



FY11/3 Q1 Financial Results

Renesas Electronics Corporation

July 29, 2010

Yasushi Akao, President

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Thank you for joining Renesas Electronics' webcast.

Before we begin, please be sure to review the cautionary statement on slide 2.

(NOTE) 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.

(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 Q1 Financial Results

- Achieved 10 billion yen increase in sales as compared to the combined sales of the former companies (NEC Electronics Corporation and Renesas Technology Corp.) before the merger. Operating result nearly reached break-even level.
- Recorded structural reform costs (impairment loss for long-term assets, etc) as part of first-quarter net loss

II. FY11/3 Forecasts

- Expect operating profit for full-year mainly by absorbing the integration cost through sales increase and structural reforms
- Expect net loss of 80 billion yen from recording structural reform costs

III. Results and Action Plans of 100-day Project

IV. Summary

Slide 3 provides an overview of the points we will discuss today.

First, sales for the first quarter ended June 30, 2010 increased by approximately 10.0 billion yen quarter on quarter.

Operating loss recovered and almost reached the break-even point.

Second, as for the full-year forecasts of the fiscal year ending March 2011, we aim to achieve our target to attain operating profit in the first fiscal year after the merger through increased sales and implementations of structural reforms.

Yet, we still expect to record net loss of 80.0 billion yen for structural reform costs.

Lastly, we will introduce the results and the action items of our 100-day project.

I. FY11/3 Q1 Financial Results

Now let us discuss the first quarter results for the fiscal year ending March 2011.

FY11/3 Q1 Financial Snapshot

- Q1 sales increased by 4% QoQ
- Operating loss improved dramatically, into black without merger-cost
- Recorded significant net loss due to impairment loss for long-term assets

(B yen)	FY10/3		FY11/3		
	Q1	Q4	Q1	YoY	QoQ
Net Sales	235.3	281.7	292.0	+56.7	+10.4
Semiconductor Sales	208.7	251.7	261.5	+52.7	+9.8
Operating Income (Loss)	-43.9	-12.7	-0.3	+43.6	+12.3
Ordinary Income (Loss)	-45.0	-16.2	-3.5	+41.5	+12.7
Net Income (Loss)	-44.5	-17.6	-33.1	+11.4	-15.5
1US\$=	-	-	92 yen	-	-
1 Euro=	-	-	121 yen	-	-

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Slide 5 shows the first quarter results.

Semiconductor sales were 261.5 billion yen, a 9.8 billion yen increase quarter on quarter.

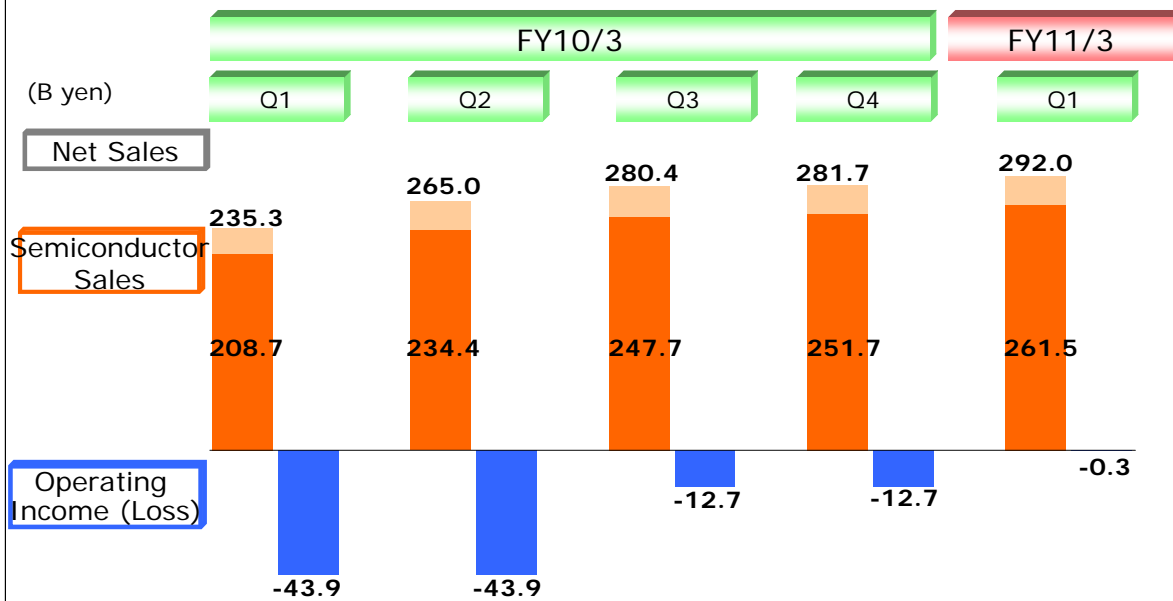
Operating loss improved by 12.3 billion yen quarter on quarter, yet we still recorded 0.3 billion in loss.

Ordinary loss was 3.5 billion yen.

Net loss was 33.1 billion yen from recording impairment loss for long-term assets.

Trends in Quarterly Results

■ Both semiconductor sales and operating loss improved in FY11/3 Q1



Slide 6 shows trends in quarterly results.

Both first quarter sales and operating loss showed improvements quarter on quarter.

