

FY11/3 Financial Results

Renesas Electronics Corporation

May 18, 2011

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(FOREWARD-LOOKING STATEMENTS)

FY10/3 consolidated results are sum of respective results of the former NEC Electronics Corporation and the former Renesas Technology Corp. The amount of "Net sales" and "Sales from semiconductors" are presented by rearranging the former Renesas Technology's sales account to adjust presentation to the former NEC Electronics' presentation. The statements in this presentation with respect to the plans, strategies and forecasts of Renesas Electronics and its consolidated subsidiaries (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.

Executive Summary

I . FY11/3 Financial Results

- ▣ Achieved operating profit for full-year through steady implementation of structural reforms and merger synergies, though net sales were below the company's expectation due to the impact of the Great East Japan Earthquake, etc.
- ▣ Recorded special loss of 118.2 billion yen from structural reforms and the impact of the earthquake

II . Impact of the Great East Japan Earthquake and Efforts toward Recovery

- ▣ Maximize product supply through early recovery of the Naka factory and by shifting production to alternate manufacturing sites
- ▣ Taking into account the impact of the earthquake, reduce investments and expenditures

I. FY11/3 Financial Results

FY11/3 Financial Snapshot

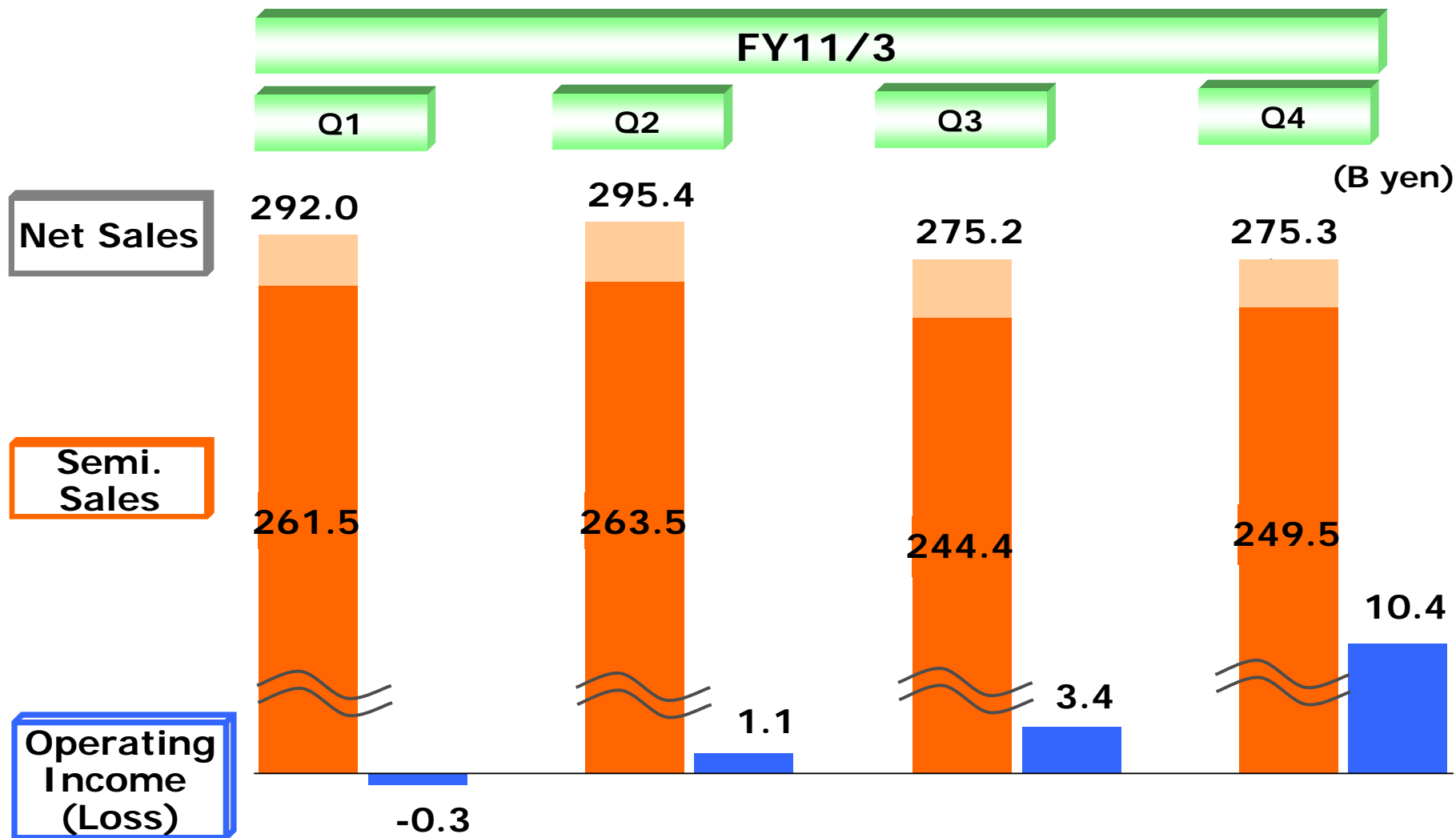
- Attained operating profit for full-year, achieving the first-year management goal following the merger
- Recorded special loss from earthquake in addition to structural reforms

