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**Renesas Electronics Reports Financial Results
 for the First Quarter Ended March 31, 2017**

Tokyo, Japan, May 12, 2017 — Renesas Electronics Corporation (TSE:6723) today announced consolidated financial results for the three months ended March 31, 2017.

Summary of Consolidated Financial Results

	Three-month period ended March 31, 2017	
	Billion Yen	% of Net Sales
Net sales	177.6	100.0
Sales from semiconductors	172.5	
Sales from others	5.1	
Operating income	25.5	14.3
Ordinary income	24.5	13.8
Net income attributable to shareholders of parent company	20.0	11.2
Capital expenditures	31.2	
Depreciation and others	20.1	
R&D expenses	27.1	
	Yen	
Exchange rate (USD)	114	
Exchange rate (EUR)	121	

	As of March 31, 2017
	Billion Yen
Total assets	966.8
Net assets	432.8
Equity Capital	430.5
Equity ratio (%)	44.5%
Interest-bearing debt	252.7

Note 1: All figures are rounded to the nearest 100 million yen.

Note 2: Consolidated financial results for the three months ended March 31, 2017 have been reviewed by the auditors.

Note 3: Capital expenditures refer to the amount of order placed for property, plant and equipment (manufacturing equipment) and intangible assets.

Note 4: Depreciation and others includes depreciation and amortization of intangible assets, amortization of long-term prepaid expenses and amortization of good will in quarterly consolidated statements of cash flows.



Consolidated Financial Results for the First Quarter Ended March 31, 2017

English translation from the original Japanese-language document

May 12, 2017

Company name : **Renesas Electronics Corporation**
 Stock exchanges on which the shares are listed : Tokyo Stock Exchange, First Section
 Code number : 6723
 URL : <http://www.renesas.com>
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 Filing date of Shihanki Hokokusho (scheduled) : May 12, 2017

(Amounts are rounded to the nearest million yen)

1. Consolidated financial results for the three-month period ended March 31, 2017

1.1 Consolidated financial results

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

	Net sales		Operating income		Ordinary income		Net income attributable to shareholders of parent company	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three-month period ended March 31, 2017	177,646	---	25,481	---	24,520	---	19,975	---
Three-month period ended June 30, 2016	151,976	(15.2)	18,555	(42.7)	16,257	(51.3)	9,978	(66.6)

Reference: Comprehensive income for the three months ended March 31, 2017: 10,351 million yen (--)
 Comprehensive income for the three months ended June 30, 2016: (6,236) million yen (--)

	Net income per share basic	Net income per share diluted
	Yen	Yen
Three-month period ended March 31, 2017	11.98	11.98
Three-month period ended June 30, 2016	5.99	---

Renesas Electronics Group implemented a change of the fiscal term in which the fiscal year-end changed from March 31 to December 31, starting from the fiscal year 2016. Accordingly, the percent of change from the corresponding period of the previous year is not indicated, since the first quarter of the fiscal year ending December 31, 2017 (January 1, 2017 to March 31, 2017) and the first quarter of the previous fiscal year (April 1, 2016 to June 30, 2016) cover different periods.

[Reference]

The following adjusted changes [%] are comparisons of consolidated results for the three months ended March 31, 2017 with consolidated results of the corresponding period for the fiscal year ended December 31, 2016 (January 1, 2016 to March 31, 2016).

Note that these consolidated results have not been subject to quarterly review procedures. (All numbers are in millions of yen)

<u>Net sales</u>	<u>Operating income</u>	<u>Ordinary income</u>	<u>Net income attributable to shareholders of parent company</u>	(million yen)
177,646	25,481	24,520	19,975	
+5.9%	+62.0%	+118.1%	+94.1%	

1.2 Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
March 31, 2017	966,822	432,785	44.5
December 31, 2016	823,054	422,393	51.0

Reference: Equity as of March 31, 2017: 430,540 million yen
Equity as of December 31, 2016: 420,162 million yen

2. Cash dividends

	Cash dividends per share				
	At the end of first quarter	At the end of second quarter	At the end of third quarter	At the end of year	Total
	Yen	Yen	Yen	Yen	Yen
Year ended December 31, 2016	---	0.00	---	0.00	0.00
Year ending December 31, 2017	---				
Year ending December 31, 2017 (forecast)		0.00	---	---	(---)

Note: Change in forecast of cash dividends since the most recently announced forecast: Yes
For details, please refer to Appendix 1.4., "Forecasts of Cash Dividends" on page 5.

