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**NEC Electronics Announces Combined Financial Results
for the Third Quarter of the Fiscal Year Ending March 31, 2004**

KAWASAKI, Japan, January 27, 2004 — NEC Electronics Corporation (TSE: 6723) today announced its combined financial results for the third quarter of the fiscal year ending March 31, 2004.

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I. Overview: Combined Financial Results

<Third Quarter>

	Three months ended December 31, 2003		(Reference) Three months ended December 31, 2002	
	Billions of yen	% of net sales	Billions of yen	% of net sales
Net sales	175.2	100.0	185.6	100.0
Operating income	15.5	8.9	11.5	6.2
Income before income taxes	13.8	7.9	7.3	4.0
Net income	8.3	4.8	4.7	2.6
Net income per share of common stock:	Yen		Yen	
Basic:	67.66		47.47	
Diluted:	67.66		47.47	

<Nine Months>

	Nine months ended December 31, 2003		(Reference) Nine months ended December 31, 2002		(Reference) Full fiscal year ended March 31, 2003	
	Billions of yen	% of net sales	Billions of yen	% of net sales	Billions of yen	% of net sales
Net sales	523.3	100.0	551.4	100.0	725.0	100.0
Operating income	40.8	7.8	25.8	4.7	30.2	4.2
Income before income taxes	33.3	6.4	13.8	2.5	15.0	2.1
Net income	20.4	3.9	9.8	1.8	9.6	1.3
Net income per share of common stock:	Yen		Yen		Yen	
Basic:	179.01		98.93		96.22	
Diluted:	179.01		98.93		96.22	

	As of December 31, 2003	As of September 30, 2003	As of March 31, 2003
	Billions of yen	Billions of yen	Billions of yen
Total assets	746.3	733.3	655.4
Shareholders' equity	356.6	347.7	238.9

(Notes)

- The figures are rounded off in 100 million yen.
- NEC Electronics' combined information is in accordance with U.S. GAAP. However, the figure for operating income shown above represents net sales minus cost of sales and selling, general and administrative expenses.
- Results for the fiscal year ended March 31, 2003, nine months ended December 31, 2002, and three months ended December 31, 2002 are formulated, for the sake of comparison, as if NEC Electronics existed as an independent company prior to November 1, 2002 (the date NEC Electronics was established).

II. Combined Financial Results for the Nine Months Ended December 31, 2003 (Summary)

Name of Stock Exchange: Tokyo Stock Exchange (First section) Code No: 6723
Company name: NEC Electronics Corporation (URL <http://www.necel.com/>)
Representative: Kaoru Tosaka, President
Parent company: NEC Corporation (Code No: 6701) Percentage of shares held by NEC Corporation: 70.0%

1. Significant accounting policies

- 1) U.S. GAAP applied: Yes
- 2) Changes in accounting methods recognized in the most-recent consolidated fiscal year: None
- 3) Changes in scope of consolidation and application of equity method compared with fiscal year ended March 31, 2003:
Added: None Excluded: 1 company

2. Performance in the nine months ended December 31, 2003

1) Results of operations

	Net sales		Operating income		Income before income taxes		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2003	523,340	(5.1)	40,810	58.0	33,393	141.8	20,472	106.9
(Reference) Nine months ended December 31, 2002	551,490	-	25,830	-	13,813	-	9,893	-
(Reference) Full fiscal year ended March 31, 2003	725,093	-	30,203	-	15,090	-	9,622	-
	Net income per share of common stock: Basic		Net income per share of common stock: Diluted					
	Yen		Yen					

Nine months ended December 31, 2003

179.01 -

(Reference)

Nine months ended
December 31, 2002 98.93 -

(Reference)

Full fiscal year ended
March 31, 2003 96.22 -

(Notes)

1. Percentage figures for net sales, operating income, income before income taxes and net income represent year-on-year changes.
2. Net income per share of common stock for the nine months ended December 31, 2003 is prepared in accordance with accounting principles accepted in the Statement of Financial Accounting Standards ("SFAS") NO.128 "Earnings per share".