(B yen)	FY11/3				
	Q4	QoQ	Full-year	Difference from original forecasts	YoY
Net Sales	275.3	+0.1	1,137.9	-12.1	+75.5
Semiconductor Sales	249.5	+5.0	1,018.9	-11.1	+76.4
Operating Income (Loss)	10.4	+7.0	14.5	+7.5	+127.8
Ordinary Income (Loss)	7.8	+6.7	1.0	+6.0	+126.4
Net Income (Loss)	-56.2	-38.6	-115.0	-35.0	+22.8
1US\$=	83 yen	No change	86 yen	—	—
1 Euro=	111 yen	1 yen strong	114 yen	—	—

(Note) The YoY figures indicate sum of respective results of the former NEC Electronics and the former Renesas Technology or difference from the reclassified figures.

FY11/3 Quarterly Financial Results

■ Operating income improved on a quarter-by-quarter basis



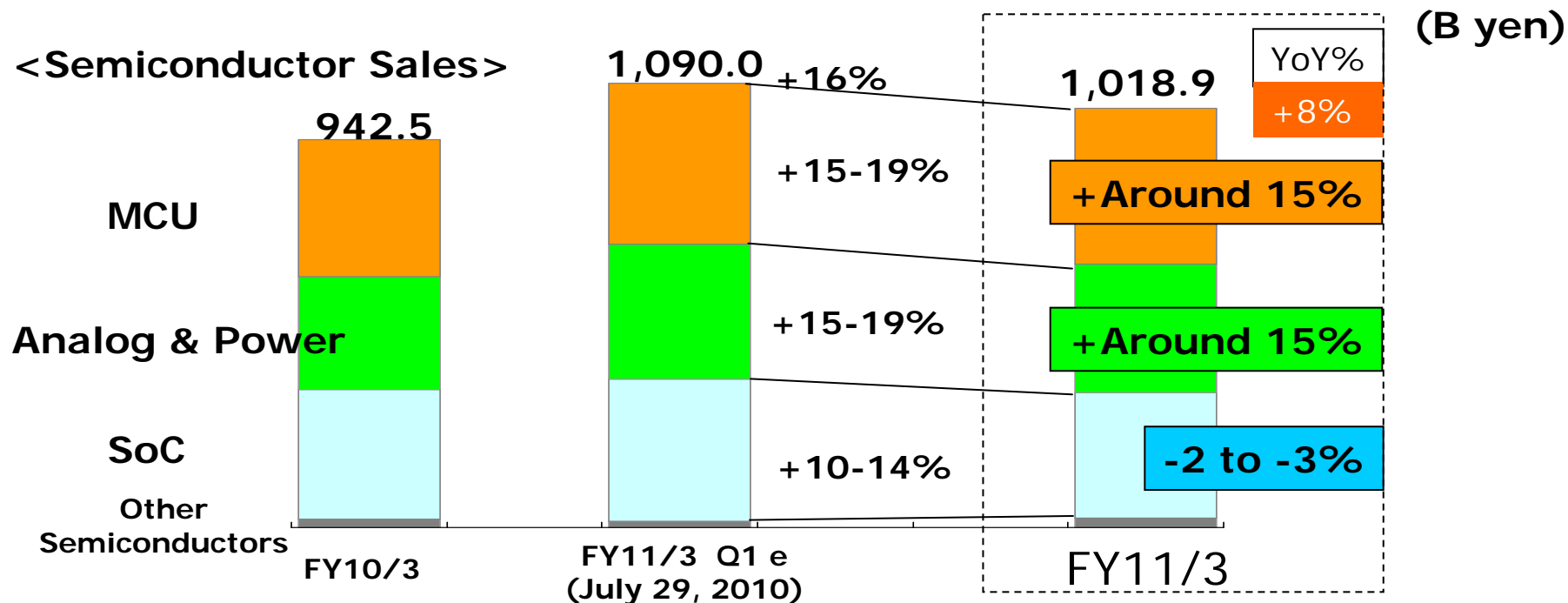
FY11/3 Semiconductor Sales

- Full-year sales of MCU and Analog & Power increased exceeding sales growth of that of total semiconductor

