To Shareholders

The 13th Ordinary General Meeting of Shareholders
Matters for Internet Disclosure

The 13th Business Period from April 1, 2014 to March 31, 2015

■ Notes to Consolidated Financial Statements

■ Notes to Non-Consolidated Financial Statements

The abovementioned items are disclosed to shareholders on Renesas Electronics Corporation’s Website (http://www.renesas.com) in accordance with laws and regulation as well as Article 16 of Renesas Electronics Corporation’s Articles of Incorporation

Renesas Electronics Corporation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Notes to Basis of Consolidated Financial Statements

1. Scope of Consolidation

All subsidiaries are consolidated.

The number of consolidated companies of Renesas Electronics Corporation Group (“the Group”): 31

The names of major subsidiaries:
Regarding major subsidiaries’ names, please refer to “1-(7).Principal Subsidiaries (as of March 31, 2015)” in the Business Report.

Number of subsidiaries decreased by sale and liquidation: 4
Renesas SP Drivers Inc.
and other 3 companies

Number of subsidiaries decreased by merger: 10
Renesas Mobile Corporation
and other 9 companies

2. Application of Equity Method

(1) The number of affiliated companies and the name of major affiliated companies, accounted for by the equity method

The number of affiliated companies accounted for by the equity method: 3

The names of major affiliates accounted for by the equity method:
Renesas Easton Co., Ltd.
and other 2 companies

(2) The name of affiliated companies not accounted for by the equity method: Semiconductor Technology Academic Research Center (“STARC”).
The equity method is not applied to STARC because net income and retained earnings (both amounts equivalent to what is accounted for by the equity method) have little impact on the consolidated financial statements of the Company on an individual basis, nor have any material impact on them on an aggregate basis.

(3) Significant items to be noted in the procedure for applying the equity method:
Of the affiliated companies accounted for by the equity method, if the closing date differs from that of the consolidated financial statements, the financial statements prepared with the provisional closing date of March 31, 2015 (same as that of consolidated financial statements) are used.

3. Significant Accounting Policies

(1) Valuation methods for significant assets

1) Securities
Other securities:
Marketable securities:
Marketable securities classified as other securities are valued at the fair value at the fiscal year-end, with unrealized gains and losses included in a component of net assets. The cost of securities sold is determined based on the moving-average method.

Non-marketable securities:
Non-marketable securities classified as other securities are carried at cost.

2) Derivatives
Derivative financial instruments are stated at fair value.

3) Inventories
Inventories are stated at the lower of cost or market. The costs are stated as follows:
Merchandise and finished goods:
Custom-made products:
Specific identification method
Mass products:
Average method
Work in process:
Custom-made products:

Specific identification method
Mass products:
Average method
Raw materials and supplies:
Average method as principal method

(2) Depreciation method for significant long-term assets

1) Property, plant and equipment other than leased assets
Depreciated principally by the straight-line method

2) Intangible assets other than leased assets
Amortized by the straight-line method

3) Leased assets
Leased assets under finance leases under which the ownership of the assets is transferred to the lessee
Amortized in the same way as self-owned long-term assets

Leased assets under finance leases other than those under which ownership of the assets is transferred to the lessee
Amortized by the straight-line method over the lease term, assuming no residual value. The finance leases other than those under which ownership of the assets transferred to the lessee contracted on or before March 31, 2008 are accounted for as operating lease transactions.

4) Long-term prepaid expenses
Amortized by the straight-line method

(3) Basis of significant reserves

1) Allowance for doubtful accounts
Allowance for doubtful accounts is provided based on past experience for normal receivables and on an individual estimate of the collectability of receivables from companies in financial difficulty.

2) Provision for products warranties
The Group accrues product warranty liabilities for estimated future warranty costs using the individual estimates for the specific matters as well as historical ratio of warranty costs to net sales.

3) Provision for loss on guarantees
Provision for loss on guarantees is made for the amount of the estimated future losses related to debt guarantees, which the Group has taken into account for the deterioration of financial conditions.

4) Provision for business structure improvement
Provision for business structure improvement is made for the amount of the estimated losses to be incurred in connection with business structure reconstructions and consolidation.

5) Provision for contingent loss
In relation to matters such as legal proceedings and litigations, a provision for the amount of expected losses and expenses is made when they are reasonably estimated considering individual risks associated with each contingency.

(4) Accounting treatment for retirement benefits
1) Method of attributing expected benefit to periods
The method of attributing expected benefit to periods to estimate the asset or liability for retirement benefits is based on a benefit formula basis.
2) Treatment for transitional obligation, actuarial gains and losses and prior service costs
Transitional obligation is amortized on a straight-line basis mainly over 15 years.
Actuarial gains and losses are amortized on a straight-line basis over the employees' estimated average remaining service periods (mainly over 12 years), starting in the following year after its occurrence.
Prior service costs are amortized as incurred on a straight-line basis over the employees' estimated average remaining service periods (mainly over 12 years).

