

# **Conclusion of Merger Agreement to Establish Renesas Electronics Corporation**

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December 15, 2009

NEC Electronics Corporation President & CEO  
Junshi Yamaguchi

Renesas Technology Corp. Representative Director, President  
Yasushi Akao

# I. Overview of Merger Agreement

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NEC Electronics Corporation President & CEO  
Junshi Yamaguchi

# Name and Corporate Logo of the Integrated Company

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Renesas Technology Corp.



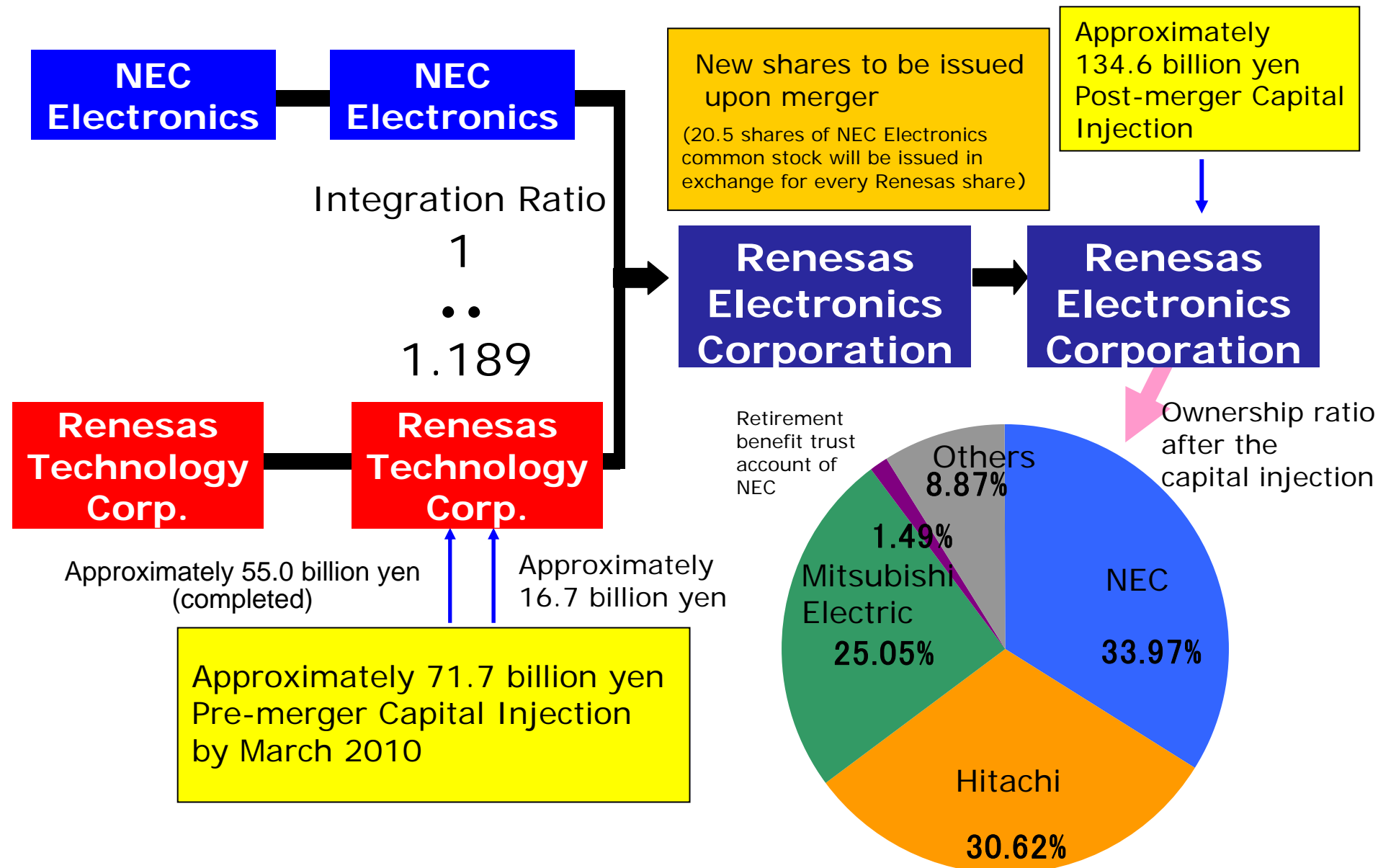
NEC Electronics Corporation



Renesas Electronics Corporation



# Pre/Post-Merger Capital Injection and Ownership Ratio of Renesas Electronics Corporation



Note: "NEC" is NEC Corporation, "Hitachi" is Hitachi, Ltd, "Mitsubishi Electric" is Mitsubishi Electric Corporation