3. Forecast of consolidated results for the six months ending June 30, 2017

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

	Net sales		Operating income		Ordinary income		Net income attributable to shareholders of parent company		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	yen
Six months ending June 30, 2017	369,700	---	38,500	---	37,500	---	40,000	---	23.99

Note: Change in forecast of consolidated results since the most recently announced forecast: Yes

Renesas Electronics Group implemented a change of the fiscal term in which the fiscal year-end changed from March 31 to December 31, starting from the fiscal year 2016. Accordingly, the percent of change from the corresponding period of the previous year is not indicated, since the second quarter of the fiscal year ending December 31, 2017 (January 1, 2017 to June 30, 2017) and the second quarter of the previous fiscal year (April 1, 2016 to September 30, 2016) cover different periods. In addition, the Group reports its consolidated forecast on a quarterly basis (cumulative quarters) as a substitute for a yearly forecast. For details, refer to page 5 of the Appendix.

[Reference]

The following adjusted changes [%] are comparisons of forecast of consolidated results for the six months ending

Renesas Electronics' Quarterly Consolidated Financial Results for the three-month period ended March 31, 2017

June 30, 2017 with consolidated results of the corresponding period of the fiscal year ended December 31, 2016 that has been adjusted to a 12-month period (January 1, 2016 to December 31, 2016).

Note that the consolidated results for the fiscal year ended December 31, 2016 adjusted for a 12-month period (January 1, 2016 to December 31, 2016) have not been subject to an audit procedure. (All numbers are in millions of yen)

Forecast of consolidated results for the six months ending June 30, 2017:

<u>Net sales</u>	<u>Operating income</u>	<u>Ordinary income</u>	<u>Net income attributable to shareholders of parent company</u>
369,700	38,500	37,500	40,000
+15.6%	+12.3%	+36.4%	+97.3%

4. Others

4.1 Changes in significant subsidiaries for the three-month period ended March 31, 2017: Yes
(Note) For details, please refer to page 6.

4.2 Adoption of special accounting policies for quarterly financial statements: Yes
(Note) For details, please refer to page 13.

4.3 Changes in Accounting Policies, Changes in Accounting Estimates and Corrections of Prior Period Errors

1. Changes in accounting policies with revision of accounting standard: No
2. Changes in accounting policies except for 4.3.1: No
3. Changes in accounting estimates: No
4. Corrections of prior period errors: No

4.4 Number of shares issued and outstanding (common stock)

1. Number of shares issued and outstanding (including treasury stock)

As of March 31, 2017:	1,667,124,490 shares
As of December 31, 2016:	1,667,124,490 shares

2. Number of treasury stock

As of March 31, 2017:	2,581 shares
As of December 31, 2016:	2,581 shares

3. Average number of shares issued and outstanding

For the three-month period ended March 31, 2017:	1,667,121,909 shares
For the three-month period ended June 30, 2016:	1,667,121,909 shares

(Note) Information regarding the implementation of quarterly review procedures

These quarterly financial results are not subject to quarterly review procedures based upon the Financial Instruments and Exchange Act. The review procedures for the quarterly financial report have been completed by the time of issuance of this report.

Cautionary Statement

The statements with respect to the financial outlook of Renesas Electronics Corporation (hereafter "the Company") and its consolidated subsidiaries (hereafter "the Group") 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.

The Group will hold a quarterly earnings conference for institutional investors and analysts on May 12, 2017. The Group plans to post the materials which are provided at the meeting, on the Group's website on that day.

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1. First Quarter Consolidated Financial Results

1.1 Analysis of Business Results

Renesas Electronics Group implemented a change of the fiscal term in which the fiscal year-end changed from March 31 to December 31, starting from the fiscal year 2016. As a result, the previous consolidated fiscal year, in which the change in fiscal year-end took place, comprised the nine months from April 1, 2016 to December 31, 2016, and the consolidated results listed below are compared with the corresponding period of the previous year (January 1, 2016 to March 31, 2016).