Q1 Semiconductor Sales (YoY / QoQ)

- Semiconductor sales increased by 4% QoQ
- The MCU sales in particular increased dramatically in emerging countries centering around the Chinese market

(B yen)	FY11/3			Sales Overview by BU (QoQ)
	Q1	YoY	QoQ	
Semiconductor Sales	261.5	+25%	+4%	
SoC	77.7	-3%	-4%	SoC [↓] Decrease in sales of PC peripherals and consumer electronics area
MCU	99.3	+42%	+6%	MCU [↑] Increase in sales of automotive and general-purpose MCUs
Analog & Power	82.6	+45%	+9%	Analog & Power Devices [↑] Overall increase
Other Semiconductors	1.8	-17%	+101%	

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Slide 7 shows the breakdown of the first quarter sales by business unit.

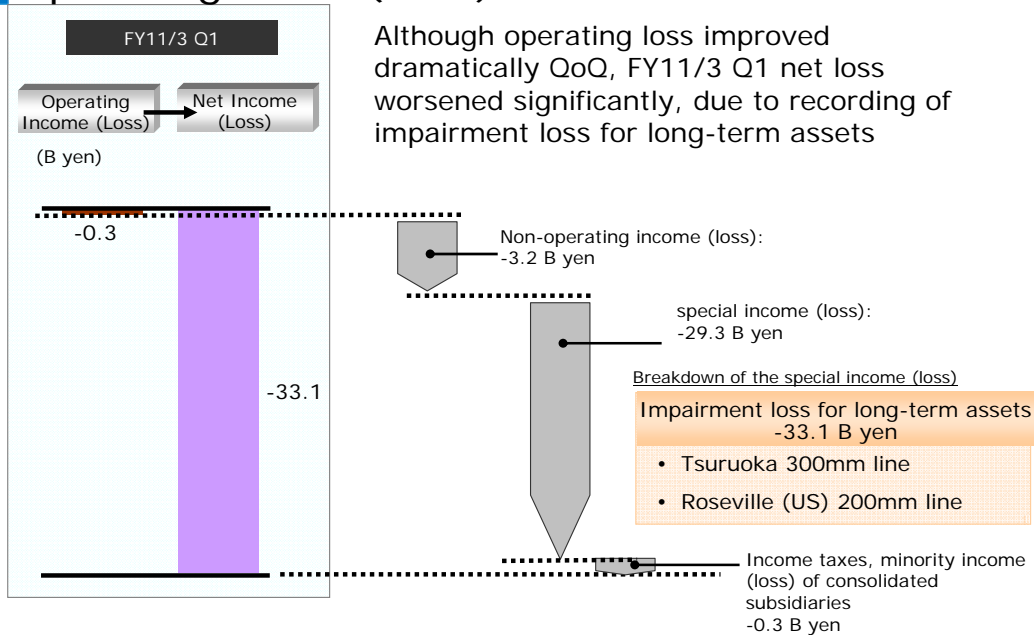
Semiconductor sales increased by 4 percent quarter on quarter. Despite increase in the sales of MCU and Analog and Power devices, SoC sales decreased.

Of SoCs, sales of PC peripheral devices and consumer electronics decreased.

Sales of both automotive MCU and general-purpose MCU showed steady performance.

Analog and Power devices sales showed overall increase particularly with power semiconductors.

FY11/3 Q1 Factors in Net Income (Loss) from Operating Profit (Loss)



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The next slide shows the factors affecting net income and loss in the first quarter.

There were non-operating loss of 3.2 billion yen and special loss of 29.3 billion yen.

Of this special loss, we recorded 33.1 billion yen impairment loss for long-term assets at the Tsuruoka's 300mm wafer line and the Roseville's 200mm wafer line.

As a result, net loss in the first quarter ended June 30, 2010 amounted to 33.1 billion yen.

Balance Sheets

(B yen)	As of Apr. 1, 2010 (After the capital injection)	As of Jun. 30, 2010
Total Assets	1,215.4	1,151.0
Cash and Cash Equivalents	337.7	318.6
Inventories	126.6	130.7
Liabilities	801.7	777.5
Interest-bearing Debt	372.0	375.4
Shareholders' Equity	421.0	388.0
Net Assets	413.6	373.5
D/E Ratio (Gross)	0.91	1.02
D/E Ratio (Net)	0.08	0.15
Equity Ratio	33.5%	31.9%

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 of lease obligations, Bonds with share subscription rights, Long-term borrowings
 3. "Equity": Shareholders' equity, Valuation and Translation Adjustments
 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) Current portion of bonds with share subscription rights, Lease obligations, rights of lease obligations

Slide 9 shows the company's balance sheets.

The figures shown in the row on the left include the starting balance sheets as of beginning of fiscal year ending March 2011, the accounting procedures in accordance with the merger on April 1, 2010 and the capital injection through third-party share allotment of approximately 134.6 billion yen

As of April 1, 2010, interest-bearing debt was approximately 370.0 billion yen and shareholders' equity was 420.0 billion yen. Debt to Equity ratio was 0.91, and equity ratio was 33.5 percent.

As of June 30, 2010, the shareholders' equity decreased, mainly due to recording net loss in the first quarter.