Combined Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2004
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3. NEC Electronics' combined information is in accordance with U.S. GAAP. However, the figure for operating income shown above represents net sales minus cost of sales and selling, general and administrative expenses.

2) Financial position

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2003	746,340	356,605	47.8	2,887.50
(Reference)				
As of December 31, 2002	625,630	254,633	40.7	2,546.33
(Reference)				
As of March 31, 2003	655,489	238,927	36.5	2,389.27

[Cash flows]

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Nine months ended December 31, 2003	96,151	(54,310)	73,626	192,154
(Reference)				
Nine months ended December 31, 2002	110,974	(50,090)	(8,493)	64,180
(Reference)				
Full fiscal year ended March 31, 2003	124,832	(56,553)	(1,999)	78,216

*Results for the fiscal year ended March 31, 2003 and the nine months ended December 31, 2002 are formulated, for the sake of comparison, as if NEC Electronics existed as an independent company prior to November 1, 2002 (the date NEC Electronics was established).

3. Targets for the fiscal year ending March 31, 2004

	Net sales	Income before income taxes	Net income
	Millions of yen	Millions of yen	Millions of yen
Full fiscal year ending March 31, 2004	705,000	44,000	26,000

(Note)

Net income per share of common stock (forecast) for fiscal year ending March 31, 2004: 210.53 yen

Please refer to page 14 for more information on the assumptions used in formulating the above forecasts and other related matters.

III. Results of Operations and Financial Condition

1. Overview of the third quarter ended December 31, 2003 and full-year forecasts

During the third quarter, the three-month period ended December 31, 2003, the global economy continued to stage a recovery on the whole. The U.S. economy, in particular, saw signs of a robust recovery, including favorable consumer spending and a strong upsurge in capital investment. This was partly underpinned by beneficial policies such as additional tax and interest-rate cuts. Other regions also showed signs of an upturn in general economic conditions. A turnaround in Asian economies was fueled by export growth, while European economies bottomed out, heading toward a gradual recovery.

The third quarter was another period of moderate recovery for Japan's economy as well. Exports, mainly to other Asian regions, were the primary growth engine, supported by growth in capital investment facilitated by improved corporate earnings and healthy consumer spending at home. The semiconductor market held firm thanks to growing demand for PCs, mobile handsets, digital audio-visual (AV) products such as digital cameras, DVD recorders and flat-screen TVs. However, the outlook for a sustainable economic recovery and further growth is still uncertain. The main causes for concern include the risk of the yen's further appreciation, as well as excessive employment, overcapacity in production, and heavy debt loads.

In this business environment, NEC Electronics recorded combined net sales of 175.2 billion yen, down 10.3 billion yen year on year. This was primarily due to the yen's appreciation and a sharp decline in sales of semiconductors used in game consoles. Another factor was the continued downsizing of our non-core consignment sales business. These declines were partly offset by favorable sales of semiconductors for use in mobile phone applications and PC peripherals.

However, combined operating income increased 3.9 billion yen to 15.5 billion yen. This mainly reflected improved productivity due to higher utilization of production lines, shift to products with higher added value, and cost reductions in the form of lower materials costs, which outweighed the decline in sales. Combined income before income taxes rose 6.4 billion yen to 13.8 billion yen. Combined net income was 8.3 billion yen, up 3.6 billion yen year on year.