1.1.1 Summary of Consolidated Financial Results for the Three-Month Period Ended March 31, 2017

	Three-month period ended March 31, 2016	Three-month period ended March 31, 2017	Increase (Decrease)	
	Billion yen	Billion yen	Billion yen	% Change
Net sales	167.8	177.6	9.9	5.9
Sales from semiconductors	163.2	172.5	9.3	5.7
Sales from others	4.6	5.1	0.6	12.1
Operating income	15.7	25.5	9.8	62.0
Ordinary income	11.2	24.5	13.3	118.1
Net income attributable to shareholders of parent company	10.3	20.0	9.7	94.1
	Yen	Yen		
Exchange rate (USD)	118	114	-	-
Exchange rate (EUR)	130	121	-	-

[Net sales]

Consolidated net sales for the three-month period ended March 31, 2017 were 177.6 billion yen, a 5.9% increase year on year. Despite the continuing strong yen, consolidated sales increased mainly due to the recording of sales of Intersil Corporation as part of the Group's consolidated sales starting March 2017 following the completion of the acquisition in February 2017.

[Sales from Semiconductors]

Sales from semiconductors for the three-month period ended March 31, 2017 were 172.5 billion yen, a 5.7% increase year on year.

The sales breakdown for "Automotive" and "General purpose", and for "Other semiconductors" not belonging to these two categories, is as follows:

Automotive Business: 85.9 billion yen

The automotive business includes the product categories "Automotive control," comprising semiconductor devices for controlling automobile engines and bodies, and "Automotive information," comprising semiconductor devices used in automotive information systems such as navigation systems. The Group supplies microcontrollers, analog & power semiconductor devices, and system-on-chip (SoC) products in each of these categories.

Sales of Automotive business for the three-month period ended March 31, 2017 were 85.9 billion yen, an increase of 5.2% year on year. This was mainly due to increased sales in the "Automotive Control" category, despite the decreased sales in the "Automotive Information" category.

General-Purpose Business: 79.0 billion yen

The general-purpose business includes the product categories “Industrial”, comprising semiconductor devices for industrial equipment, “OA/ICT,” comprising semiconductor devices for office automation (OA) equipment such as copy machines and information and communication technology (ICT) equipment such as network infrastructure, and “General-purpose,” comprising general-purpose semiconductor devices for other applications (including home appliances). The Group supplies microcontrollers, analog & power semiconductor devices, and SoC products in each of these categories.

Sales of General-purpose business for the three-month period ended March 31, 2017 were 79.0 billion yen, a decrease of 1.8% year on year. Despite an increase in sales in the “Industrial” category, sales of General-purpose business decreased mainly due to decreases in sales in the “OA/ICT” and “General-Purpose” categories resulting from the Group’s ongoing efforts to withdraw from non-focus products, etc., as part of its promotion of selection and concentration.

Other Semiconductors: 7.6 billion yen

Sales of Other semiconductors include business of Intersil Group in addition to production by commissioning and royalties.

Sales of Other semiconductors for the three-month period ended March 31, 2017 were 7.6 billion yen, an increase of 576.0% year on year. This was mainly due to the recording of sales of Intersil Corporation as part of the Group’s consolidated sales following the completion of the acquisition in February 2017.

[Sales from others]

Sales from others include non-semiconductor products sold on a resale basis by the Group’s sales subsidiaries and development and production by commissioning conducted at the Group’s design and manufacturing subsidiaries.

Sales from others for the three-month period ended March 31, 2017 were 5.1 billion yen, a 12.1% increase year on year.

[Operating income]

Operating income for the three-month period ended March 31, 2017 was 25.5 billion yen, a 9.8 billion yen increase year on year. This was mainly due to an increase in net sales.

[Ordinary income]

Ordinary income for the three-month period ended March 31, 2017 was 24.5 billion yen, a 13.3 billion yen increase year on year. This was mainly due to an increase in operating income.

[Net income attributable to shareholders of parent company]

Net income attributable to shareholders of parent company for the three-month period ended March 31, 2017 was 20.0 billion yen, a 9.7 billion yen increase year on year. This was mainly due to an increase in ordinary income.