(5) Foreign currency translation
Assets and liabilities denominated in foreign currencies at the balance sheet date are translated into Japanese yen at the applicable rates of exchange prevailing at the fiscal year-end, and differences

arising from the translation are included in the statement of operations. Assets and liabilities of foreign subsidiaries are translated into Japanese yen at the applicable year-end rates of exchange, and all revenue and expense accounts are translated at the average rates of exchange prevailing during the period. Differences arising from the translation are presented as foreign currency translation adjustments and minority interests in net assets.

(6) Amortization method and term for goodwill

Goodwill is amortized by the straight-line method for over reasonable periods not exceeding 20 years.

(7) Accounting for consumption tax

Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes.

(8) Adoption of consolidated taxation system

The Company and the subsidiaries in Japan adopt the consolidated taxation system.

Notes to Changes in Accounting Principles

From the year ended March 31, 2015, the Group has adopted the provisions set forth in Clause 35 of the “Accounting Standard for Retirement Benefits” and in Clause 67 of the “Guidance on Accounting Standard for Retirement Benefits” for “Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26, issued on May 17, 2012) and “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25, issued on May 17, 2012). As a result of this adoption, the calculation method of retirement benefit obligations and current service costs has been reviewed, and the method of attributing expected benefit to periods has been changed from mainly a point-based or straight-line method to a benefit formula basis. Furthermore, the calculation method of the discount rate has also been changed.

The adoption of the accounting standards is subject to the transition treatment set forth in Clause 37 of the “Accounting Standard for Retirement Benefits”, and effects of the change in the accounting standard for the calculation method of retirement benefit obligations and current service costs are adjusted on the beginning balance of the year ended March 31, 2015 for the “Retained earnings” of the net asset section.

Consequently, the beginning balance of the “Net defined benefit liability” for the year ended March 31, 2015 was increased by 25,275 million yen, while that of the “Retained earning” was decreased by 25,074 million yen. Furthermore, the impact on operating income, ordinary income and income before income taxes and minority interests for the year ended March 31, 2015 is negligible.

The effect on amount per share information is described in the corresponding section.

Notes to Consolidated Balance Sheet

1. Assets pledged as collateral and secured liabilities

(Assets pledged as collateral)

		(In millions of yen)
Merchandise and finished goods	25,052	(—)
Work in process	52,656	(—)
Raw materials and supplies	5,193	(—)
Buildings and structures	57,732	(57,084)
Machinery and equipment	31,126	(31,126)
Land	27,042	(23,334)
Total	198,801	(111,544)

(Secured liabilities)

		(In millions of yen)
Current portion of lease obligations	919	(—)
Long-term borrowings	246,505	(246,505)
Lease obligations	5,051	(—)
Total	252,475	(246,505)

*Amounts in parenthesis represent assets pledged as collateral and secured liabilities related to factory properties.

2. Accumulated Depreciation of Property, Plant and Equipment: 857,163 million yen

3. Accumulated Impairment Loss of Property, Plant and Equipment:

Accumulated impairment loss was included in accumulated depreciation of property, plant and equipment.

4. Contingent Liabilities:

Guarantees for employees' housing loan: 230 million yen

Other guarantees: 499 million yen

Other Contingent Liabilities:

The Group has been named in Canada as one of the defendants in multiple civil lawsuits related to possible violations of the competition law involving SRAM brought by purchasers of such products.

The Group's subsidiaries in the U.S., Europe and South Korea are the subject of investigations each by the U.S. Department of Justice, the Competition Bureau of Canada, the European Commission, and the Korea Fair Trade Commission in connection with possible violations of antitrust law/competition law related to thin-film transistor liquid crystal displays (TFT-LCDs). Although the Group's subsidiary in the U.S. had been also named in the U.S. as one of the defendants in a civil lawsuit related to possible violations of antitrust law involving TFT-LCDs brought by purchasers of such products, the pending lawsuit was concluded by a settlement.

The Group had been the subject of an investigation by the European Commission regarding possible violations of competition law in relation to smartcard chips. However, this investigation case was terminated upon receipt of a written decision from the European Commission in September 2014.

The Group has also been named in Canada as the defendant in a civil lawsuit related to possible violations of competition law involving smartcard chips brought by purchasers of such products. Moreover, the Company and a subsidiary in the Europe has been named in the U.K. as the defendants in a civil lawsuit related to possible violations of the competition law involving smartcard chips brought by purchasers of such products.

Notes to Consolidated Statement of Changes in Net Assets

1. Type and Number of Outstanding Shares as of March 31, 2015

Common Stock	1,667,124,490 shares

Notes to Financial Instruments

1. Conditions of Financial Instruments

(1) Policies for Financial Instruments

Regarding fund operation, the Group uses only short-term deposits and financial assets which are relatively safe. Regarding financing, the Group uses mainly borrowings from banks. The Group utilizes derivative financial instruments to manage fluctuations in foreign currency exchange rates and interest payments. The Group's policies prohibit holding or issuing derivative financial instruments for trading purposes.

(2) Contents and Risks of Financial Instruments and Risk Management

Notes and accounts receivable–trade and accounts receivable-other are exposed to credit risks. Conforming to internal rules for management of accounts receivable, the Group regularly monitors major customers' credit and manages due dates of collection and balances for each customer.

