	83,030
Depreciation and amortization	60,504	508	64,721	(4,217)	89,342
R&D expenses	96,571	812	84,848	11,723	120,874

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

## **Forward-Looking Statements**

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

## **About NEC Electronics**

NEC Electronics Corporation (TSE: 6723) specializes in semiconductor products encompassing advanced technology solutions for the high-end computing and broadband networking markets, system solutions for the mobile handsets, PC peripherals, automotive and digital consumer markets, and multi-market solutions for a wide range of customer applications. NEC Electronics Corporation has 24 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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