1.2 Consolidated Financial Condition

1.2.1 Total Assets, Liabilities and Net assets

	December 31, 2016	March 31, 2017	Increase (Decrease)
	Billion yen	Billion yen	Billion yen
Total assets	823.1	966.8	143.8
Net assets	422.4	432.8	10.4
Equity	420.2	430.5	10.4
Equity ratio (%)	51.0	44.5	(6.5)
Interest-bearing debt	157.3	252.7	95.4
Debt / Equity ratio	0.37	0.59	0.22

Total assets at March 31, 2017 were 966.8 billion yen, a 143.8 billion yen increase from December 31, 2016. Despite a decrease in cash and deposits, total assets increased primarily due to increases in notes and accounts receivable-trade, machinery and equipment, good will and long-term prepaid expenses in the three-month period ended March 31, 2017. Net assets were 432.8 billion yen, a 10.4 billion yen increase from December 31, 2016. This was mainly due to recording of net income attributable to shareholders of parent company in the amount of 20.0 billion yen.

Equity increased by 10.4 billion yen from December 31, 2016 and the equity ratio was 44.5%. Interest-bearing debt increased by 95.4 billion yen from December 31, 2016 mainly due to the new financial arrangements to secure long-term working capital. Consequently, the debt to equity ratio increased to 0.59.

1.2.2 Cash Flows

	Three-month period ended March 31, 2016	Three-month period ended March 31, 2017
	Billion yen	Billion yen
Net cash provided by (used in) operating activities	17.0	9.8
Net cash provided by (used in) investing activities	(6.5)	(347.3)
Free cash flows	10.5	(337.5)
Net cash provided by (used in) financing activities	(11.6)	96.4
Cash and cash equivalents at the beginning of the period	405.1	354.3
Cash and cash equivalents at the end of the period	398.4	101.0

(Net cash provided by (used in) operating activities)

Net cash provided by operating activities for the three-month period ended March 31, 2017 was 9.8 billion yen. This was mainly due to a recording of income before income taxes in the amount of 22.8 billion yen and an adjustment of non-expenditure items within these income before taxes including depreciation and amortization, etc., despite payments for accounts payable-other and accrued expenses.

(Net cash provided by (used in) investing activities)

Net cash used in investing activities for the three-month period ended March 31, 2017 was 347.3 billion yen, mainly due to the recording of purchase of shares of Intersil Corporation.

The foregoing resulted in negative free cash flows of 337.5 billion yen for the three-month period ended March 31, 2017.

(Net cash provided by (used in) financing activities)

Net cash used in financing activities for the three-month period ended March 31, 2017 was 96.4 billion yen.

This was mainly from the execution of the commitment line loan agreement and the term loan agreement with main financing banks.

1.3 Consolidated Forecasts

Renesas Electronics Group implemented a change of the fiscal term in which the fiscal year-end changed from March 31 to December 31, starting from the fiscal year 2016. Accordingly, the percent of change from the corresponding period of the previous year is not indicated, since the second quarter of the fiscal year ending December 31, 2017 (January 1, 2017 to June 30, 2017) and the second quarter of the previous fiscal year (April 1, 2016 to September 30, 2016) cover different periods.

The Group reports its consolidated forecasts on a quarterly basis (cumulative quarters) because of the difficulty of forecasting full-year results with high accuracy due to the short-term volatility of the semiconductor market.

(For the six months ending June 30, 2017)

(In millions of yen)

	Net Sales	(Reference) Sales from semiconductors	Operating Income	Ordinary Income	Net Income Attributable to Shareholders of Parent Company
Previous forecasts	---	---	---	---	---
Revised forecasts (May 12, 2017)	369,700	361,200	38,500	37,500	40,000
Increase (decrease)	---	---	---	---	---
Percent change	---	---	---	---	---
Reference: corresponding period of the previous year (January 1, 2016 to June 30, 2016)	319,768	310,747	34,280	27,498	20,270

The figures of the consolidated forecasts for the six months ending June 30, 2017 above are sum of the results of the three-month period ended March 31, 2017 and the forecasts of the three months ending June 30, 2017. The consolidated forecasts for the second quarter ending June 30, 2017 are calculated at the rate of 111 yen per USD and 118 yen per Euro.

The statements with respect to the financial outlook of the Group are forward-looking statements involving risks and uncertainties. The Company cautions you in advance that actual results may vary materially from such forward-looking statements due to several important factors.

1.4 Forecasts of Cash Dividends

For the year ending December 31, 2017, while the Group expects to post net income (net income attributable to shareholders of parent company) for the six months ending June 30, 2017, the Group regrettably will forego interim dividend payment for this period.