Cash Flow

(B yen)	FY10/3			FY11/3
	Q1	Q4	Full-year	Q1
Cash Flows from Operating Activities	-40.6	16.8	24.6	-2.0
Cash Flows from Investing Activities	-24.0	-21.2	-76.8	-14.4
Free Cash Flows	-64.7	-4.3	-52.3	-16.4

Slide 10 shows cash flows.

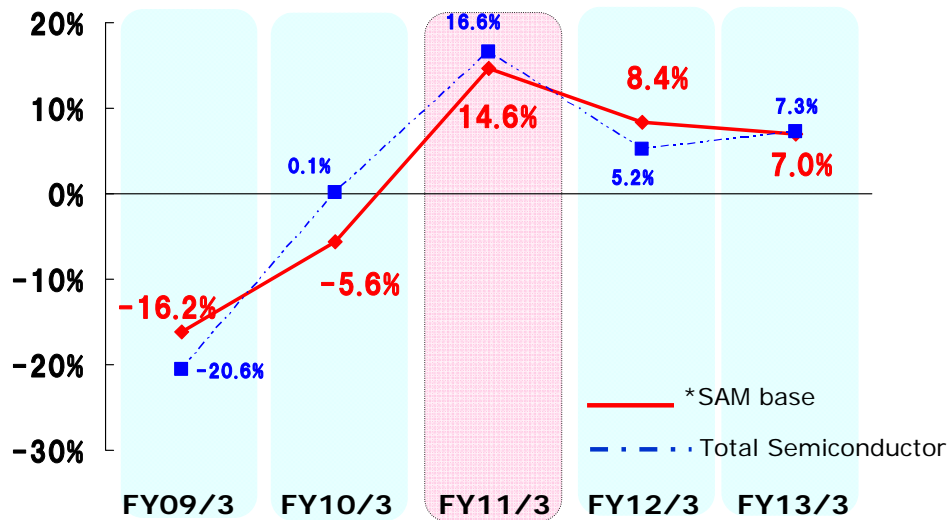
Cash flows from operating activities incurred a loss in the first quarter, mainly due to recording of net loss, increased inventories, and payments for loss on litigation and others.

II. FY11/3 Forecasts

In the next section, we will discuss the full-year financial forecasts for the year ending March 2011.

Semiconductor Market Trend

Semiconductor market annual growth rate (in yen)



(Note) SAM: Semiconductor market excluding DRAM, MPU, Flash and Sensor.

Source: WSTS, Renesas Electronics Corporation

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Slide 12 shows annual moving average of semiconductor market growth rate.

Overall semiconductor market growth rate in the fiscal year ending March 2011 is expected to accelerate to 16.6 percent.

In SAM-base, we expect approximately 3 point rise from the beginning of the fiscal year, reaching 14.6 percent annual growth rate.

FY11/3 Financial Forecasts

■ Aim to achieve operating profit for the full-year. Net loss is expected to widen significantly, expected amount of 77 billion yen in special loss from promoting structuring reforms as part of the "100-day project".

(B yen)	FY10/3			FY11/3 Forecast			
	1H	2H	Full-year	1H	2H	Full-year	YoY
Net Sales	500.3	562.1	1,062.4	590.0	600.0	1,190.0	+127.6
Semiconductor Sales	443.1	499.4	942.5	540.0	550.0	1,090.0	+147.5
Operating Income (Loss)	-87.9	-25.4	-113.3	-2.0	9.0	7.0	+120.2
Ordinary Income (Loss)	-93.4	-32.0	-125.3	-8.0	3.0	-5.0	+120.3
Net Income (Loss)	-99.2	-38.5	-137.8	-42.0	-38.0	-80.0	+57.7
1US\$=				90 yen			
1 Euro=				110 yen			

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Slide 13 shows the company's financial forecasts for the fiscal year ending March, 2011.

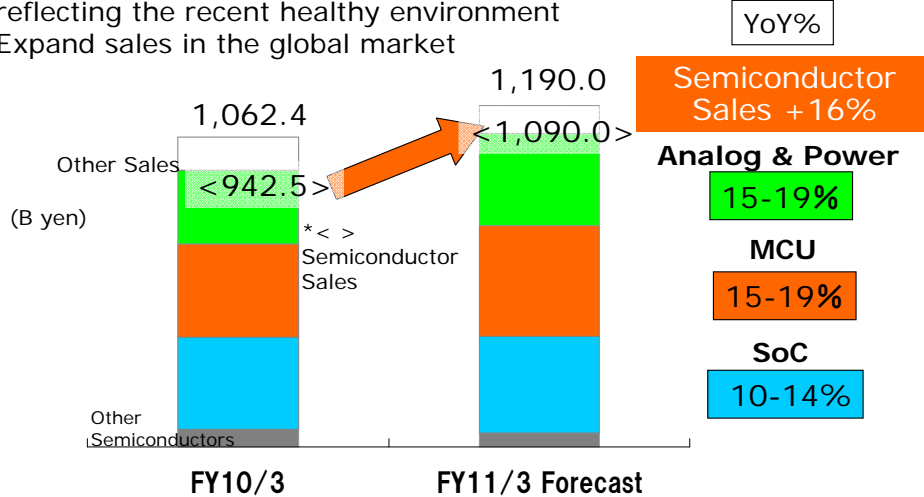
Based on the steady market environment, we lifted our semiconductor sales forecast to 1,090.0 billion yen, a 20.0 billion yen increase from the original forecast.