# Share Allocation Ratio in accordance with the Merger

NEC Electronics will issue 20.5 shares of its common stock in exchange for every Renesas common share

		Number of Shares	
Total number of shares issued at NEC Electronics		123,500,000	A
Total number of shares to be issued upon merger		146,841,500	$B = A \times 1.189$ (Integration Ratio)
	to Hitachi	80,762,825	$B \times 55\%$ (Ownership Ratio)
	to Mitsubishi Electric	66,078,675	$B \times 45\%$ (Ownership Ratio)
Total number of Renesas shares at the previous day of the effective date of the merger		7,163,000	C (after the Pre-merger capital injection)
Share allocation ratio		20.5	$B/C$

# Outline of the Third-Party Allotment of New Shares after Merger

**This capital injection plan (which will be implemented at 917 yen/share) will become effective following the adoption of the resolutions at NEC Electronics' (the surviving company) Extraordinary General Meeting of Shareholders**

Total number of shares issued at NEC Electronics	123,500,000
Number of new shares to be issued	146,841,500 (slide 5)

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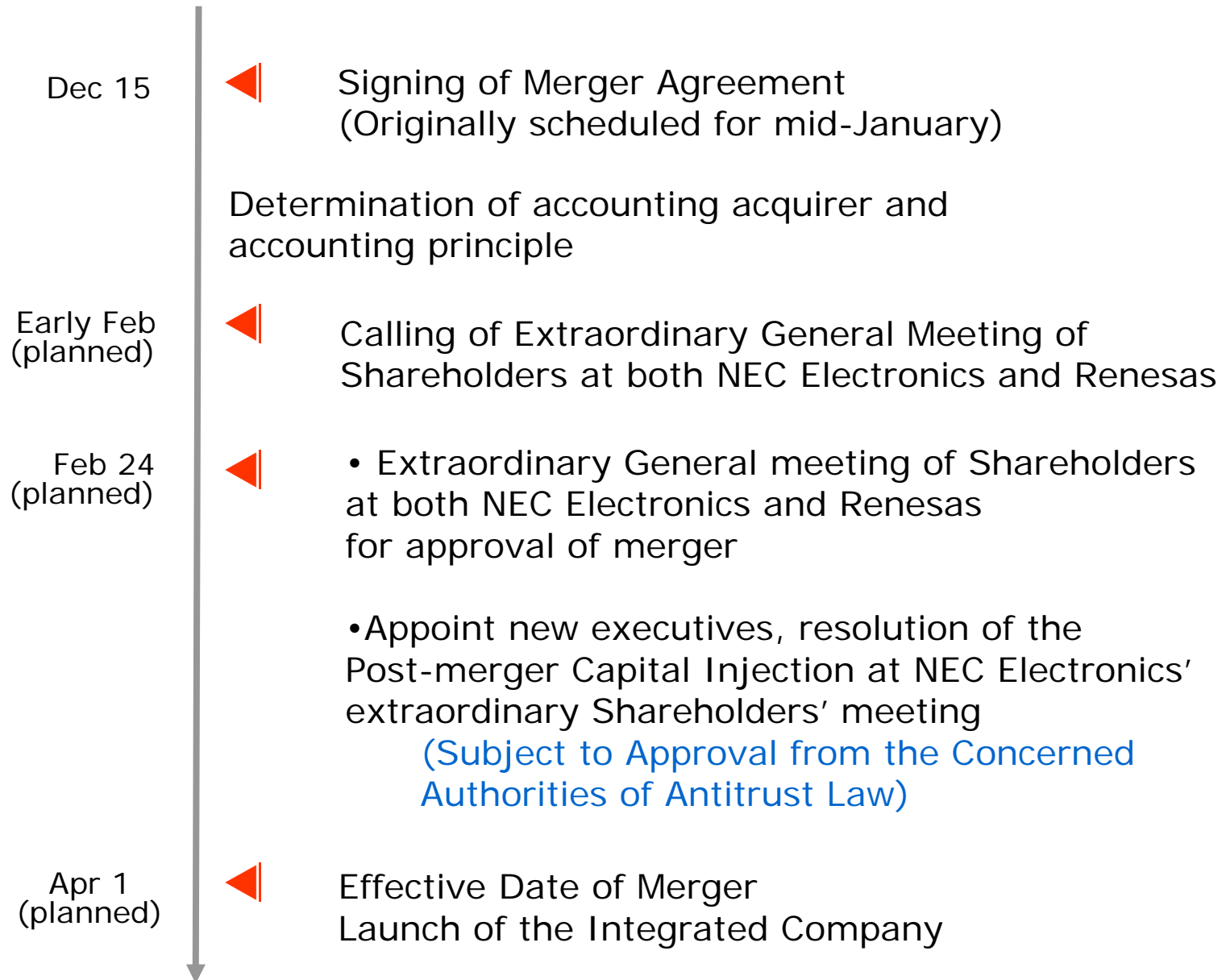
Total number of shares issued after the Merger (before the Post-merger Capital Injection)	270,341,500 (A)
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Post-merger capital injection	NEC	61,395,857
	Hitachi	46,962,923
	Mitsubishi Electric	38,424,210
Total number of shares		146,782,990 (B)