The Group will divert its retained earnings for strategic investment opportunities that will enable the Group to respond to rapid environmental changes to thrive in the global marketplace, and will aim to increase shareholder profit by improving corporate value. Based on a long-term standpoint, the Group aims to realize stable and sustained growth in profits to allow dividends to be reinstated.

For the year ending December 31, 2017, the plan for year-end dividend payments remain undecided, and the Group will immediately announce it when the decisions are made.

(For the year ending December 31, 2017)

Interim Dividend	Year-End Dividend	Annual Dividend
0 Yen	---	---

2. Others

2.1 Changes in Significant Consolidated Subsidiaries

During current first quarter, 25 subsidiaries have been newly included in the Group due to the acquisition or establishment and 1 subsidiary has been excluded from the Group.

The main new consolidated subsidiaries are as follows

The main new consolidated subsidiaries are as follows

Intersil Corporation

Intersil International Operations Sdn. Bhd.

Intersil Communications LLC

Intersil Luxembourg S.a.r.l

Furthermore, Intersil International Operations Sdn. Bhd. and Intersil Luxembourg S.a.r.l become to the specified subsidiary.

3. Quarterly Consolidated Financial Statements and Main Notes

3.1 Quarterly Consolidated Balance Sheets

(In millions of yen)

	Prior Fiscal Year (As of December 31, 2016)	Current Fiscal Year (As of March 31, 2017)
Assets		
Current assets		
Cash and deposits	354,569	97,796
Notes and accounts receivable-trade	80,480	91,057
Short-term investment securities	-	3,633
Merchandise and finished goods	34,432	35,254
Work in process	55,754	62,893
Raw materials and supplies	7,110	8,238
Accounts receivable-other	12,721	14,138
Other current assets	13,504	15,359
Allowance for doubtful accounts	(71)	(135)
Total current assets	558,499	328,233
Long-term assets		
Property, plant and equipment		
Buildings and structures, net	59,892	60,270
Machinery and equipment, net	85,995	107,079
Vehicles, tools, furniture and fixtures, net	18,960	21,387
Land	22,456	21,487
Construction in progress	14,202	15,603
Total property, plant and equipment	201,505	225,826
Intangible assets		
Goodwill	-	312,346
Software	13,882	14,895
Other intangible assets	14,671	15,779
Total intangible assets	28,553	343,020
Investments and other assets		
Investment securities	6,098	6,404
Long-term prepaid expenses	21,971	46,661
Other assets	6,787	16,681
Allowance for doubtful accounts	(359)	(3)
Total investments and other assets	34,497	69,743
Total long-term assets	264,555	638,589
Total assets	823,054	966,822

(In millions of yen)

	Prior Fiscal Year (As of December 31, 2016)	Current Fiscal Year (As of March 31, 2017)
Liabilities		
Current liabilities		
Electronically recorded obligations	11,138	10,225
Notes and accounts payable-trade	74,750	76,258
Short-term borrowings	-	50,000
Current portion of long-term borrowings	-	10,000
Current portion of lease obligations	4,481	132
Accounts payable-other	44,652	56,335
Accrued expenses	32,473	23,757
Accrued income taxes	2,309	2,801
Provision for product warranties	287	271
Provision for business structure improvement	2,002	721
Provision for contingent loss	220	9,037
Provision for loss on disaster	708	32
Asset retirement obligations	22	71
Other current liabilities	12,546	21,547
Total current liabilities	185,588	261,187
Long-term liabilities		
Long-term borrowings	152,568	192,328
Lease obligations	269	238
Provision for business structure improvement	89	199
Net defined benefit liability	39,571	38,223
Asset retirement obligations	2,645	2,541
Other liabilities	19,931	39,321
Total long-term liabilities	215,073	272,850
Total liabilities	400,661	534,037
Net assets		
Shareholders' equity		
Common stock	10,000	10,000
Capital surplus	191,919	191,919
Retained earnings	206,345	226,320
Treasury stock	(11)	(11)
Total shareholders' equity	408,253	428,228
Accumulated other comprehensive income		
Unrealized gains (losses) on securities	474	562
Deferred gains or losses on hedges	9,012	-
Foreign currency translation adjustments	(3,221)	(3,935)
Remeasurements of defined benefit plans	5,644	5,685
Total accumulated other comprehensive income	11,909	2,312
Subscription rights to shares	23	65
Non-controlling interests	2,208	2,180
Total net assets	422,393	432,785
Total liabilities and net assets	823,054	966,822