Operating profit is expected to be 7.0 billion yen and operating loss is expected to be 5.0 billion yen.

We expect to record net loss of approximately 80.0 billion yen including an special net loss of approximately 77.0 billion yen, mainly from implementing structural reforms of the "100-day project".

FY11/3 Semiconductor Sales Forecast

- Expect to exceed the market growth, absorbing the dis-synergies from restructuring of product portfolio
- Raised semiconductor sales target by 20.0 billion yen from May 2010, reflecting the recent healthy environment
- Expand sales in the global market



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Slide 14 shows the company's forecast for semiconductor sales.

Although we expect dis-synergies from realignment of the product portfolio, the semiconductor sales are expected to exceed the market growth and increase by 16 percent.

As explained in slide 13, semiconductor market is showing healthy movement, and therefore, the company raised its semiconductor sales forecast to 1,090.0 billion yen, a 20.0 billion yen increase from the original forecast.

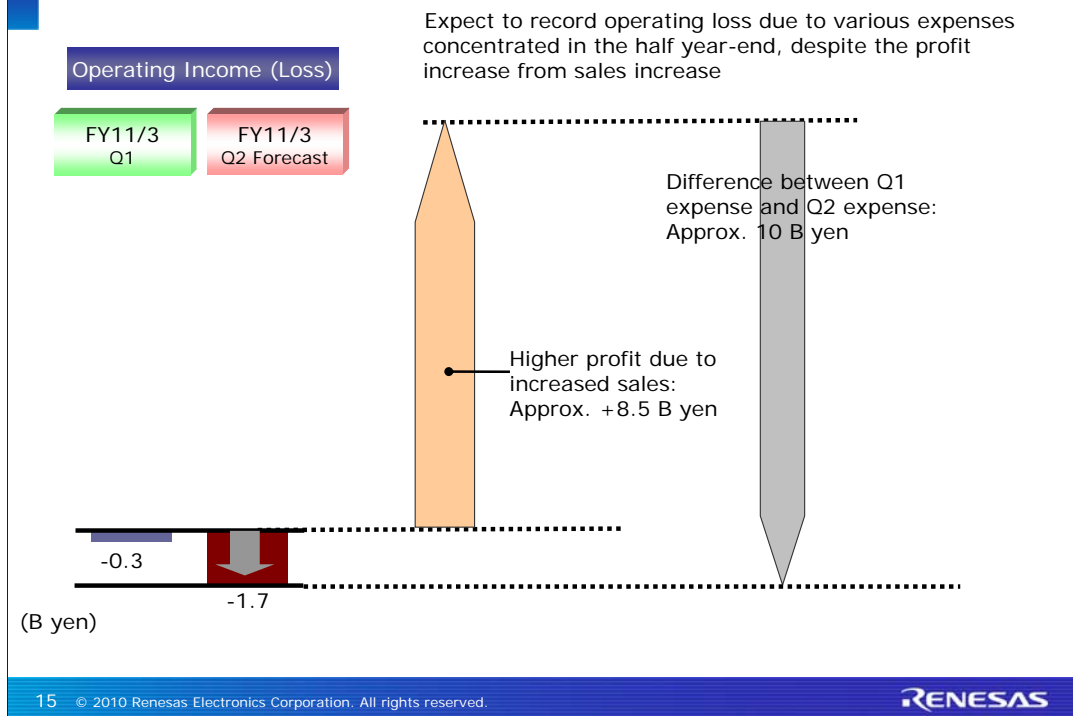
We also aim to expand sales in the overseas market.

By business, the SoC sales are expected to increase by 10 to 14 percent.

The MUC sales are expected to increase by 15 to 19 percent, due to solid sales of automotive MCUs and general-purpose MCUs.

Analog and Power devices are expected to increase by 15 to 19 percent with robust growth of analog ICs and power semiconductors.