(B yen)	FY11/3		
	Q4	QoQ (%)	Full-year
Total Semiconductor Sales	249.5	+2%	1,018.9
MCU	95.0	+1%	384.1
Analog & Power	77.0	+6%	316.2
SoC	74.7	-2%	311.7
Other Semiconductors	2.7		6.9

FY11/3 Semiconductor Sales by Business

- Overseas market: Steady demand for automotive applications, image processing SoC and display drivers for smartphones in emerging countries including China
- Japanese market: Weak demand for automotive and consumer applications from the end of the first half as well as sluggish sales in mobile SoCs for feature phones
- Stronger yen caused a decrease of approximately 16 B yen in semiconductor sales
[1US\$=90 yen (forecast as of July 29) => 1US\$=86 yen]

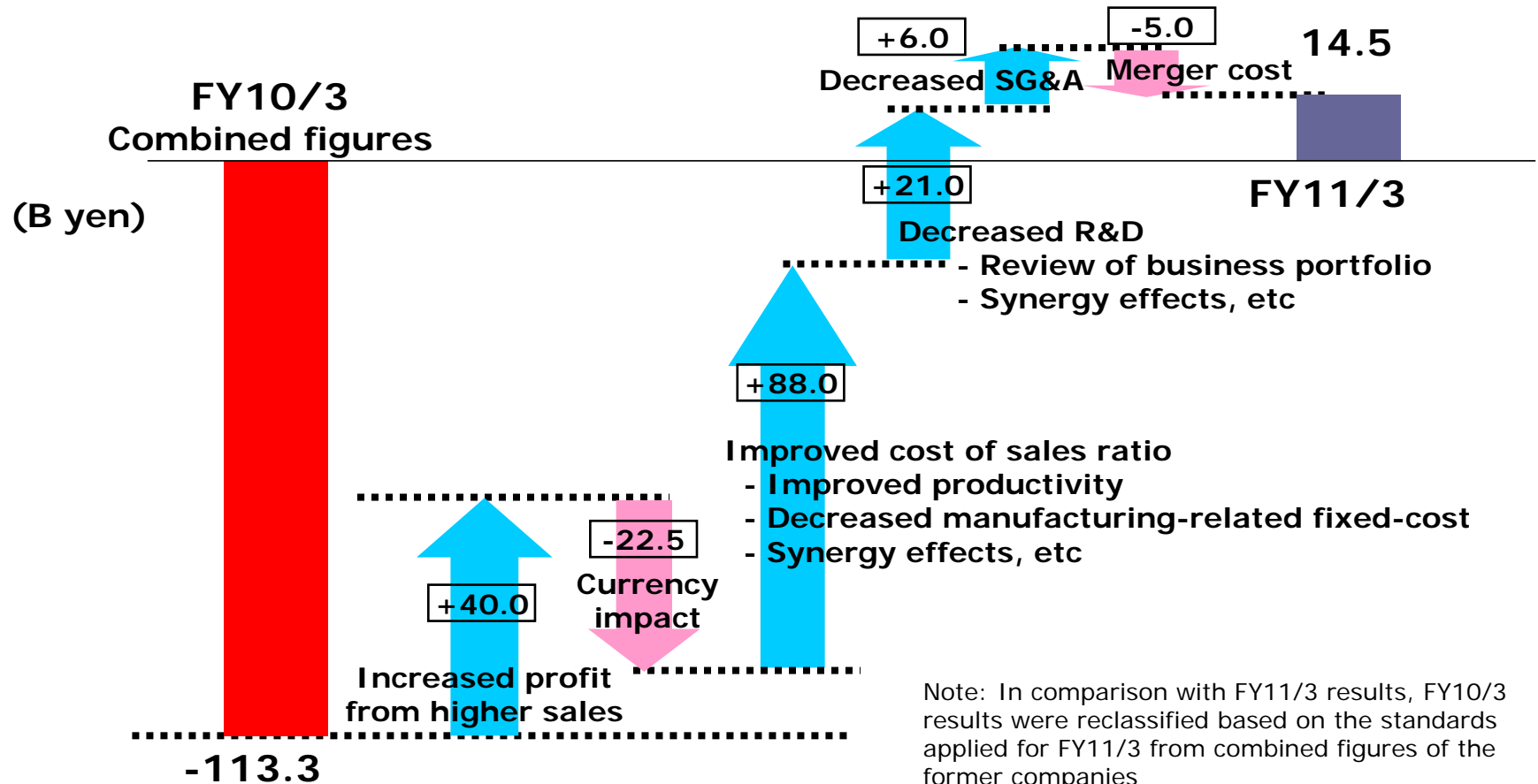


FY11/3 Semiconductor Sales Breakdown by Business

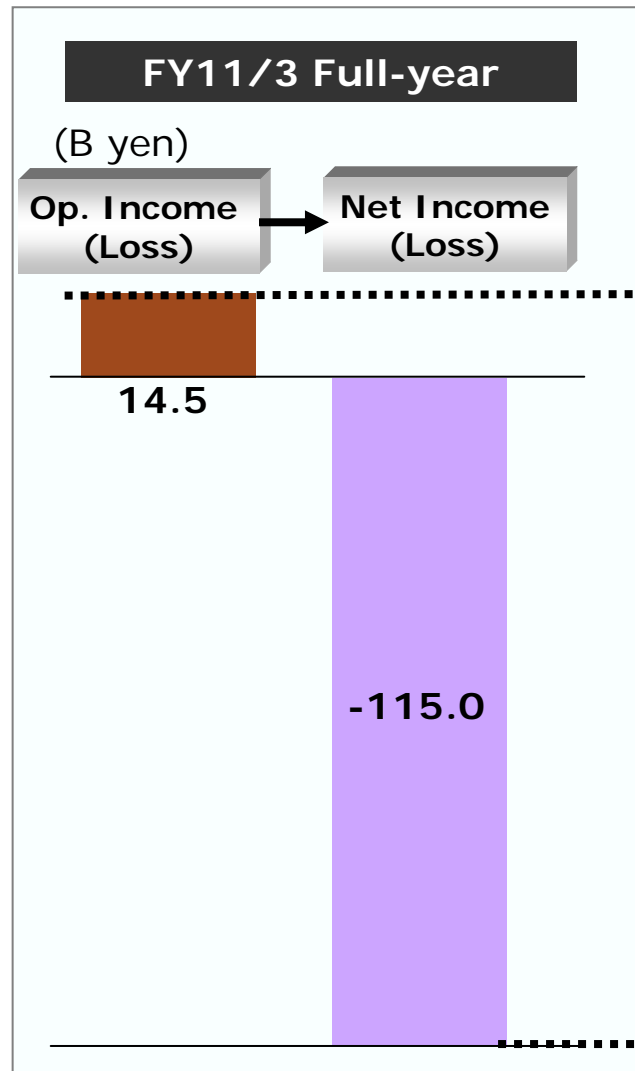
	YoY	Major Factors
<p>MCU FY11/3 Sales</p> <p>Automotive approx. 45%</p> <p>General-purpose approx. 55%</p>	<p>Automotive ↑</p> <p>-----</p> <p>General-purpose ↑</p>	<p>➤Continuously secured the leading market share for automotive MCU worldwide after the merger</p> <p>➤Increased sales largely from strong industrial and consumer applications in emerging countries including China</p>