3.2 Quarterly Consolidated Statements of Operations and Comprehensive Income

Quarterly Consolidated Statements of Operations

(Three-month period ended June 30, 2016 and March 31, 2017)

(In millions of yen)

	Three-month period ended June 30, 2016	Three-month period ended March 31, 2017
Net sales	151,976	177,646
Cost of sales	86,921	96,885
Gross profit	65,055	80,761
Selling, general and administrative expenses	46,500	55,280
Operating income	18,555	25,481
Non-operating income		
Interest income	125	263
Dividends income	6	8
Equity in earnings of affiliates	-	42
Reversal of provision for business structure improvement	-	302
Reversal of allowance for doubtful accounts	10	316
Other non-operating income	275	154
Total non-operating income	416	1,085
Non-operating expenses		
Interest expenses	637	440
Equity in losses of affiliates	13	-
Foreign exchange losses	1,663	1,233
Other non-operating expenses	401	373
Total non-operating expenses	2,714	2,046
Ordinary income	16,257	24,520
Special income		
Gain on sales of property, plant and equipment	1,680	191
Gain on sales of investment securities	24	40
Total special income	1,704	231
Special loss		
Loss on sales of property, plant and equipment	9	-
Impairment loss	7	95
Loss on disaster	※1 6,816	※1 -
Business structure improvement expenses	※2 472	※2 1,784
Provision for contingent loss	4	55
Loss on sales of investment securities	-	1
Total special loss	7,308	1,935
Income before income taxes	10,653	22,816
Income taxes	657	2,815
Net income	9,996	20,001
Net income attributable to non-controlling interests	18	26
Net income attributable to shareholders of parent company	9,978	19,975

Quarterly Consolidated Statements of Comprehensive Income
(Three-month period ended June 30, 2016 and March 31, 2017)

(In millions of yen)

	Three-month period ended June 30, 2016	Three-month period ended March 31, 2017
Net income	9,996	20,001
Other comprehensive income		
Unrealized gains (losses) on securities	(25)	81
Deferred gains (losses) on hedges	-	(9,012)
Foreign currency translation adjustments	(16,073)	(767)
Remeasurements of defined benefit plans, net of tax	(90)	43
Share of other comprehensive income of affiliates accounted for by the equity method	(44)	5
Total other comprehensive income	(16,232)	(9,650)
Comprehensive income	(6,236)	10,351
Comprehensive income attributable to:		
Shareholders of parent company	(6,010)	10,378
Non-controlling interests	(226)	(27)

3.3 Quarterly Consolidated Statements of Cash Flow

(Three-month period ended June 30, 2016 and March 31, 2017)

	(In millions of yen)	
	Three-month period ended June 30, 2016	Three-month period ended March 31, 2017
Net cash provided by (used in) operating activities		
Income before income taxes	10,653	22,816
Depreciation and amortization	11,318	13,915
Amortization of long-term prepaid expenses	3,193	3,284
Impairment loss	7	95
Amortization of goodwill	-	2,941
Increase (decrease) in net defined benefit liability	1,343	(2,110)
Increase (decrease) in provision for business structure improvement	17	(1,055)
Increase (decrease) in provision for loss on disaster	2,480	(676)
Interest and dividends income	(131)	(271)
Interest expenses	637	440
Equity in (earnings) losses of affiliates	13	(42)
Loss (gain) on sales of property, plant and equipment	(1,671)	(191)
Business structure improvement expenses	27	1,601
Decrease (increase) in notes and accounts receivable-trade	4,867	(4,627)
Decrease (increase) in inventories	9,132	(1,587)
Decrease (increase) in accounts receivable-other	1,770	530
Increase (decrease) in notes and accounts payable-trade	(7,826)	(2,002)
Increase (decrease) in accounts payable-other and accrued expenses	(6,484)	(27,334)
Other cash provided by (used in) operating activities, net	1,513	6,512
Subtotal	30,858	12,239
Interest and dividends received	186	324
Proceeds from insurance income	7	1,000
Interest paid	(638)	(341)
Income taxes paid	(2,747)	(1,973)
Payments for loss on disaster	(146)	(1,495)
Net cash provided by (used in) operating activities	27,520	9,754
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(12,065)	(33,148)
Proceeds from sales of property, plant and equipment	2,054	277
Purchase of intangible assets	(1,687)	(2,305)
Purchase of long-term prepaid expenses	(851)	(1,078)
Purchase of investment securities	(15)	(27)
Proceeds from sales of investment securities	181	207
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(311,428)
Proceeds from transfer of business	3,631	-
Other cash provided by (used in) investing activities, net	89	213
Net cash provided by (used in) investing activities	(8,663)	(347,289)