Total number of shares issued after the Post-merger Capital Injection	417,124,490 (A) + (B)
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Dilution from the third-party allotment of new shares	(B)/(A) : 54.3 %
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# Schedule of Business Integration



# Administrative Organization of the Integrated Company

## ~Members of the Board~

The list below indicates the 11 persons who will be appointed to the Members of the Board of the Integrated Company following the approval from NEC Electronics' (the surviving company) Extraordinary General meeting of Shareholders.

<u>Representative Director, Chairman</u>	<b>Junshi Yamaguchi</b>	(President & CEO of NEC Electronics*)
<u>Representative Director, President</u>	<b>Yasushi Akao</b>	(Representative Director, President of Renesas *)
<u>Member of the Board</u>	<b>Kazuaki Ogura</b>	(General Manager, Merger Preparation Office of Renesas*)
<u>Member of the Board</u>	<b>Masaki Kato</b>	(Executive Vice President and Member of the Board of NEC Electronics*)
<u>Member of the Board</u>	<b>Yoichi Yano</b>	(Executive Vice President and Member of the Board of NEC Electronics*)
<u>Member of the Board</u>	<b>Shozo Iwakuma</b>	(Board Director and General Manager of Human Resources & General Affairs Division of Renesas*)
<u>Outside Director</u>	<b>Toyoaki Nakamura</b>	(Representative Executive Officer, Senior Vice President and Executive Officer of Hitachi*)
<u>Outside Director</u>	<b>Nobuhiro Endo</b>	(Senior Vice President and Member of the Board of NEC*)
<u>Outside Director</u>	<b>Noritomo Hashimoto</b>	(Executive Officer, Director of Mitsubishi Electric, Outside Director of Renesas*)
<u>Outside Director</u>	<b>Hajime Matsukura</b>	(General Manager, Corporate Strategy and Business Development of NEC and Outside Director of NEC*)
<u>Outside Director</u>	<b>To be determined</b>	(Plan to appoint an expert director from the high-tech field)

Note: Asterisks (\*) indicate position currently held. The Members of the Board who are not currently NEC Electronics' Members of the Board will officially be appointed following the adoption of the resolutions at the Extraordinary General Meetings of Shareholders to be held on Feb 24, 2010. The Representative Directors will officially be appointed following the adoption of the resolution at the Board of Directors meeting to be held on April 1, 2010.



# Administrative Organization of the Integrated Company

## ~Corporate Auditors~

The list below indicates the 4 persons who will be appointed to the Corporate Auditors of the Integrated Company following the approval from NEC Electronics' (the surviving company) Extraordinary General meeting of Shareholders.

Corporate Auditor  
(full-time/inside)

Keiji Suzuki

(Corporate Auditor of NEC Electronics\*)

Corporate Auditor  
(full-time/outside)

Hiroki Kawamura

(Corporate Auditor of NEC Electronics\*)

Corporate Auditor  
(part-time/outside)

Yasuyuki Shibata

(Corporate Auditor of NEC Electronics\*)

### New Corporate Auditor

Corporate Auditor  
(full-time/inside)

Junichiro Nishi

(Board Director, Executive General Manager of Business Support Unit of Renesas Design Corp. and Executive Manager of Finance & Accounting Controls Div.of Renesas\*)

Note: Asterisks (\*) indicate position currently held.