<p>A&P FY11/3 Sales</p> <p>Compound Semiconductor approx. 15%</p> <p>Display driver IC approx. 20%</p> <p>Power Device & Analog IC approx. 65%</p>	<p>Power device & analog IC ↑</p> <p>-----</p> <p>Display driver IC ↓</p>	<p>➤Increased sales of power devices and analog ICs from expanding automotive market in emerging countries and increased integration of electronic components</p> <p>➤Struggled in display IC market for large LCD panels. Increased sales of smaller LCD drivers due to growth of smartphone market.</p>
<p>SoC FY11/3 Sales</p> <p>Automotive approx. 10%</p> <p>Mobile approx. 35%</p> <p>Industrial approx. 10%</p> <p>PC peripheral approx. 15%</p> <p>Consumer approx. 30%</p>	<p>Mobile ↓</p> <p>-----</p> <p>Consumer ↓</p> <p>-----</p> <p>PC peripheral ↓</p> <p>-----</p> <p>Industrial ↑</p> <p>-----</p> <p>Automotive ↑</p>	<p>➤Significant decrease in sales of baseband processor due to sluggish demand in the Japanese feature phone market despite an increase in sales of image processor for camera phones</p> <p>➤Decreased sales due to the weak PC peripherals (HDD, ODD) market</p>