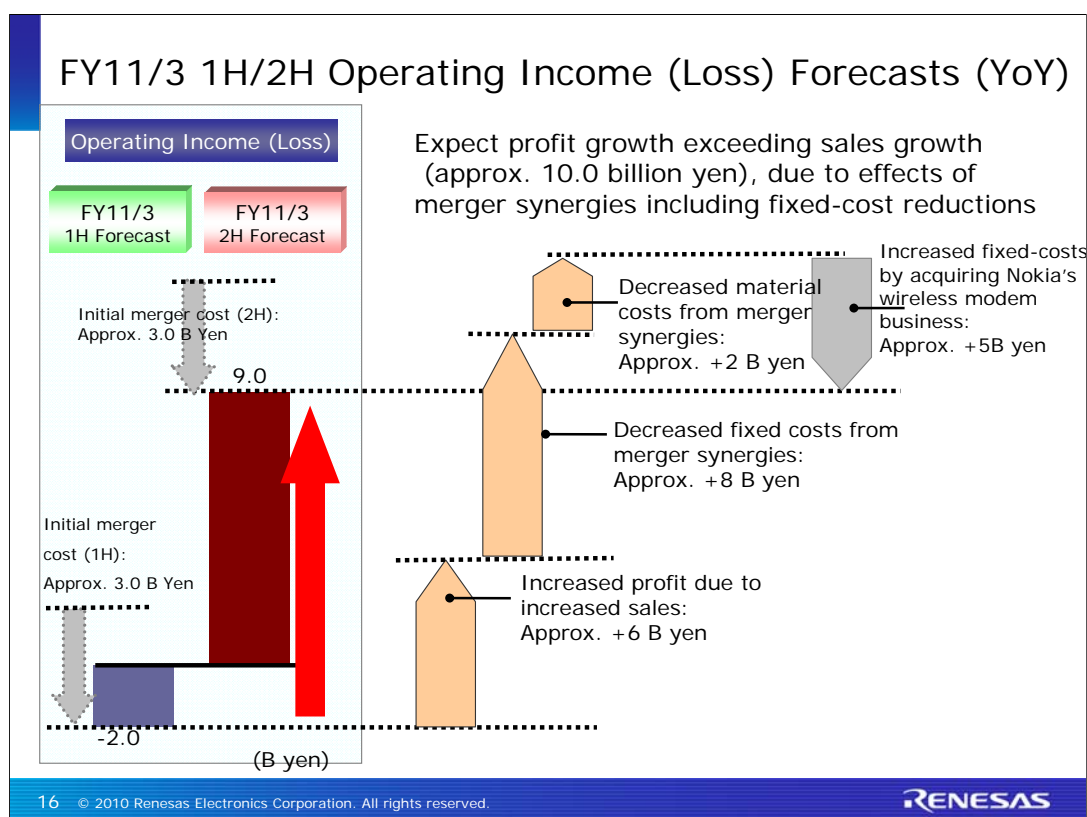
FY11/3 Q2 Operating Income (Loss) Forecasts



The next slide shows the forecast for operating profit/loss in the second quarter.

Operating loss is expected to be approximately 1.7 billion yen in the second quarter of the fiscal year.

Although we expect higher profit due to increase sales, we expect to record operating loss in the second quarter of the fiscal year, owing to integration cost carried-over and various expenses concentrated in the half year-end.



Slide 16 shows the forecast for operating income/loss from the first half to the second half.

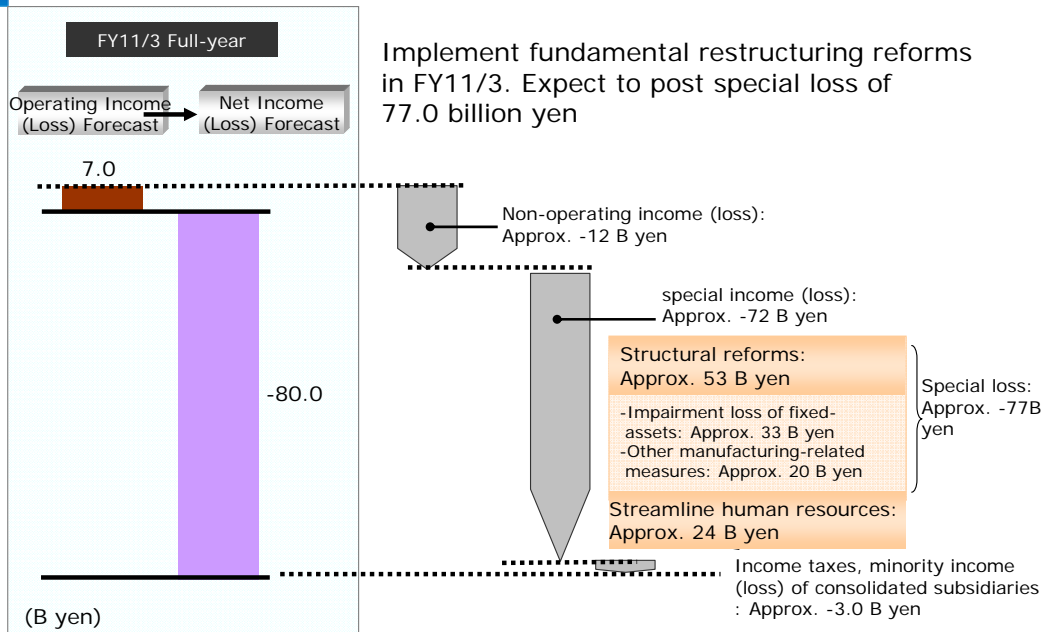
Although we expect semiconductor sales to improve by approximately 10.0 billion yen from the first half to the second half, we expect profit growth to exceed sales growth, due to synergies effects.

In addition to increased profit due to increased sales, we expect to see reduced fixed-cost as well as decreased material costs both as results of merger synergies.

On the other hand, there is expected increase in cost by approximately 5.0 billion yen from the first half though the second half by acquiring Nokia's wireless modem business.

Meanwhile, we expect to have secured operating profit in the first half if there were no initial merger costs.