NEC Electronics' forecast for its consolidated financial results of the fiscal year ending March 31, 2004 is as follows:

<Consolidated>

Combined Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2004
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		Comparison with the previous fiscal year	Change from October announcement
	Billions of yen	%	Billions of yen
Net sales	705.0	(3)	-
Operating income	53.0	75	3.0
Income before income taxes	44.0	192	-
Net income	26.0	170	-

2. Breakdown of net sales by end-market applications (unaudited)

	Three months ended December 31, 2003	% of net sales	Y-o-Y % change	(Reference)	% of net sales	Increase (decrease)
				Three months ended December 31, 2002		
	Millions of yen	%	%	Millions of yen	%	Millions of yen
Communications	36,967	21.1	38.4	26,704	14.4	10,263
Computing and Peripherals	36,975	21.1	31.3	28,154	15.2	8,821
Consumer Electronics	23,246	13.3	(37.7)	37,295	20.1	(14,049)
Automotive and Industrial	21,630	12.3	1.9	21,227	11.4	403
Multi-market ICs	18,081	10.3	(20.2)	22,654	12.2	(4,573)
Discrete, Optical, and Microwave Devices	29,789	17.0	(2.0)	30,392	16.4	(603)
Subtotal	166,688	95.1	0.2	166,426	89.7	262
Other	8,608	4.9	(55.2)	19,200	10.3	(10,592)
Total	175,296	100.0	(5.6)	185,626	100.0	(10,330)

Communications

Net sales: 36.9 billion yen (up 38.4%)

Net sales of semiconductors for communications applications increased 38.4% year on year to 36.9 billion yen. This application area encompasses semiconductors for routers, mobile-phone base stations and other broadband networking equipment, as well as semiconductors for mobile handsets.

Third-quarter sales of baseband LSIs for mobile handsets, LCD driver-ICs used in color LCD monitors, and system memories rose sharply compared with the same period a year earlier.

Computing and peripherals

Net sales: 36.9 billion yen (up 31.3%)

Net sales of semiconductors for computing and peripheral applications rose 31.3% to 36.9 billion yen. This application area covers semiconductors for servers, workstations, personal computers (PCs) and PC peripherals.

Sales growth was fueled by increased demand for system LSIs used in PC peripherals, specifically rewriteable DVD drives and printers.

Consumer electronics

Net sales: 23.2 billion yen (down 37.7%)

Net sales of semiconductors for consumer electronics applications were 23.2 billion yen, down 37.7% year on year. This area includes semiconductors for digital AV equipment and game consoles.

Despite sales growth in graphics processing LSIs used in DVD recorders, driver-ICs for plasma displays, and other semiconductors for digital AV equipment, overall sales fell sharply on lower sales of semiconductors for game consoles and conventional consumer electronic devices.

Automotive and industrial

Net sales: 21.6 billion yen (up 1.9%)

Net sales of semiconductors for automotive and industrial applications increased 1.9% year on year to 21.6 billion yen. This application area includes semiconductors used in automobiles and industrial systems, including medical equipment.

Sales of semiconductors for automobiles rose driven by strong demand for microcontrollers used in automobiles.

Multi-market ICs

Net sales: 18.0 billion yen (down 20.2%)

Net sales of multi-market ICs were 18.0 billion yen, down 20.2% year on year. This field covers general-purpose microcontrollers, gate arrays and multi-purpose SRAMs.

During the quarter, sales declined due to lower year-on-year performance from gate arrays, impacted by shrinking market demand.

Discrete, optical and microwave devices

Net sales: 29.7 billion yen (down 2.0%)

Net sales of discrete, optical and microwave devices decreased 2.0% year on year to 29.7 billion yen. This application area includes discrete devices such as diodes and transistors, and optical semiconductors, such as semiconductor lasers for optical communications equipment and semiconductors for optical storage devices. This area also encompasses microwave semiconductors for mobile handsets and other applications.

Third quarter sales for this sector declined due to lower sales of discrete devices for conventional consumer electronics compared to a year earlier.

Other

Net sales: 8.6 billion yen (down 55.2%)

Other net sales decreased 55.2% to 8.6 billion yen. This category primarily includes the sale of products other than semiconductors, such as color LCDs, by NEC Electronics' sales subsidiaries on a consignment basis.

NEC Electronics plans to continue downsizing these operations, as they are not part of NEC Electronics' core operations.