Factors Affecting FY11/3 Operating Income (Loss) YoY

- Achieved full-year operating profit from: Increased sales, improved cost of sales ratio due to enhanced productivity, decreased depreciation cost through reduced capital investments, decreased R&D cost through streamlining the product portfolio



Factors Affecting FY11/3 Net Income (Loss)



Recorded a special loss of approx. 67 B yen due to implementing structural reforms

Recorded a special loss of 49.5 B yen from the earthquake

Non-op. Income (Loss):
-13.5 B yen

Special Income (Loss):
-111.8 B yen

(Special profit: 6.3 B yen, special loss: 118.2 B yen)

< Structural Reforms (100-Day PJ) >

- Business and manufacturing structure-related measures: Approx. 45 B yen
- Streamline human resources: Approx. 22 B yen

Breakdown of special loss

< Impact of the Earthquake >

- Loss on disaster: 49.5 B yen (incl. compensation payment by insurances)

Income taxes, minority interests in income (loss) of consolidated subsidiaries: -4.2 B yen

Progress on the 100-Day Project (1)

-Growth Strategy: Optimize Business Portfolio-

	Measures
MCU	<ul style="list-style-type: none"> • Consolidate and/or select process technology, CPU cores and peripheral IPs • Newly established a business organization led by a local representative from the subsidiary in China to capture market opportunities in China and other emerging markets • Plan to develop 1,000 new products for the Chinese market by 2012
	<ul style="list-style-type: none"> • Unify marketing functions of MCU Business and A&P Devices Business to reinforce direct promotions to global market
Analog & Power	<ul style="list-style-type: none"> • Expand product lineups and kit solutions mainly for automotive and power management applications • Enhance product lineups of power devices extending from low-voltage to high-voltage (Launch 1,000 products in 3 years)
SoC	<ul style="list-style-type: none"> • Established Renesas Mobile through acquisition of LTE modem technology from Nokia, promoting LTE modem platform business that is expected to expand W/W • Target social infrastructures including industrial and communication as focused domains and concentrate resources into those areas

Progress on the 100-Day Project (2)

-Realization of merger synergies-

	Measures
Sales	<ul style="list-style-type: none"> •Strengthened sales channels by concentrating competitive distributors [30=>16 companies, Completed in FY11/3 Q3] •Integrated Renesas sales sites in Japan and other countries [38=>16 sites, Completed in FY11/3 Q3]
Design & Development	<ul style="list-style-type: none"> •Development of common platform for multimedia SoCs [Announced the first product (R-Car) in FY11/3 Q3] •Integration of CPU cores of low-end MCUs [5=>4 CPU core, Started sample shipment of the first MCU incorporating the new RL78 core in FY11/3 Q4] •Integration of product and technology roadmaps of the former companies through intensive benchmarks [Unify development structures for 28nm and below] •Reduce design cost by integrating development environment
Production	<ul style="list-style-type: none"> •Enhancement of capabilities to handle market fluctuations through “fab-network”, by utilizing foundries and sub-contractors, and by flexibly suppressing manufacturing-related fixed-costs •Miniaturization of chip size and package as well as reduction of testing time
Others	<ul style="list-style-type: none"> •Integration of logistics, warehouses and information system

Progress on the 100-Day Project (3)

-Implementation of Structural Reforms-

Implemented structural reforms as planned despite a decrease in special loss by 10 billion yen from the previous forecast due to some measures with lower than estimated expenses and loss

	Measures
Business and manufacturing structural reforms: Approx. 45 B yen (Previous forecast: approx. 53 B yen)	<ul style="list-style-type: none">•Recorded impairment loss on fixed assets of the Tsuruoka factory and the Roseville factory•Sold the Roseville Factory•Realignment of production lines in Shiga (125mm wafer line is to be closed), Fukuoka (to be closed), and Kochi (Lent partial production space)
Optimize human resources: Approx. 22 B yen (Previous forecast: approx. 24 B yen)	<ul style="list-style-type: none">•Implemented early retirement program (Total of 1,487 employees retired as of March 31)•Moved approximately 700 employees to distributors and major shareholder companies•Promoted streamlining human resources with manufacturing-related structural reforms (including approximately 600 employees from the sale of the Roseville Factory)•Shifted resources internally to focused business (approximately 1,000 employees)
Total : Approx. 67 B yen (Previous forecast: approx. 77 B yen)	