# **II. Business Management Policy of the Integrated Company**

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Renesas Technology Corp. Representative Director,  
President Yasushi Akao

# Business Management Policy and Targets

## Business Management Policy

- Rapidly promote operational efficiencies through realization of synergies from the business integration
- Expand foreign business with streamlined resources
- Aim to expand sales and profits by growing global businesses

## Business Targets

- Start operation with healthy balance sheet
- Achieve operating profit within the first fiscal year
- Aim to attain net profit in the second fiscal year through successful implementations of structural reforms at an early stage of the merger
- Target two-digit operating profit ratio (compared with net sales) in the medium-term

# Balance Sheet of the Integrated Company

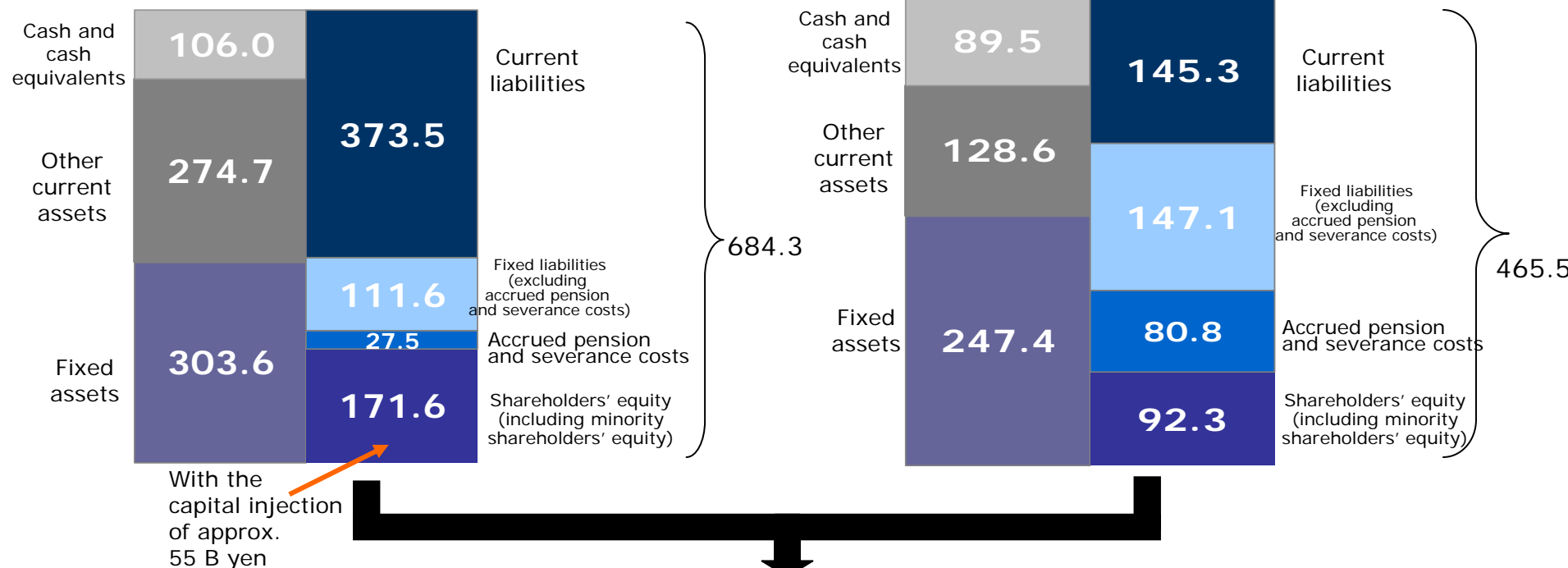
## Renesas Technology

(Japan-GAAP, as of Sep. 30, 2009)

(B Yen)

## NEC Electronics

(US-GAAP, as of Sep.30, 2009)