IV. Condensed Combined Financial Statements

1. Condensed combined statements of operations (third quarter) (unaudited)

	Three months ended December 31, 2003		(Reference) Three months ended December 31, 2002		Y-o-Y increase (decrease)	Three months ended December 31, 2003
	Millions of yen	% of net sales	Millions of yen	% of net sales		
	Millions of yen	%	Millions of yen	%	Millions of yen	Millions of U.S. dollars
Net sales	175,296	100.0	185,626	100.0	(10,330)	1,638
Cost of sales	116,894	66.7	131,509	70.8	(14,615)	1,092
Selling, general and administrative expenses	42,854	24.4	42,537	23.0	317	401
Operating income	15,548	8.9	11,580	6.2	3,968	145
Non-operating income	1,413	0.8	847	0.5	566	13
Interest and dividends	102		102		-	1
Other	1,311		745		566	12
Non-operating expenses	3,088	1.8	5,042	2.7	(1,954)	29
Interest	317		504		(187)	3
Other	2,771		4,538		(1,767)	26
Income before income taxes	13,873	7.9	7,385	4.0	6,488	129
Income taxes	5,827	3.3	3,101	1.7	2,726	54
Minority interest in losses of combined subsidiaries	(310)	(0.2)	(463)	(0.3)	153	(3)
Net income	8,356	4.8	4,747	2.6	3,609	78

(Notes)

1. NEC Electronics' combined information is in accordance with U.S. GAAP. However, the figure for operating income shown above represents net sales minus cost of sales and selling, general and administrative expenses.
2. U.S. dollars are translated from yen, for convenience only, at the rate of US\$=107 yen.

2. Condensed combined statements of operations (nine months) (unaudited)

	Nine months ended December 31, 2003	% of net sales	(Reference) Nine months ended December 31, 2002	% of net sales	Y-o-Y increase (decrease)	Nine months ended December 31, 2003
	Millions of yen	%	Millions of yen	%	Millions of yen	Millions of U.S. dollars
Net sales	523,340	100.0	551,490	100.0	(28,150)	4,891
Cost of sales	348,987	66.7	391,236	70.9	(42,249)	3,262
Selling, general and administrative expenses	133,543	25.5	134,424	24.4	(881)	1,248
Operating income	40,810	7.8	25,830	4.7	14,980	381
Non-operating income	2,906	0.6	3,303	0.6	(397)	27
Interest and dividends	284		312		(28)	3
Other	2,622		2,991		(369)	24
Non-operating expenses	10,323	2.0	15,320	2.8	(4,997)	96
Interest	1,118		1,770		(652)	10
Other	9,205		13,550		(4,345)	86
Income before income taxes	33,393	6.4	13,813	2.5	19,580	312
Income taxes	14,025	2.7	5,801	1.1	8,224	131
Minority interest in losses of combined subsidiaries	(1,104)	(0.2)	(1,881)	(0.4)	777	(10)
Net income	20,472	3.9	9,893	1.8	10,579	191

(Notes)

1. NEC Electronics' combined information is in accordance with U.S. GAAP. However, the figure for operating income shown above represents net sales minus cost of sales and selling, general and administrative expenses.
2. U.S. dollars are translated from yen, for convenience only, at the rate of US\$=107 yen.