FY11/3 Balance Sheet

(B yen)	As of Apr. 1, 2010 (After the capital injection)	As of Dec. 31, 2010	As of Mar. 31, 2011
Total Assets	1,215.4	1,151.3	1,145.0
Cash and Cash Equivalents	337.7	334.3	337.3
Inventories	126.6	144.0	123.4
Liabilities	801.7	808.4	854.0
Interest-Bearing Debt	372.0	366.7	378.2
Shareholders' Equity	421.0	362.2	306.0
Net Assets	413.6	342.9	291.1
D/E Ratio (Gross)	0.91	1.09	1.33
D/E Ratio (Net)	0.08	0.09	0.12
Equity Ratio	33.5%	29.2%	24.8%

Note 1)

1. "Cash and Cash Equivalents": Sum of cash and deposits, and short-term investment securities minus the Time deposits with maturities of more than three months
2. "Interest-bearing debt": Short-term borrowings, Current portion of long-term borrowings, Current portion of bonds with share subscription rights, lease obligations, Bonds with share subscription rights, Long-term borrowings
3. "Equity": Shareholders' equity, Other Comprehensive Income
4. "D/E ratio (gross)": Interest-bearing debt / Equity
5. "Liabilities" as of April 1, 2010 (after the capital injection) includes negative goodwill

Note 2)

The balance of "April 1, 2010 after capital injection" includes adjustment related to the business combination transaction and 134.6 billion yen of capital increase through third-party allotment on April 1, 2010.

FY11/3 Cash Flows

- Achieved positive free cash flows for the full-year by reducing capital investments

(B yen)	FY11/3				
	Q1	Q2	Q3	Q4	Full-year
Cash Flows from Operating Activities	-2.0	35.0	53.9	15.6	102.5
Cash Flows from Investing Activities	-14.4	-18.4	-39.0	-24.0	-95.8
Free Cash Flows	-16.4	16.6	15.0	-8.4	6.7

II. Impact of the Great East Japan Earthquake and Efforts toward Recovery

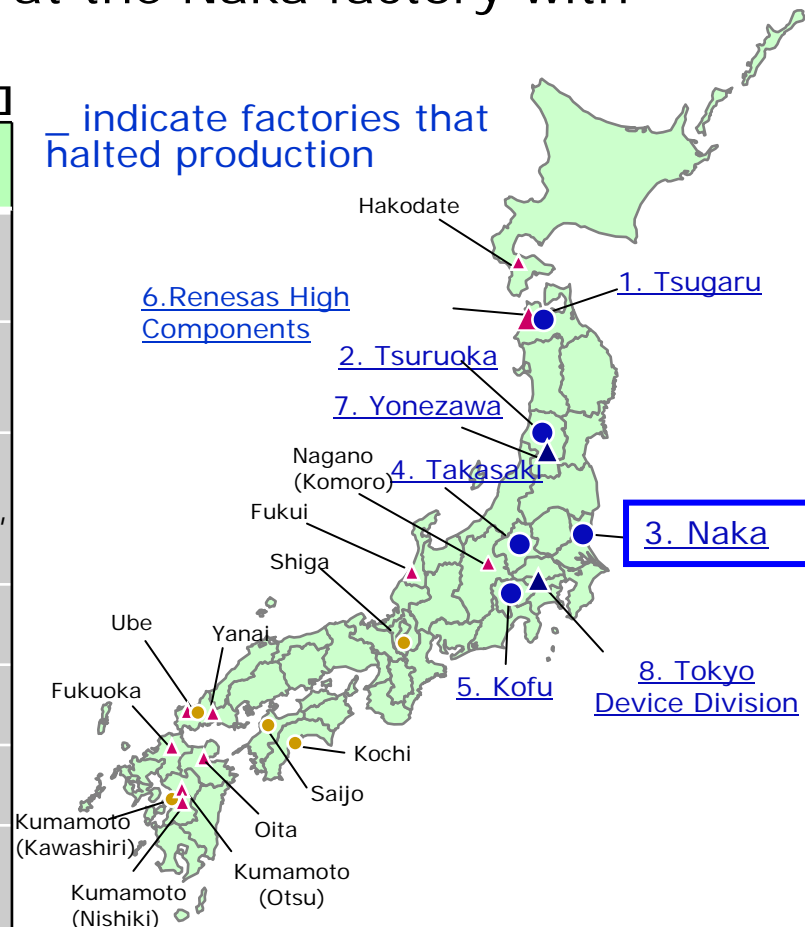
Recovery Status of the Factories Affected by the Earthquake