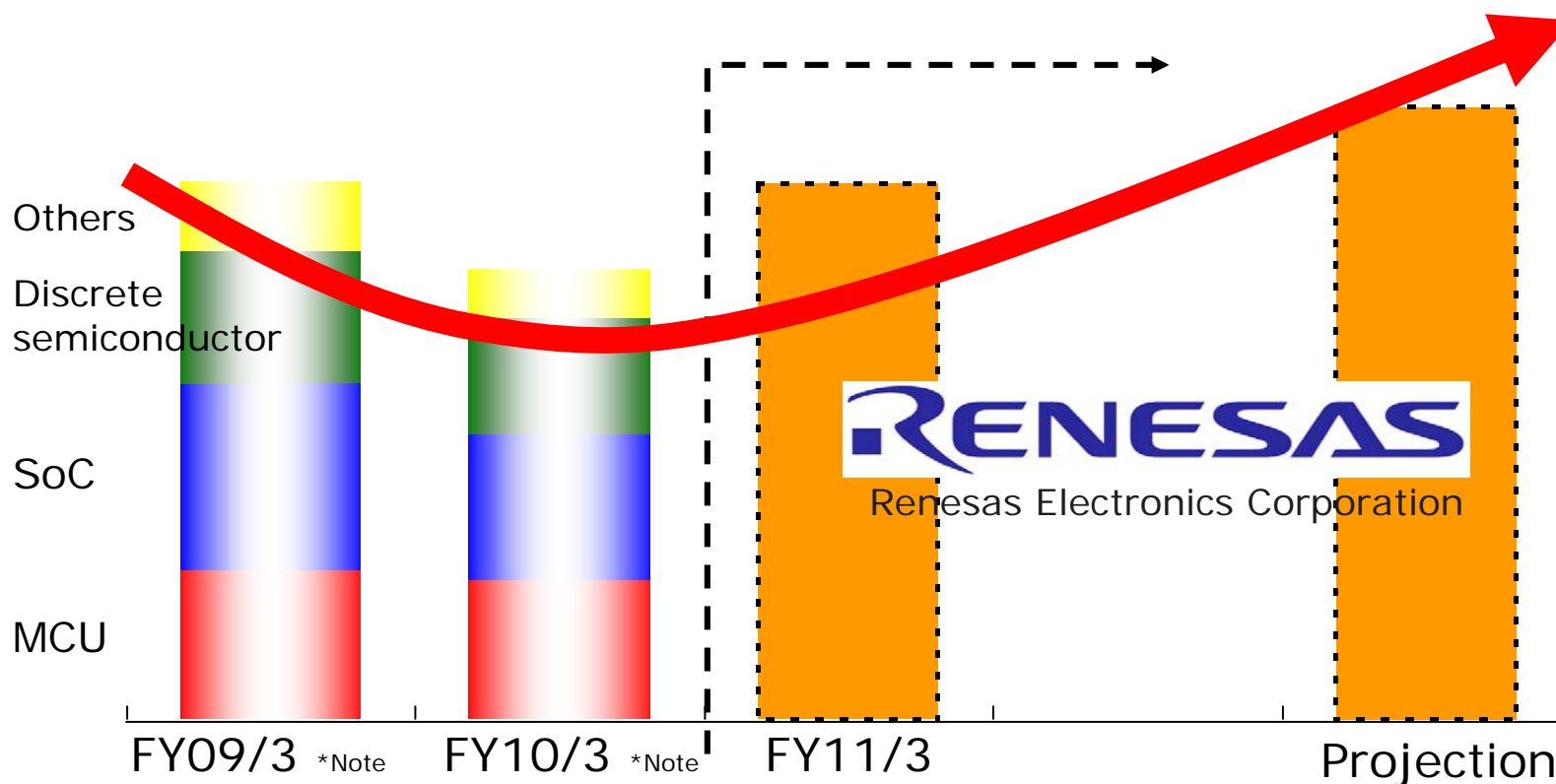
### Variable Factors by the effective date of Merger

- ◆ Additional capital injection as much as 16.7 billion yen to Renesas (in FY10/3)
- ◆ Financial outcome of the two companies in 2H FY10/3
- ◆ An alignment of GAAP and accounting policy among the two companies
- ◆ The post-merger capital injection as much as approx. 134.6 billion yen on the effective date of the merger

**The integrated company will start with healthy B/S**

# Sales by Platform at the Integrated Company

- Provide 3 product groups, MCU, SoC and discrete semiconductor (analog & power device) as the key businesses of the Integrated company
- Promote steady growth in sales by providing MCUs, SoCs and discrete semiconductors as kit solutions