3. Condensed combined balance sheets

	December 31, 2003 (unaudited)	September 30, 2003 (unaudited)	Increase (decrease)	March 31, 2003	December 31, 2003 (unaudited)
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of U.S. Dollars
Current assets	387,709	374,852	12,857	295,220	3,623
Cash and cash equivalents	192,154	187,574	4,580	78,216	1,796
Notes and accounts receivable, trade	94,967	87,675	7,292	123,857	888
Inventories	76,997	73,290	3,707	77,077	720
Other current assets	23,591	26,313	(2,722)	16,070	219
Long-term assets	358,631	358,546	85	360,269	3,352
Investments	10,350	10,123	227	8,144	97
Property, plant and equipment	291,361	289,345	2,016	289,004	2,723
Other assets	56,920	59,078	(2,158)	63,121	532
Total assets	746,340	733,398	12,942	655,489	6,975
Current liabilities	191,840	188,109	3,731	216,877	1,793
Short-term borrowings and current portion of long-term debt	12,096	25,993	(13,897)	27,440	113
Notes and accounts payable, trade	128,544	112,634	15,910	127,455	1,201
Other current liabilities	51,200	49,482	1,718	61,982	479
Long-term liabilities	192,960	192,879	81	194,375	1,803
Long-term debt	93,005	92,964	41	94,345	869
Accrued pension and severance costs	99,955	99,915	40	100,030	934
Minority shareholders' equity in combined subsidiaries	4,935	4,704	231	5,310	46
Total shareholders' equity	356,605	347,706	8,899	238,927	3,333
Common stock	85,955	85,955	-	50,000	803
Additional paid-in capital	275,711	275,588	123	216,744	2,577
Retained earnings	22,144	13,788	8,356	1,672	207
Accumulated other comprehensive income (loss)	(27,205)	(27,625)	420	(29,489)	(254)
Total liabilities and shareholders' equity	746,340	733,398	12,942	655,489	6,975
Interest-bearing debt	105,101	118,957	(13,856)	121,785	982
Shareholders' equity ratio (%)	47.8	47.4	0.4	36.5	
D/E ratio (Times)	0.29	0.34	(0.05)	0.51	
Breakdown of accumulated other comprehensive income (loss)					
Foreign currency translation adjustments	2,558	3,346	(788)	4,944	24
Minimum pension liability adjustments	(31,763)	(32,791)	1,028	(34,919)	(297)
Unrealized gains (losses) on marketable securities	2,041	1,884	157	486	19
Unrealized gains (losses) on derivative financial instruments	(41)	(64)	23	-	(0)

(Note)

U.S. dollars are translated from yen, for convenience only, at the rate of US\$=107 yen.

4. Condensed combined statements of cash flows (third quarter) (unaudited)

	Three months ended December 31, 2003	(Reference) Three months ended December 31, 2002	Y-o-Y increase (decrease)	Three months ended December 31, 2003
	Millions of yen	Millions of yen	Millions of yen	Millions of U.S. dollars
I. Cash flows from operating activities				
Net income	8,356	4,747	3,609	78
Adjustments to reconcile net income to net cash provided by operating activities				
Depreciation and amortization	21,563	22,324	(761)	202
(Increase) decrease in notes and accounts receivable	(7,784)	4,561	(12,345)	(73)
(Increase) decrease in inventories	(4,234)	(371)	(3,863)	(40)
Increase (decrease) in notes and accounts payable	11,329	7,684	3,645	106
Other, net	6,214	(773)	6,987	58
Net cash provided by operating activities	35,444	38,172	(2,728)	331
II. Cash flows from investing activities				
Proceeds from sales of property, plant and equipment	583	3,179	(2,596)	5
Additions to property, plant and equipment	(19,093)	(16,253)	(2,840)	(178)
Proceeds from sales of marketable securities	1,686	47	1,639	16
Increase in other investment securities and marketable securities	(873)	(190)	(683)	(8)
Other, net	1,013	1,132	(119)	9
Net cash used in investing activities	(16,684)	(12,085)	(4,599)	(156)
Free cash flows	18,760	26,087	(7,327)	175
III. Cash flows from financing activities				
Net proceeds from (repayments of) borrowings	(13,161)	21,951	(35,112)	(123)
Other, net	(1)	-	(1)	(0)
Net cash provided by (used in) financing activities	(13,162)	21,951	(35,113)	(123)
Effect of exchange rate changes on cash and cash equivalents				
	(1,018)	(134)	(884)	(9)
Net increase in cash and cash equivalents	4,580	47,904	(43,324)	43
Cash and cash equivalents at beginning of period	187,574	16,276	171,298	1,753
Cash and cash equivalents at end of period	192,154	64,180	127,974	1,796

(Note)

U.S. dollars are translated from yen, for convenience only, at the rate of US\$=107 yen.