- Resumed production at all manufacturing sites except the Naka factory
- Plan to restart production (wafer input) at the Naka factory with limited production capacity from June

[Recovery status of the factories that shutdown production]

	Factory	Operational Status	Major Products
Front-end	1. Tsugaru Factory, Renesas Northern Japan Semiconductor	Restarted manufacturing	Automotive MCU
	2. Tsuruoka Factory, Renesas Yamagata Semiconductors	Restarted manufacturing	General-purpose IC, SoC
	3. Naka Factory, Renesas Electronics	Stopped production, Planning to restart partial production in June	General-purpose MCU, Automotive MCU, General-purpose IC, SoC
	4. Takasaki Factory, Renesas Electronics	Restarted manufacturing	Power device, Analog IC
	5. Kofu Factory, Renesas Electronics	Restarted manufacturing	Power device, Analog IC
back-end	6. Renesas High Components (Aomori)	Restarted manufacturing	General-purpose IC
	7. Yonezawa Factory, Renesas Northern Japan Semiconductor	Restarted manufacturing	Automotive MCU, General-purpose MCU
	8. Tokyo Device Division, Renesas Eastern Japan Semiconductor (Oume)	Restarted manufacturing	RF ICs

indicate factories that halted production

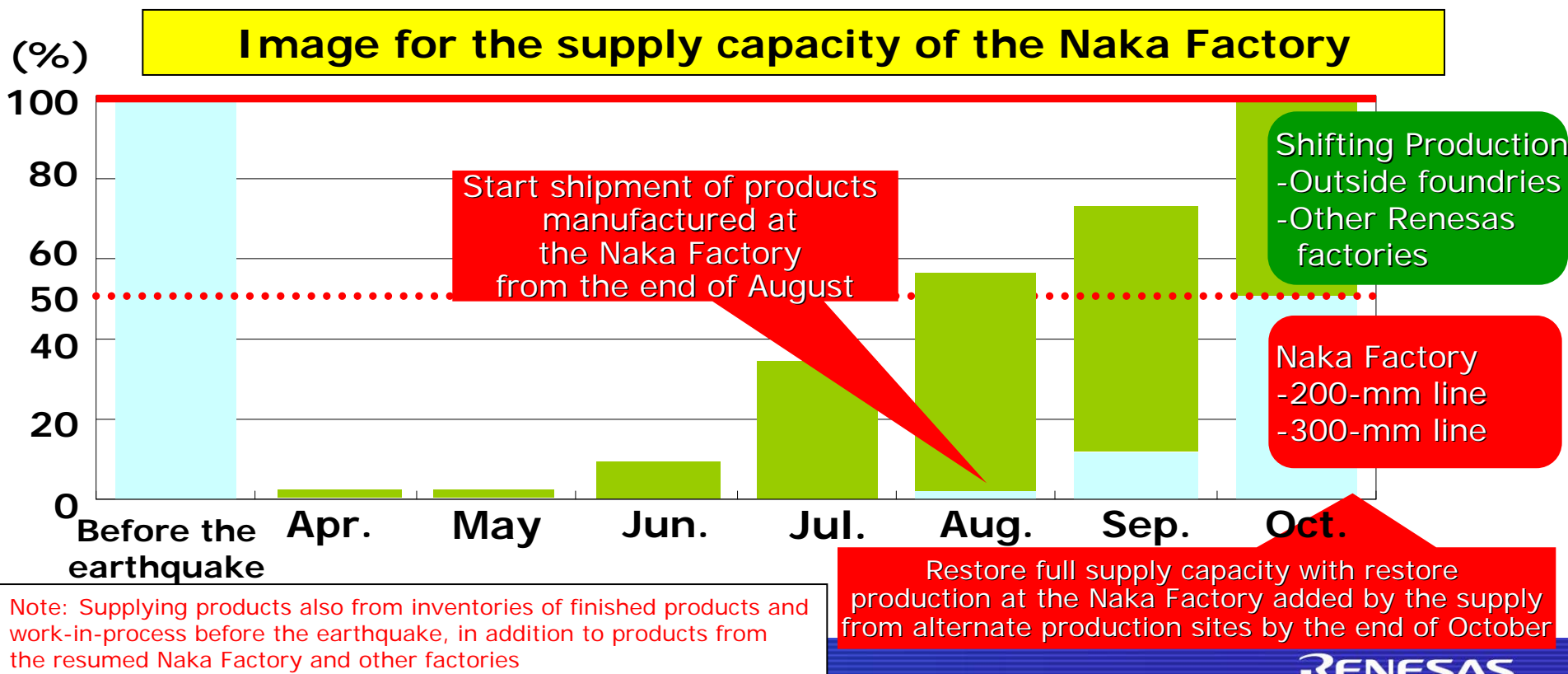


● Front-end/ wafer fabrication line: 10 factories

▲ Back-end/ assembly line: 12 factories

Schedule of Naka Factory Recovery and Alternate Productions

- Restore the Naka Factory, giving top priority to meet supply (to attain 100% supply capability) of products originally manufactured at the factory before the earthquake
- Plan to restore supply capacity of the Naka Factory to that of pre-earthquake levels by the end of October with additional supply from other factories and outside foundries



Acceleration of the “Fab-Network”

- Further accelerate “fab-network” based on the experience through the earthquake to be resistant to demand fluctuations and accidents
- Enhance “fab-network” by promoting product development on the premise that “fab-network” would be applied

< Examples of “fab-network” for the Naka Factory >

Naka Factory	Other production sites of Renesas Group	Foundry
200mm line	<ul style="list-style-type: none">➤ Tsugaru Factory / Renesas Northern Japan Semiconductor➤ Saijo Factory / Renesas Electronics	➤ GLOBAL FOUNDRIES
300mm line	<ul style="list-style-type: none">➤ Tsuruoka Factory / Renesas Yamagata Semiconductors➤ Saijo Factory / Renesas Electronics	➤ TSMC

Almost half of the products manufactured at the Naka Factory before the earthquake can be manufactured at other factories

Financial Impact from the Great East Japan Earthquake