The management policies regarding short-term and long-term investment securities are as follows; regarding short-term investment securities, the Group deals with banks with high credit rating. Long-term investment securities, issued by companies with which the Group has business relationships, are exposed to risks of market fluctuations. By regularly monitoring the fair value of the securities, financial condition of the issuing companies and consideration of existing business relationship, if any, the Group evaluates the merit of holding the securities.

The maturities of electronically recorded obligations, notes and accounts payable-trade, accounts payable-other and accrued income taxes are within one year.

Most borrowings and lease obligations from finance lease transactions are mainly utilized for working capital and capital investments. Their repayment terms are at most 7 years after the fiscal year-end. Certain borrowings with variable interest rates are exposed to interest rate fluctuation risk. In addition, certain contracts include financial covenants.

The Group enters into forward exchange contracts in order to hedge the risks from exchange rate fluctuations of accounts receivable and accounts payable denominated in foreign currencies and interest rate swaps in order to hedge the risks from interest fluctuations of borrowings.

The Group's policies for managing derivatives are as follows: the Group conforms to internal rules for the management of derivatives and transacts only with major financial institutions to reduce credit risks.

Because accounts payable and borrowings are exposed to liquidity risks, the headquarters and each subsidiary manage them by making financial plans.

2. Fair Value of Financial Instruments

The fair values of financial instruments in consolidated balance sheets as of March 31, 2015 were presented below. The table does not include the financial instruments for which it is extremely difficult to estimate fair values. (Note2)

(In millions of yen)

	Amounts on consolidated balance sheet(*)	Fair value (*)	Difference
(1) Cash and deposits	344,000	344,000	―
(2) Notes and accounts receivable-trade	91,471	91,471	―
(3) Accounts receivable-other	14,174	14,174	―
(4) Long-term investment securities			
Stocks of affiliates	4,220	3,472	(748)
Other securities	3,662	3,662	―
(5) Electronically recorded obligations	(9,275)	(9,275)	―
(6) Notes and accounts payable-trade	(76,364)	(76,364)	―
(7) Accounts payable-other	(37,337)	(37,337)	―
(8) Accrued income taxes	(5,785)	(5,785)	―
(9) Long-term borrowings (including current portion)	(253,205)	(251,890)	1,315
(10) Lease obligations (including current portion)	(6,520)	(6,756)	(236)

(*) Liabilities (credit balances) are shown in parentheses.

Assets and liabilities arising from derivatives transactions are presented on a net basis. If the net balance of derivatives is in credit, it is shown in parenthesis.

Note 1. Calculation method for fair value of financial instruments and summary of securities and derivative transactions

(1) Cash and deposits, (2) Notes and accounts receivable-trade and (3) Accounts receivable-other

These were measured at its book values because these were settled in short-term and these fair values were nearly equal to their book values.

(4) Long-term investment securities

The fair value of shares was based on market price. The fair value of bond securities was measured at its book value because it was settled in short-term and its fair value was nearly equal to its book value. The fair value of mutual fund was measured at the price presented by financial institutions.

(5) Electronically recorded obligations, (6) Notes and accounts payable-trade, (7) Accounts payable-other and (8) Accrued income taxes

Their fair values were measured at its book values because these were settled in short-term and these fair values were nearly equal to its book value.

(9) Long-term borrowings and (10) Lease obligations

The fair values of long-term borrowings and lease obligations were estimated by discounting the future cash flows which includes both principals and interests. The discounts rates were considered both maturities and credit risks.

Note 2. Non-marketable securities which are extremely difficult to estimate their fair value

(In millions of yen)

	Amounts on consolidated balance sheet
Non-marketable securities	226

Non-marketable securities which did not have market prices and for which the future cash flows could not be estimated, were not included in "(4) Long-term investment securities" since it was extremely difficult to estimate their fair value.

Per Share Information

1. Net assets per share: 185.67 yen

Net income per share: 49.41 yen

2. As described in the section of “Notes to Changes in Accounting Principles,” the Group has adopted “Accounting Standard for Retirement Benefits”, and the adoption of the accounting standard is subject to the transitional treatment set forth in Clause 37 of the “Accounting Standard for Retirement Benefits”. As a result of this adoption, the net assets per share as of March 31, 2015 decreased by 15.04 yen. In addition, the impact on basic net income per share for the year ended March 31, 2015 was negligible.

Other Notes

1. Gain on Transfer of Business

Due to the transfer of a subsidiary’s shares to Synaptics Holding GmbH.

2. Gain on Extinguishment of Debt

Due to the extinguishment of the performance obligation for the accrued liabilities recognized in the past fiscal years.

3. Business Structure Improvement Expenses

The Group has reformed businesses and structures of the production along with the streamlining of employees to strengthen its financial basis, and those related expenses are shown as business structure improvement expenses.

The details of business structure improvement expenses (30,141 millions of yen) were as follows:

	(In millions of yen)
Personnel expenses including the special incentive of early retirement program	14,198
Impairment loss	10,085
Other (*)	5,858
Total	30,141

(*) The main item of “Other” for the year ended March 31, 2015 is equipment relocation related expenses etc. to reorganize the design and development operation including its locations.