5. Condensed combined statements of cash flows (nine months) (unaudited)

	(Reference) Nine months ended December 31, 2003	Nine months ended December 31, 2002	Y-o-Y increase (decrease)	Nine months ended December 31, 2003
	Millions of yen	Millions of yen	Millions of yen	Millions of U.S. dollars
I. Cash flows from operating activities				
Net income	20,472	9,893	10,579	191
Adjustments to reconcile net income to net cash provided by operating activities				
Depreciation and amortization	59,124	64,465	(5,341)	553
(Increase) decrease in notes and accounts receivable	25,365	21,800	3,565	237
(Increase) decrease in inventories	(1,420)	7,859	(9,279)	(13)
Increase (decrease) in notes and accounts payable	(12,682)	8,896	(21,578)	(119)
Other, net	5,292	(1,939)	7,231	50
Net cash provided by operating activities	96,151	110,974	(14,823)	899
II. Cash flows from investing activities				
Proceeds from sales of property, plant and equipment	1,616	6,180	(4,564)	15
Additions to property, plant and equipment	(48,419)	(47,938)	(481)	(453)
Proceeds from sales of marketable securities	1,765	295	1,470	16
Increase in other investment securities and marketable securities	(873)	(463)	(410)	(8)
Other, net	(8,399)	(8,164)	(235)	(78)
Net cash used in investing activities	(54,310)	(50,090)	(4,220)	(508)
Free cash flows	41,841	60,884	(19,043)	391
III. Cash flows from financing activities				
Net proceeds from (repayments of) borrowings	(14,761)	(8,493)	(6,268)	(138)
Proceeds from public stock offerings, net	92,885	-	92,885	868
Other, net	(4,498)	-	(4,498)	(42)
Net cash provided by (used in) financing activities	73,626	(8,493)	82,119	688
Effect of exchange rate changes on cash and cash equivalents	(1,529)	(784)	(745)	(14)
Net increase in cash and cash equivalents	113,938	51,607	62,331	1,065
Cash and cash equivalents at beginning of period	78,216	12,573	65,643	731
Cash and cash equivalents at end of period	192,154	64,180	127,974	1,796

(Note)

U.S. dollars are translated from yen, for convenience only, at the rate of US\$=107 yen.

Cautionary Statements:

The statements in this press release with respect to the plans, strategies and forecasts of NEC Electronics and its consolidated subsidiaries (collectively "we") are forward-looking statements involving risks and uncertainties. We caution in advance you that actual results could differ materially from such forward-looking statements due to several factors. The important factors that could cause actual results to differ materially from such statements include, but are 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, our products and services in the marketplace; our ability to continue to win acceptance of our products and services in these highly competitive markets; and movements in currency exchange rates, particularly the rate between the yen and the U.S. dollar. Among other factors, a worsening of the world economy; a worsening of financial conditions in the world markets, and a deterioration in the domestic and overseas stock markets, would cause actual results to differ from the projected results forecast.

In cases where the information contained in the press release falls within the definition of "Material Information" under Paragraph 2 of Article 166 of the Securities and Exchange Law of Japan, if you (and directors or employees of your company if the content of this press release come to their knowledge in connection with their duty) read this press release before the time of "Publication" (which is defined under the Securities and Exchange Law of Japan and its Enforcement Ordinance as twelve hours after its release; i.e., approximately 3 am on January 28, 2004 (JST), you (and directors or employees of your company if the content of this press release comes to their knowledge in connection with their duties) may be prohibited from purchasing, selling, or making other transactions of shares of our stock before the time of Publication.

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