- Estimate a loss from earthquake to total 65.5 B yen
- Recorded special loss on disaster of 49.5 B yen for the year ended March 31, 2011, with 16 B yen compensated by insurance income receivable

Breakdown	Amount
Repair cost of fixed assets	43.1 B yen
Loss on disposal of inventories	7.3 B yen
Loss on disposal of fixed assets	6.2 B yen
Fixed costs during the temporary shutdown period of operations	5.9 B yen
Loss on cancellation of lease contracts and Others	3.0 B yen
Sub total for loss on disaster	65.5 B yen
Insurance income receivable	-16.0 B yen
Total	49.5 B yen

**Naka
Factory
accounted
for approx.
85% of the
overall loss**

Recovery Plans Against the Impact of the Earthquake

- Focus every possible efforts on recovery work to minimize negative impacts on the business results

Impact on the business results

□ Sales (production)

- ✓ Impacts caused by production shutdown
- ✓ Impacts on procuring raw materials and components
- ✓ Uncertainty of market growth from impacts of the earthquake

□ Profit

- ✓ Lower profit from decreased sales (production)
- ✓ Expenses incurred for recovery
- ✓ Loss during the temporary shutdown period of operations

Measures

[Short-term measures]

- Minimize negative impacts on the sales
(Early recovery of the Naka Factory, and shifting production to alternate production sites)
- Reduce capital investment
- Streamline R&D expenses
- Reduce every expenses
- Secure funds required for recovery

[Mid-term measures]

- Further promote structural reforms
- Overhaul of BCP (Business Continuity Plan)

FY12/3 Forecasts

FY12/3 Forecasts

- The Great East Japan Earthquake caused damages to Renesas Electronics Group's multiple manufacturing sites and has brought uncertainty to market conditions surrounding Renesas Electronics
- Therefore, due to difficulty in specifying reasonable forecasts at this moment, Renesas Electronics did not announce the consolidated forecasts today. The company plans to announce the FY12/3 forecasts in July, 2011.
- Renesas Electronics also plans to hold a press conference in the beginning of July to explain its business strategy based on the business operation during the first year after the merger as well as the impact of the earthquake

Summary

Summary

- **Achieved full-year operating profit in FY11/3**
- **Promoted structural reform measures formulated through the 100-day project as scheduled**
- **Implement all possible measures to minimize financial impact from the Great East Japan Earthquake**



Renesas Electronics Corporation

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