4. Impairment Loss

The details of impairment loss for the fiscal year were as follows:

Location	Usage	Type
Otsu-city, Shiga-prefecture Kawasaki-city, Kanagawa-prefecture Sagamihara-city, Kanagawa-prefecture etc.	Assets to be disposed of	Buildings and structures, Machinery and equipment, Vehicles, tools, furniture and fixtures, Land, Construction in progress, Software and Other intangible
Taiwan Malaysia China etc.	Idle assets	Machinery and equipment, Vehicles, tools, furniture and fixtures, Construction in progress and Long-term prepaid expenses

The Group, in principle, bases its grouping for assessing impairment loss on long-term assets on each company or place of business. However, the Group determines whether an asset should be impaired on an individual asset basis when the significant asset is considered idle or when it is to be disposed of.

The Group recognized impairment loss on assets to be transferred for the purpose of reforming the production structure for the establishment of a robust and profitable structure, and assets to be disposed of, which had no business use due to a decision to close or sell the product line by reducing their net book values to their recoverable values because their fair value declined significantly. Such loss amounted to 10,133 million yen, which was included in special loss. The main components of such impairment loss which amounted to 6,116 million yen were semiconductor manufacturing facilities, land and building for 8-inch front-end wafer fabrication lines (these fixed assets will be transferred or leased to ROHM Co., Ltd. in February 2016) at the Shiga Factory of Renesas Semiconductor Manufacturing Co., Ltd., a wholly-owned subsidiary of the Company.

Also, the Group recognized impairment loss on idle assets with no business use by reducing their net book values to their recoverable values because their fair values declined significantly. Such loss amounted to 1,125 million yen, which was included in special loss.

The assets to be disposed of and idle assets amounted to 11,258 million yen for special loss.

In addition, impairment loss includes business structure improvement expenses, which amounted to 10,085 million yen and impairment loss except for business structure improvement expenses, which amounted to 1,173 million yen.

The components of impairment loss (11,258 million yen) were as follows:

	(In millions of yen)
Buildings and structures	6,642
Machinery and equipment	769
Vehicles, tools, furniture and fixtures	662
Land	2,919
Construction in progress	231
Software	1
Other intangible assets	32
Long-term prepaid expenses	2
Total	11,258

The recoverable value of these assets was measured at net sale value or value in use. The net sale value was reasonably estimated as the appraisal amount less the necessary expenses for disposal. However, the net sale value of assets which were difficult to sell was estimated at zero.

5. Compensation Expenses

Temporarily expenses incurred by reviewing the manufacturing agreement with a contractor.

6. Adjustment of Amounts of Deferred Tax Assets and Liabilities due to Changes in Statutory Tax Rates

Associated with the promulgation on March 31, 2015 of the Act for Partial Revision of the Income Tax Act etc., the effective statutory tax rates applied for the calculations of deferred tax assets and liabilities were changed from 35.64% to 33.10% for temporary differences expected to be realized or settled in the periods from April 1, 2015 to March 31, 2016 and 32.34% for temporary differences expected to realized or settled after April 1, 2016.

The impact of the tax rate change on the consolidated financial statements for the year ended March 31, 2015 is negligible.

Notes to Business Combinations

Business Divestiture

(Transfer of subsidiary's shares)

1. Outline of the business divestiture

(1)Name of the buyer

Synaptics Holding GmbH (hereafter "Synaptics Holding")

(2)Nature of the divested business

Design, development, sale, and marketing of LCD drivers and controllers for small- and medium-sized LCD panels

(3)Main reasons for the divestiture

As outlined in the Company's press release, "Renesas Electronics Shows Direction of Renesas Group," issued on August 2, 2013, the Company identified fields and regions where growth is expected in the medium to long term and areas where it can outpace the competition, and will focus on three fields where it has strengths and can compete effectively: automotive (automotive control and automotive information), industrial/networking (industrial/home electronics, OA and ICT), and general-purpose products. In parallel, the Company has been carrying out structural reforms aimed at creating an organization that is consistently profitable, even when exposed to risks (natural disasters, market stagnation, etc.).

Renesas SP Drivers (hereafter "RSP") was established in 2008 as a joint venture of display driver IC business, which does not fall under the Company's three focus fields. While its operation is focused on design and development, RSP also offers manufacturing service by outsourcing its production to foundries. RSP has continued to perform well in recent years, buoyed by vigorous demand for smartphones and tablet devices.

Under such circumstances, based on its structural reform policies, the Company has been looking into the possibility of transferring ownership to another company which focuses on display driver IC business and also is expected to proactively invest its management resources into this business.

Having been approached by Synaptics Incorporated (hereafter "Synaptics") with an offer to purchase all of the Company's shares in RSP, the Company evaluated the offer and reached a conclusion to transfer the shares to Synaptics Holding, a wholly-owned subsidiary of Synaptics.