FY11/3 Full-Year Net Income (Loss) (In comparison with operating profit/loss)



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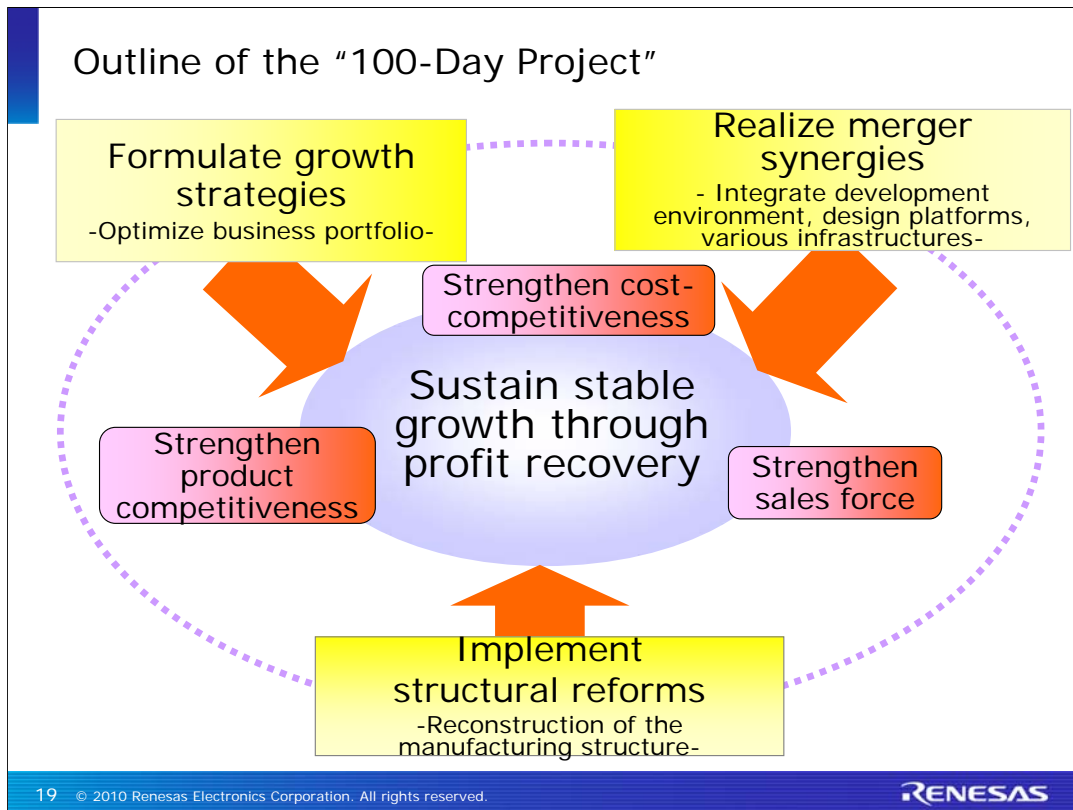
Slide 17 shows the forecast for full-year net income and loss.

Although we expect operating profit of 7.0 billion yen in the fiscal year ending March 2011, we expect non-operating loss of approximately 12.0 billion yen and special loss of approximately 77.0 billion yen.

Of special loss of approximately 77.0 billion yen, we expect approximately 53.0 billion yen from structural reforms and approximately 24.0 billion yen from streamlining human resources.

III. Results and Action Plans of the “100-Day Project”

In the next section, we will introduce our results and action plans of the 100-day project.



Slide 19 shows the outline of the "100-day project".

We aim to build our management base with improved profits and stable growth by enhancing our product competitiveness, sales force and cost competitiveness.

To attain the target, we reviewed our management tasks from the following three viewpoints.

First, we formulated growth strategies for building business foundations that realize optimization of the business portfolio and sustainable growth for every business units.

Second, to realize merger synergies through promoting the integration of design environment, technology platforms and various infrastructures, we clarified cost effects that could be generated through the merger.

Third, we will implement structural reforms. We formulated the reform plans in order to secure stable profit against the market volatility.

Summary: Effects of the "100-Day Project"

Target

Formulate growth strategies	Annual average sales growth rate: 7-10% per year from FY11/3 to FY13/3
Realize merger synergies	Generate synergies of total of approx. 40 billion yen from FY11/3 to FY13/3
Implement structural reforms	Cumulative cost reductions of approx. 70 billion yen from FY11/3 to FY13/3

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Slide 20 shows the summary of effects to be realized through the three-pronged measures which were formulated in the 100-day project.