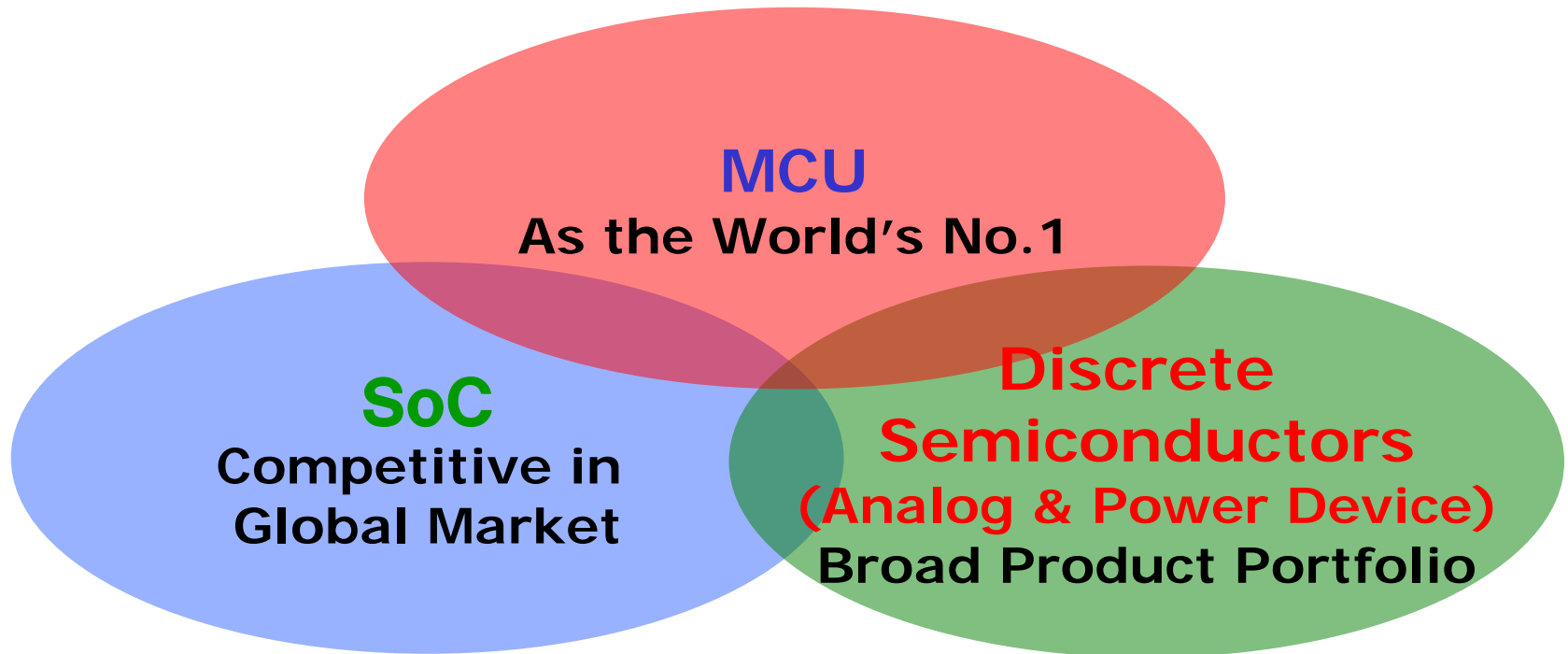
\*Note: Amounts shown above represent the sum of each sales at NEC Electronics and Renesas.