(4)Date of divestiture

October 1, 2014

(5)Overview of transactions including statutory form

The Company had transferred all of the common stocks of RSP with cash consideration.

2. Overview of accounting treatment applied

(1) Amount of gain on transfer of business

The difference between the consideration transferred and the amount corresponding to the shareholders' equity of the transferred business was recognized as gain on transfer of business in the consolidated statement of operations.

	(In millions of yen)
Gain on transfer of business	20,045

(2) Appropriate book value of assets and liabilities pertaining to the transferred business

	(In millions of yen)
Current assets	29,155
Long-term assets	14,324
Total assets	43,479
Current liabilities	15,243
Total liabilities	15,243

3. Approximate amount of income (loss) pertaining to divested business recorded in the consolidated statement of operations for the year ended March 31, 2015.

	(In millions of yen)
Net sales	38,636
Operating income	7,976

Transactions under Common Control
(Reorganization of semiconductor front-end production business involving the Company and its subsidiaries, and Change of surviving company's name)

1. Summary of transaction under common control

(1)Names and business of companies involved in business combination

Name of surviving company: Renesas Kansai Semiconductor Co., Ltd.
Names of the companies or businesses to be merged:

(1)	The semiconductor front-end production business of Renesas Electronics Corporation
(2)	The semiconductor front-end production business of Renesas Semiconductor Kyushu Yamaguchi Co., Ltd.
(3)	The crystal business of Renesas Northern Japan Semiconductor, Inc.
(4)	Renesas Yamagata Semiconductor Co., Ltd.
(5)	Renesas Kofu Semiconductor, Co., Ltd.
(6)	Renesas Naka Semiconductor Co., Ltd.
(7)	Renesas Semiconductor Engineering Corp.

Business operations:
Mainly the semiconductor front-end production business and semiconductor engineering work.

(2)Date of business combination
April 1, 2014

(3)Legal type of business combination
Absorption-type split or merger with Renesas Kansai Semiconductor Co., Ltd., as the successor and surviving company

Names of the companies or businesses to be merged		Legal type of business combination
(1)	The semiconductor front-end production business of Renesas Electronics Corporation	Absorption-type split
(2)	The semiconductor front-end production business of Renesas Semiconductor Kyushu Yamaguchi Co., Ltd.	Absorption-type split
(3)	The crystal business of Renesas Northern Japan Semiconductor, Inc.	Absorption-type split
(4)	Renesas Yamagata Semiconductor Co., Ltd.	Absorption-type merger
(5)	Renesas Kofu Semiconductor, Co., Ltd.	Absorption-type merger
(6)	Renesas Naka Semiconductor Co., Ltd.	Absorption-type merger
(7)	Renesas Semiconductor Engineering Corp.	Absorption-type merger

(4)Name of company after business combination
Renesas Semiconductor Manufacturing Co., Ltd. (hereafter "RSMC")

(5)Other matters relating to the outline of the transaction
The semiconductor manufacturing business of the Renesas Group is moving forward with reforms with a consistent focus on profitability and promotion of autonomous management as its hallmarks. Specifically, the semiconductor manufacturing business is undergoing structural reforms based on (1) boosting production efficiency, (2) building a flexible manufacturing system to respond to rapid market changes, and (3) maintaining and continuing in-house plants with advanced technologies and cost competitiveness.

As a part of this process, the Company decided to reorganize its front-end production-related group companies in Japan by means of absorption-type splits and absorption-type mergers, involving the Company and its subsidiaries.

2. Overview of accounting treatment applied

This transfer of business has been accounted for as transactions under common control in accordance with "Accounting Standard for Business Combinations" (ASBJ Statement No.21, issued on December 26, 2008) and "Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No.10, issued on December 26, 2008).

(Reorganization of semiconductor back-end production business involving the Company and its subsidiaries, and Change of surviving company's name)

1. Summary of transaction under common control

(1)Names and business of companies involved in business combination

Name of surviving company: Renesas Semiconductor Kyushu Yamaguchi Co., Ltd.
Name of the companies or businesses to be merged:

(1)	The semiconductor back-end production business of Renesas Electronics Corporation
(2)	Renesas Northern Japan Semiconductor, Inc.
(3)	Hokkai Electronics Co., Ltd.
(4)	Haguro Electronics Co., Ltd.
(5)	Renesas Yanai Semiconductor, Inc.
(6)	Renesas Kyushu Semiconductor Corp.

Business operations:
Mainly the semiconductor back-end production and contract manufacturing businesses.