	(In millions of yen)	
	Three-month period ended June 30, 2016	Three-month period ended March 31, 2017
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term borrowings	-	50,000
Proceeds from long-term borrowings	-	50,000
Repayments of long-term borrowings	(6,250)	(240)
Repayments of finance lease obligations	(286)	(271)
Repayments of installment payables	(3,393)	(3,129)
Net cash provided by (used in) financing activities	(9,929)	96,360
Effect of exchange rate change on cash and cash equivalents	(10,054)	(12,139)
Net increase (decrease) in cash and cash equivalents	(1,126)	(253,314)
Cash and cash equivalents at the beginning of the period	398,410	354,287
Cash and cash equivalents at the end of the period	397,284	100,973

3.4 Notes to Quarterly Consolidated Financial Statements (Quarterly Consolidated Statements of Operations)

***1 Loss on disaster**

The loss on disaster was related to the 2016 Kumamoto Earthquake, and the components of the amount of loss on disaster were as follows:

(Three-month period ended June 30, 2016)

	(In millions of yen)
Repair cost of fixed assets	3,711
Fixed costs during the temporary shutdown period of operations	2,114
Loss on disposal of inventories	1,703
Other	288
Subtotal	7,816
Accrued insurance proceeds	(1,000)
Total	6,816

(Three-month period ended March 31, 2017)

None

***2 Business structure improvement expenses**

The Group has reformed businesses and structures of the production to strengthen its financial basis, and those related expenses are shown as business structure improvement expenses. The main items of business structure improvement expenses were personnel expenses, including the special incentive of early retirement program, etc. for the three-month period ended June 30, 2016 and impairment loss, etc. for the three-month period ended March 31, 2017.

(Notes on Assumption for Going Concern)

None

(Notes on Significant Changes in the Amount of Shareholders' Equity)

None

(Adoption of Special Accounting Methods for Quarterly Consolidated Financial Statements)

(Calculation of Income Tax Expenses)

Income tax expenses are calculated by multiplying income before income taxes for the first quarter of the fiscal year ending December 31, 2017 by a reasonably estimated effective tax rate expected to be applied against income before income taxes for the fiscal year, including the first quarter, while applying tax effect accounting.

(Business Combinations)

(Acquisition of Stock of Intersil Corporation)

The Company resolved at the Meeting of Board of Directors to reach an agreement with Intersil Corporation (hereafter, "Intersil"), whereby Intersil would become a wholly-owned subsidiary of the Company, and concluded merger agreements for the purpose of implementing the acquisition on September 13, 2016. Intersil became a wholly-owned subsidiary of the Company through the acquisition of stock of Intersil on February 24, 2017.

1. Summary of Acquisition

(1) Name of Acquiree and Business Description

Name of Acquiree: Intersil Corporation

Business Description: Manufacturer of high performance analog integrated circuits

(2) Major Reasons for Acquisition

The Company has carried out structural reforms aimed at building a corporation capable of maintaining stable and sustainable profitability during the volatile fluctuations of the semiconductor market. Having successfully attained a measure of financial stability through these efforts, the Company is embarking on a new growth strategy to ensure its ability to thrive in the global market. The decision to acquire Intersil was made in order to accelerate the realization of this growth strategy.

The acquisition of Intersil is expected to (1) bolster the lineup of power management-related analog devices, key devices essential to future growth in our strategic focus domains, (2) enhance the ability to deliver to customers solutions such as kits combining microcontrollers (MCUs) and high-precision analog products from Intersil, (3) expand sales and design-ins outside of Japan, and (4) strengthen global management capabilities by welcoming Intersil's management team with broad management expertise to the Group. The acquisition is therefore seen as an effective measure to enhance the Company's competitiveness in fields where it is focusing its efforts to boost sales and profits, and strengthening the Company's position as a global leader.