# Provide Three Enhanced Product Gr. for W/W Customers

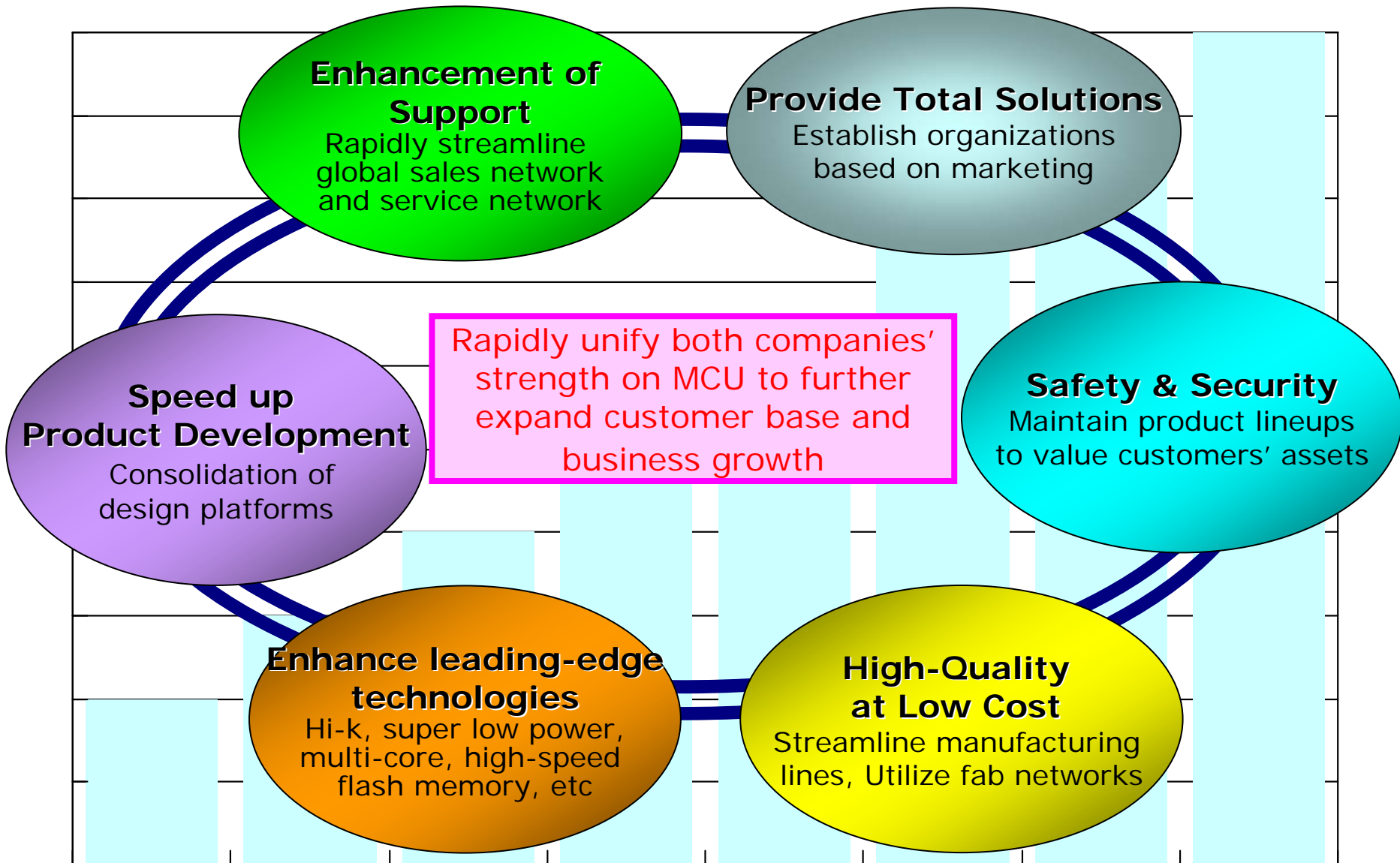
Increase W/W Customer Satisfaction



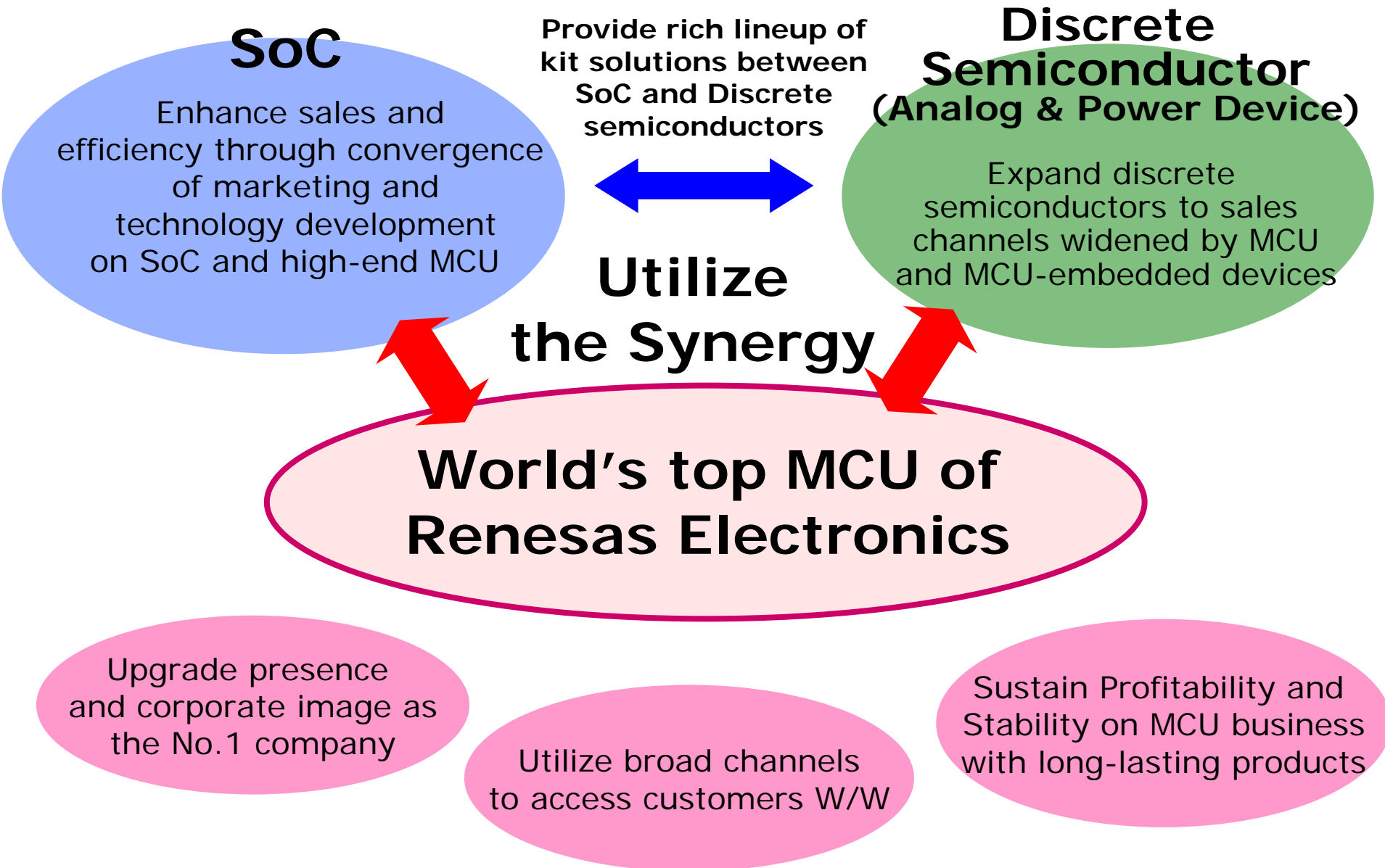
Provide System Solutions with MCU as the Core Product