(2)Date of business combination
April 1, 2014

(3)Legal type of business combination
Absorption-type split or merger with Renesas Semiconductor Kyushu Yamaguchi Co., Ltd., as the successor and surviving company

Names of the companies or businesses to be merged		Legal type of business combination
(1)	The semiconductor back-end production business of Renesas Electronics Corporation	Absorption-type split
(2)	Renesas Northern Japan Semiconductor, Inc.	Absorption-type merger
(3)	Hokkai Electronics Co., Ltd.	Absorption-type merger
(4)	Haguro Electronics Co., Ltd.	Absorption-type merger
(5)	Renesas Yanai Semiconductor, Inc.	Absorption-type merger
(6)	Renesas Kyushu Semiconductor Corp.	Absorption-type merger

(4)Name of company after business combination
Renesas Semiconductor Package & Test Solutions Co., Ltd. (hereafter "RSPT")

(5)Other matters relating to the outline of the transaction
The semiconductor manufacturing business of the Renesas Group is moving forward with reforms with a consistent focus on profitability and promotion of autonomous management as its hallmarks. Specifically, the semiconductor manufacturing business is undergoing structural reforms based on (1) boosting production efficiency, (2) building a flexible manufacturing system to respond to rapid market changes, and (3) maintaining and continuing in-house plants with advanced technologies and cost competitiveness.

As a part of this process, the Company decided to reorganize its back-end production-related group companies in Japan by means of absorption-type splits and absorption-type mergers, involving the Company and its subsidiaries.

2. Overview of accounting treatment applied

This transfer of business has been accounted for as transactions under common control in accordance with "Accounting Standard for Business Combinations" (ASBJ Statement No.21, issued on December 26, 2008) and "Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No.10, issued on December 26, 2008).

(Merger between the Company and its Subsidiary, Renesas Mobile Corporation)

1. Summary of transaction under common control

(1)Names and businesses of companies involved in business combination

Name of surviving company: Renesas Electronics Corporation
Name of merged company: Renesas Mobile Corporation (hereafter "RMC")
Business Operations: Design of SoC devices, etc., for use primarily in mobile phones and car information systems (hereafter "CIS")

(2)Date of business combination

October 1, 2014

(3)Legal type of business combination

The absorption-type merger with the Company as the surviving company and RMC as the absorbed company.

(4)Other matters relating to the outline of the transaction

As an important initiative among the structural reform measures currently being undertaken by the Company, an absorption-type merger will be executed with RMC to expand its CIS business in the automotive field, by concentrating resources involved in that business within the Company and to improve the Company's ability to develop solutions, while boosting the operational efficiency of that business and strengthening the profit structure.

2. Overview of accounting treatment applied

This transfer of business has been accounted for as transactions under common control in accordance with "Accounting Standard for Business Combinations" (ASBJ Statement No.21, issued on December 26, 2008) and "Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No.10, issued on December 26, 2008).

NOTES TO FINANCIAL STATEMENTS (on a non-consolidated basis)
All figures are rounded to the nearest 1 million yen.

Notes to Significant Accounting Policies

1. Valuation Methods for Assets

1) Securities

Stocks of subsidiaries and affiliates:

These stocks are carried at cost determined by the moving-average method.

Other securities:

Marketable securities:

Marketable securities classified as other securities are valued at the fair value at the fiscal year-end, with unrealized gains and losses included in a component of net assets. The cost of securities sold is determined based on the moving-average method.

Non-marketable securities:

Non-marketable securities classified as other securities are carried at cost.

2) Derivatives

Derivative financial instruments are stated at fair value.

3) Inventories

Inventories are stated at the lower of cost or market. The costs are stated as follows;

Finished goods:

Custom-made products:

Specific identification method

Mass products:

Average method

Work in process:

Custom-made products:

Specific identification method

Mass products:

Average method

Raw materials and supplies:

Average method as principal method

2. Depreciation Method for Long-term Assets

1) Property, plant and equipment other than leased assets

Depreciated by the straight-line method

2) Intangible assets

Amortized by the straight-line method

3) Leased assets

Leased assets under finance leases under which the ownership of the assets is transferred to the lessee

Amortized in the same way as self-owned long-term assets

Leased assets under finance leases other than those under which ownership of the assets is transferred to the lessee

Amortized by the straight-line method over the lease term, assuming no residual value. The finance leases other than those under which ownership of the assets transferred to the lessee contracted on or before March 31, 2008 are accounted for as operating lease transactions.

4) Long-term prepaid expenses

Amortized by straight-line method

3. Basis of Reserves

1) Allowance for doubtful accounts

Allowance for doubtful accounts is provided based on past experiences for normal receivables and on an individual estimate of the collectability of receivables from companies in financial difficulty.

2) Accrued retirement benefits

Accrued retirement benefits or prepaid pension cost are recorded for employees' pension and severance payments based on the projected benefit obligation and the estimated fair value of plan assets as of the fiscal year-end.

The amount of transitional obligation succeeded from NEC Corporation is amortized on a straight-line method, proportionally allocated over the year ended March 31, 2015.

Actuarial gains and losses are amortized on a straight-line basis over the employees' estimated average remaining service periods. The amortization starts from the following year of the gains and losses recognized.

Prior service costs are amortized on a straight-line basis over the employees' estimated average remaining service periods.

3) Provision for products warranties

The Company accrues product warranty liabilities for estimated future warranty costs using the individual estimates for the specific matters or historical ratio of warranty costs to net sales.

4) Provision for loss on guarantees

Provision for loss on guarantees is made for the amount of the estimated future losses related to debt guarantees, which the Company has taken into account for the deterioration of financial conditions.