(3) Date of Acquisition

February 24, 2017

(4) Legal Form of Acquisition

The Company established, for the purpose of the acquisition, a wholly-owned subsidiary (hereafter, the "acquisition subsidiary") in Delaware, in the United States, that then merged with Intersil. The surviving company following the merger has become Intersil. A cash payment was made for Intersil's shares as consideration for the merger, and the shares of the acquisition subsidiary owned by the Company were converted into outstanding shares in the surviving company, making the surviving company a wholly owned subsidiary of the Company.

(5) Company Name after Acquisition

Intersil Corporation

2. Period for which Business Results of Acquiree Included in Quarterly Consolidated Statement of Operations

From February 25, 2017 to March 31, 2017

3. Consideration Transferred for the Acquisition

(In millions of yen)

Consideration transferred-Cash	345,394
Total	345,394

4. Main items of Acquisition Related Costs

Advisory fees and commissions to lawyers and financial institutions: 1,021 million yen

[Note] This amount is attributable to both previous fiscal year (524 million yen) and current quarterly fiscal period (497 million yen).

5. Goodwill arising from the acquisition, reason for the recognition of goodwill, and amortization method and period

① Goodwill arising from the acquisition

316,304 million yen

As of March 31, 2017, the acquisition was accounted for using provisional amounts determined based on reasonable information currently available, since the recognition and fair value measurement of the identifiable assets acquired and liabilities assumed at the acquisition date have not been finalized and therefore, the purchase price allocation is still preliminary.

As a result, the goodwill was provisionally recognized as the total amount of the excess of the consideration transferred over the net amount of the assets acquired and liabilities assumed, and currently the revaluation of inventories and long-term assets and the additional recognition of the identifiable intangible assets other than goodwill have not been completed.

② Reason for the recognition of goodwill

The goodwill arising from the acquisition is mainly attributed to the expected future benefits to be generated through the synergies resulting not only from the increasing sales opportunities led by Intersil's complementary product portfolio and markets, but also from the cost reduction led by rendering new embedded solution services and expanding the business foundations of both companies.

③ Amortization method and period

Goodwill is being amortized by the straight-line method over 9 years.

(Significant Subsequent Events)

(Absorption-Type Merger with Renesas System Design, Co., Ltd.)

The Company resolved at the Meeting of Board of Directors to merge Renesas System Design, Co., Ltd. (hereafter "RSD"), a consolidated subsidiary of the company, and concluded the merger agreement on May 12, 2017.

1. Overview of Transactions

(1) Names and Business Description

[Surviving Company Name]

Renesas Electronics Corporation

[Dissolved Company Name and Business Description]

Dissolved Company Name: Renesas System Design, Co., Ltd.

Business Description: Design of semiconductor devices, integrated circuits, and software.

(2) Date of Merger

July 1, 2017 (planned)

(3) Legal Form of Merger

The merger will be conducted through an absorption-type merger method in which the Company will be the surviving company and RSD will be dissolved as the absorbed company.

(4) Other

Additionally, placing an emphasis on technology and device development that are the key to providing the solutions, which are the source of corporate profit, the Company has decided to absorb RSD, which is responsible for design and development of semiconductor devices, through an absorption-type merger and to integrate its functions into each of the business units.

2. Overview of Applicable Accounting Standards

The merger will be accounted for as a transaction under common control in accordance with "Accounting Standard for Business Combinations" (ASBJ Statement No. 21 September 13, 2013) and "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No.10, September 13, 2013).

Forward-Looking Statements

The statements in this press release with respect to the plans, strategies and financial outlook of Renesas Electronics Corporation and its consolidated subsidiaries (collectively "we") 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 Renesas Electronics Corporation

Renesas Electronics Corporation ([TSE: 6723](#)) delivers trusted embedded design innovation with complete semiconductor solutions that enable billions of connected, intelligent devices to enhance the way people work and live—securely and safely. The number one [global](#) supplier of microcontrollers, and a leader in Analog & Power and SoC products, Renesas provides the expertise, quality, and comprehensive solutions for a broad range of Automotive, Industrial, Home Electronics (HE), Office Automation (OA) and Information Communication Technology (ICT) applications to help shape a limitless future. Learn more at [renesas.com](#).

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