# Enhancement Policy for MCU Business



# Strong Product Lineups through Synergy with Core MCU





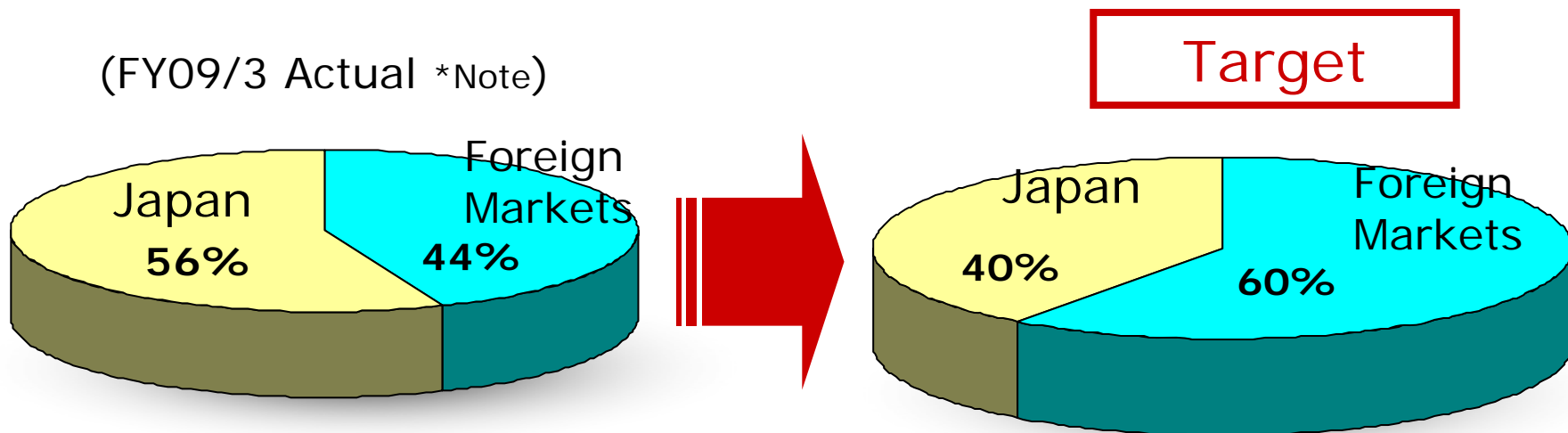
# Attain Growth in the Global Market

## ➤ Expand foreign sales in green applications

- **Smart Grid:** MCUs for electricity meters, RF semiconductors
- **Low-power home electronics:** MCUs for inverter control, LED driver
- **Green cars:** MCUs for motor/power supply control, Optical devices

## ➤ Enhance marketing and product development for emerging markets

- **Strengthen local marketing and product planning for the customers around the world**
- **Expand low-cost products for BRICs, etc**



# Realization of New Policies within the first 100 days

- ✓Paramount project to be completed in the first 100 days
- ✓Assign task force to screen out businesses in focused areas
- ✓Aggressively implement structural reforms by the top-down management

Reduce  
fixed cost



Expand business  
in emerging  
markets



New policies

- Improve development efficiency by standardizing design/development platforms, and concentrate resources on focused applications and products
- Enhance fab utilization rates and suppress CAPEX by efficient usage of both companies' production lines
- Reduce cost by efficient procurement and increased outsourcing
- Streamline sales operations and strengthen marketing and customer support locally to expand foreign sales
- Cut cost through consolidation of infrastructures including logistics and IT systems

# Aims of the New Company

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**Create Globally Competitive Products**

**Attain Growth in the Global Market**

**Continuously Promote Structural Reforms**



**Enhance Corporate Value Through  
Customer Value Creation**



## Cautionary Statements

The statements in this presentation with respect to the plans, strategies and forecasts of NEC Electronics and Renesas Technology (collectively “we”) are forward-looking statements involving risks and uncertainties. We caution you in advance 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 its 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.