5) Provision for business structure improvement

Provision for business structure improvement is made for the amount of the estimated losses to be incurred in connection with business structure reconstructions and consolidation.

6) Provision for contingent loss

In relation to matters such as legal proceedings and litigations, a provision for the amount of expected losses and expenses is made when they are reasonably estimated considering individual risks associated with each contingency.

4. Accounting Treatment for Retirement Benefits

Accounting treatments for transitional obligation, actuarial gains and losses and prior service costs differ from those applied by the consolidated financial statements.

5. Accounting Treatment for Consumption Tax

Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes.

6. Adoption of Consolidated Taxation System

The Company adopts the consolidated taxation system.

Notes to Changes in Accounting Principles

From the year ended March 31, 2015, the Company has adopted the provisions set forth in Clause 35 of the "Accounting Standard for Retirement Benefits" and in Clause 67 of the "Guidance on Accounting Standard for Retirement Benefits" for "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, issued on May 17, 2012) and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, issued on May 17, 2012). As a result of this adoption, the calculation method of retirement benefit obligations and current service costs has been reviewed, and the method of attributing expected benefit to periods has been changed from a point-based or straight-line method to a benefit formula basis. Furthermore, the calculation method of the discount rate has also been changed.

The adoption of the accounting standards is subject to the transition treatment set forth in Clause 37 of the "Accounting Standard for Retirement Benefits", and effects of the change in the accounting standard for the calculation method of retirement benefit obligations and current service costs are adjusted on the beginning balance of the year ended March 31, 2015 for the "Retained earnings" of the net asset section.

Consequently, the beginning balance of the "Accrued retirement benefits" for the year ended March 31, 2015 was increased by 13,718 million yen, while that of the "Retained earning" was decreased by 13,718 million yen. Furthermore, the impact on operating income, ordinary income and income before income taxes for the year ended March 31, 2015 is negligible.

Notes to Balance Sheet

1. Collateral and Collateral liability

(1) Assets pledged as collateral

(In millions of yen)

Finished goods	25,027	(—)
Work in process	28,409	(—)
Raw materials and supplies	966	(—)
Buildings	27,834	(27,728)
Structures	2,536	(2,535)
Machinery and equipment	18,054	(18,054)
Land	19,339	(16,188)
Total	122,165	(64,505)

(2) Secured liabilities

(In millions of yen)

Current portion of lease obligations	919	(—)
Long-term borrowings	246,505	(246,505)
Lease obligations	5,051	(—)
Total	252,475	(246,505)

*Amounts in parenthesis represent assets pledged as collateral and secured liabilities related to factory properties.

2. Accumulated Depreciation of Property, Plant and Equipment: 163,652 million yen

3. Accumulated Impairment Loss of Property, Plant and Equipment:

Accumulated impairment loss was included in accumulated depreciation of property, plant and equipment.

4. Contingent Liabilities:

Liabilities for Guarantees

Loan to affiliated companies	6,643 million yen
Guarantees for employees' housing loan	170 million yen

5. Monetary Receivables from and Payables to Affiliated Companies:

Short-term receivable	109,629 million yen
Short-term payable	158,184 million yen

Notes to Statement of Operations

1. Transactions with Affiliated Companies:

Amounts of operating transactions

Net sales	437,675 million yen
Purchases	618,534 million yen
Amounts of non-operating transactions	14,737 million yen

2. Gain on Transfer of Business:

Based on its structural reform policies, the Company transferred all of the common stocks of RSP, a wholly-owned subsidiary of the Company, to Synaptics on October 1, 2014. Accordingly, the gain on transfer of business of 34,569 million yen was recognized for the transfer.

3. Business Structure Improvement Expenses

The Group has reformed businesses and structures of the production along with the streamlining of employees to strengthen its financial basis, and those related expenses are shown as business structure improvement expenses.

The details of business structure improvement expenses (23,352 millions of yen) were as follows:

(In millions of yen)

Funding to subsidiaries for business structure improvement	11,339
Impairment loss and expenses for the reorganization of the design and development sites etc.	5,900
Personnel expenses including the special incentive of early retirement program	4,721
Other	1,391
Total	23,352

Notes to Statement of Changes in Net Assets

Type and Number of Treasury Stock as of March 31, 2015

Common Stock 2,548 shares

Notes to Tax-Effect Accounting

Associated with the promulgation on March 31, 2015 of the Act for Partial Revision of the Income Tax Act etc., the effective statutory tax rates applied for the calculations of deferred tax assets and liabilities were changed from 35.64% to 33.10% for temporary differences expected to be realized or settled in the periods from April 1, 2015 to March 31, 2016 and 32.34% for temporary differences expected to realized or settled after April 1, 2016.

The impact of the tax rate change on the non-consolidated financial statements for the year ended March 31, 2015 is negligible.

Significant components of deferred tax assets were operating loss carry forwards, loss on valuation of stocks of subsidiaries and affiliates, accrued retirement benefits and others, and the valuation allowance for deferred tax assets were fully accrued.

In addition, significant components of deferred tax liabilities were excess amount of depreciable limit and others.