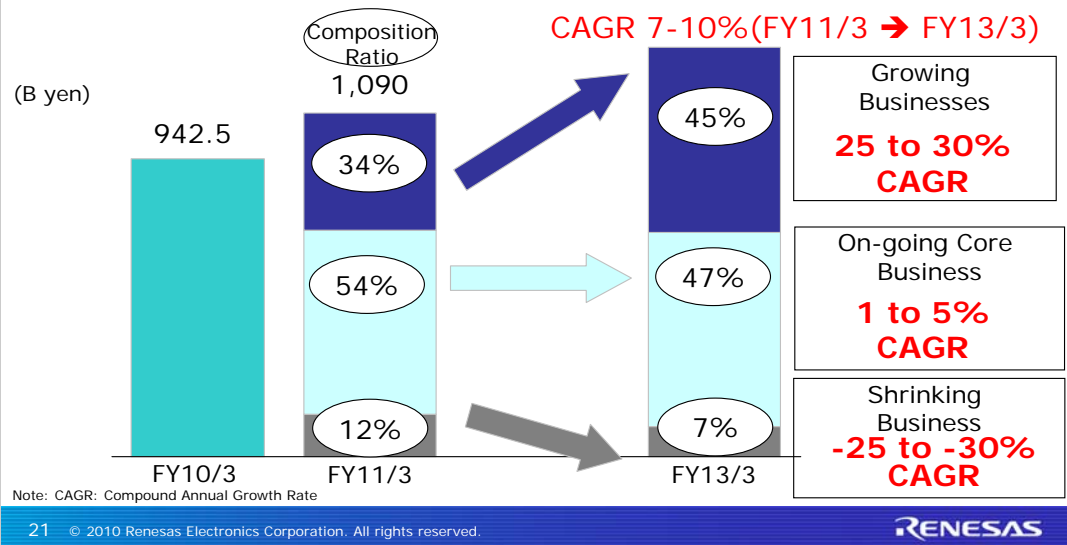
First, we will optimize our business portfolios through implementing growth strategies. As a result, we aim our annual average sales growth rate to be 7 to 10 % from the fiscal year ending March 2011 to the fiscal year ending March 2013.

As for realization of the merger synergies, we will promote the integration of various system, technology bases and infrastructures. We expect synergy effects in total to result in approximately 40 billion yen from the fiscal year ending March 2011 to the fiscal year ending March 2013.

Through structural reforms, we will improve our manufacturing structure and streamline human resources. Then we expect cumulative cost reductions of approximately 70 billion yen from the fiscal year ending March 2011 to the fiscal year ending March 2013.

Semiconductor Sales Plan

- Focus resources on growing businesses through optimization of the business portfolio
- Realize 7-10% CAGR growth in FY13/3 from FY11/3 centering on growing businesses
- Strengthen cost-competitiveness by streamlining on-going core businesses



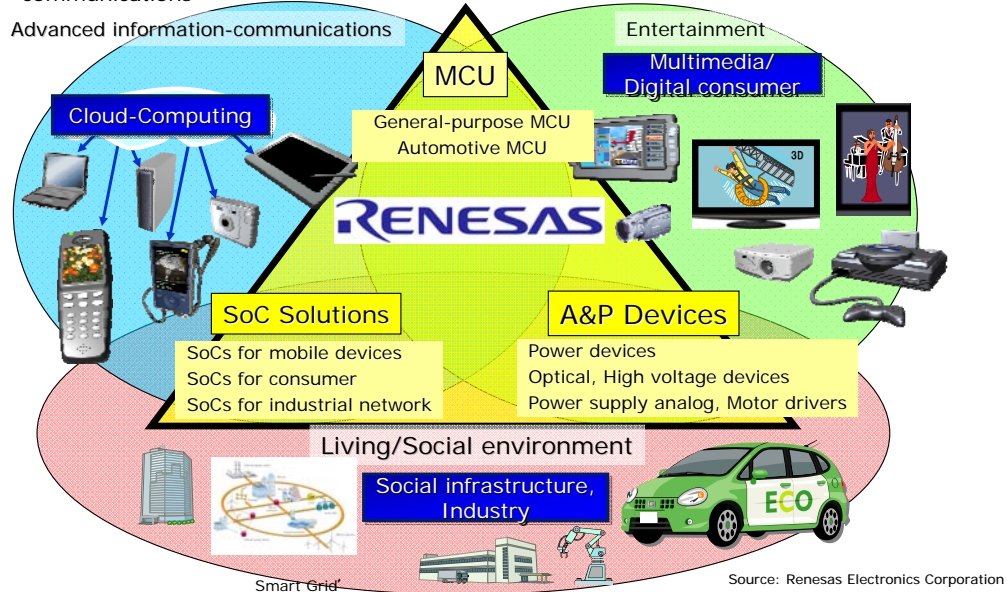
Slide 21 shows our semiconductor sales plan from the fiscal year ending March 2011 to the fiscal year ending March 2013.

We will focus our resources on growing business by optimizing the business portfolio and aim at 7 to 10 percent CAGR growth in the fiscal year ending March 2013 as compared from the fiscal year ending March 2011.

Also, we will maintain on-going core business as profitable business through thoroughly streamlining and strengthening cost competitiveness.

Formulate Growth Strategies: Focused Business Areas

- Utilizing the business advantages gained through the merger, contribute to the realization of feature-rich society by focusing on application areas that support the society's infrastructures, such as living/social environment, entertainment, advanced information-communications



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Slide 22 shows Renesas' focus segments which are premise of our growth strategies.