Notes to Long-Term Assets Used under Leases

In addition to long-term assets on the balance sheet, parts of office equipment and production equipment adopted finance leases other than those under which ownership of the assets transferred to the lessee at the end of lease term.

Notes to Transaction with Related Parties

Subsidiaries, affiliates and others: (In millions of yen)

Attribute	Company name	Ratio of Share-Holding (Owned)	Relation with related parties	Contents of transaction	Amounts of transaction (*4)	Account	Balance as of March 31, 2015
Subsidiary	Renesas Semiconductor Manufacturing Co., Ltd.	(Own) Direct 100.0 %	Purchases of parts of our products	Purchases of products(*1)	161,168	Accounts payable-trade	19,268
				Business structure improvement expense	10,074	—	—
				—	—	Accounts receivable-other	8,111
				Money deposited (*2)	—	Deposits received	8,969
				Loan(*2)	30,000	—	—
				Provision of collateral(*3)	37,458	—	—
Subsidiary	Renesas Semiconductor Package & Test Solutions Co., Ltd.	(Own) Direct 100.0 %	Purchases of parts of our products	Purchases of products(*1)	41,573	Accounts payable-trade	9,420
				Loan(*2)	25,000	Short-term loans receivable	12,490
				Provision of collateral(*3)	38,482	—	—
Subsidiary	Renesas System Design Co., Ltd.	(Own) Direct 100.0 %	Design of our products and consignment of development	Purchases of products(*1)	31,153	Accounts payable-trade	9,721
				Business structure improvement expense	1,565	—	—
				Loan(*2)	13,600	Short-term loans receivable	393
				Provision of collateral(*3)	698	—	—
Subsidiary	Renesas Mobile Corporation	(Own) Direct 100.0 %	Design and development of parts of our products	Debt waiver(*5)	37,535	—	—
Subsidiary	Renesas Semiconductor Singapore Pte. Ltd.	(Own) Direct 100.0 %	Purchases of parts of our products	Purchases of products(*1)	13,948	Accounts payable-trade	8,288

Subsidiary	Renesas Semiconductor KL Sdn. Bhd.	(Own) Direct 100.0 %	Purchases of parts of our products	Purchases of products(*1)	17,722	Accounts payable-trade	8,280
Subsidiary	Renesas Electronics America Inc.	(Own) Direct 100.0 %	Sales of our products, Consignment of design and development	Sales of products(*1)	68,691	Accounts receivable-trade	12,106
Subsidiary	Renesas Electronics Europe GmbH	(Own) Indirect 100.0 %	Sales of our products, Consignment of design and development	Sales of products(*1) Money deposited (*2)	96,734 —	Accounts receivable-trade Deposits received	14,025 10,728
Subsidiary	Renesas Electronics Hong Kong Limited	(Own) Direct 100.0 %	Sales of our products	Sales of products(*1) Money deposited (*2)	79,146 —	Accounts receivable-trade Deposits received	14,730 10,367
Subsidiary	Renesas Electronics Taiwan Co., Ltd.	(Own) Direct 100.0 %	Sales of our products	Money deposited (*2)	—	Deposits received	17,439
Subsidiary	Renesas Electronics Singapore Pte. Ltd.	(Own) Direct 100.0 %	Sales of our products	Sales of products(*1)	55,570	Accounts receivable-trade	9,203
Subsidiary	Renesas Design France S.A.S	(Own) Direct 100.0 %	Design of our products and consignment of development	Business structure improvement expense	738	—	—

Terms and conditions of transactions and polices on deciding terms and conditions

(*1) Price and other transaction conditions were determined based on a price negotiation.

(*2) Rate for loan to subsidiaries and money deposited from subsidiaries was determined by considering the market rate. Amount of transaction for loan described above was loan ceiling.

(*3) Collateral in connection with the Company's borrowing from financial institutions was provided. For details, please refer to "Notes to Balance Sheet, 1. Assets pledged as collateral and secured liabilities"

(*4) Consumption tax and other taxes were not included in the amounts of transaction. Consumption tax and other taxes were included in the balances.

(*5) Prior to the absorption-type merger with the Company as the surviving company and RMC as the absorbed company on October 1, 2014, the Company waived the debts for the unrecoverable amounts of claims. Regarding the unrecoverable amounts of claims, the Company provided the allowance for doubtful accounts in prior fiscal years, and therefore the debt waiver had little impact on the non-consolidated financial statements for the year ended March 31, 2015.

Notes to Per Share Information

1. Net assets per share: 130.32 yen
2. Net income per share: 50.76 yen

Notes to Business Combinations

On April 1, 2014, the Company conducted the reorganization of semiconductor front-end and back-end production businesses involving the Company and its subsidiaries. As a result of this reorganization, the Company's semiconductor front-end production business was transferred to RSMC and the Company's semiconductor back-end production business was transferred to RSPT by means of the absorption-type spilt.

On October 1, 2014, the Company merged with RMC by means of the absorption-type merger method. On the same date, the Company also transferred all of the common stocks of RSP to Synaptics.

For details, please refer to "Notes to Business Combinations" in the notes to the consolidated financial statements.