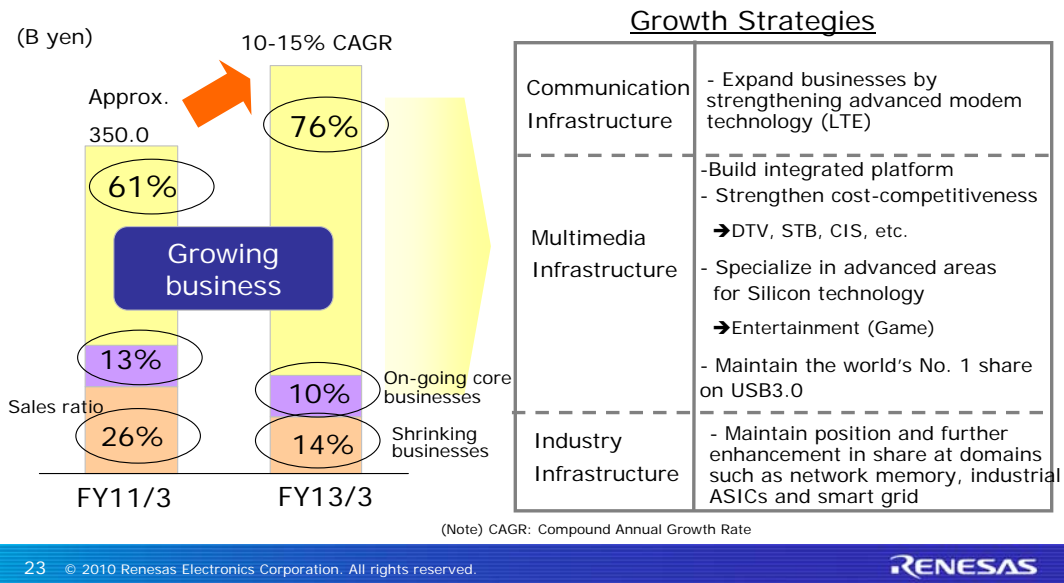
Renesas now positions industry, multimedia/digital consumer, cloud computing and the social infrastructures including living/social environment, entertainments, and advanced information communications, as our focus segments. For these segments, we will concentrate existing products with high market share as well as the products that are expected to be enhanced through merger synergies and tight cooperation among each product business units.

In the 100-day project, we optimized business portfolios to sustain stable growth for each product business.

From the next slide, we will explain respective growth strategies of each product business.

Formulate Growth Strategies: SoC Solutions

- Focus on developing "infrastructure" businesses where Renesas Electronics has comprehensive competitive value



Slide 23 shows growth strategies of the SoC business.

To optimize business portfolios, we defined growing business, on-going core business and shrinking business among the SoC business based on objective index such as market growth, sales volume and competitiveness of our technologies.

Approximately 60% of the total SoC Business is positioned as growing business. We aim at 15% increase of its sales in the fiscal year ending March 2013 from this fiscal year.

Regarding the direction of the growing business, we defined the technological base, including wireless modem technology, which would be commonly applied to all segments, as "infrastructure" business. We will focus our resources to the "infrastructure" market where we have comprehensive competitive edge.

In these focus markets, we try to expand our business mainly with our competitive LTE/HSPA+ wireless modem technology, Si technology including eDRAM and SoCs for smartgrid. We will expand SoC business at two-digit growth rate from the fiscal year ending March 2011 to the fiscal year ending March 2013.

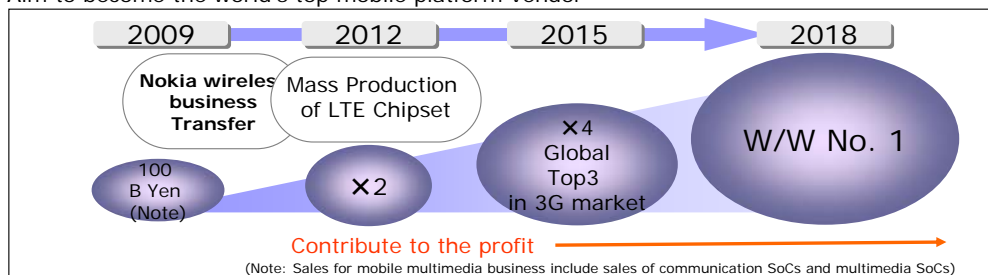
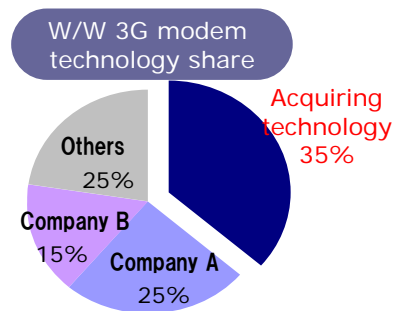
Formulate Growth Strategies: Strengthening of Communication Infrastructure (1) - Acquisition of Nokia's wireless modem business

■ Advantages of the acquiring technology

- >Special IP requiring long-term accumulated technology expertise
- >W/W No. 1 share
- >Proven track record by being adopted in billions of handsets
- >IOT completed with over 200 network operators W/W

■ Target

- >Aim to become the world's top mobile platform vendor



Slide 24 shows our strategies to enhance wireless communication infrastructure as the driver to grow SoC business. We decided to purchase Nokia Corporation's wireless modem business and announced the news with Nokia on July 6.

Nokia, who intends to further focus on user interfaces and hardware, and Renesas, who aims to expand business with complete mobile platforms incorporating competitive wireless modem, reached the business transfer to complement each other for attain respective targets.

The acquiring technology has many advantages including the world's top share in 3G modem and completed IOT with over 200 network operators worldwide. That means we can acquire special wireless communication IP which has high barriers preventing competitors to enter.

We will provide mobile platforms combining the new wireless modem technology, our existing application processors and high-frequencies for the media convergence market ranging from mobile phones to other mobile devices.

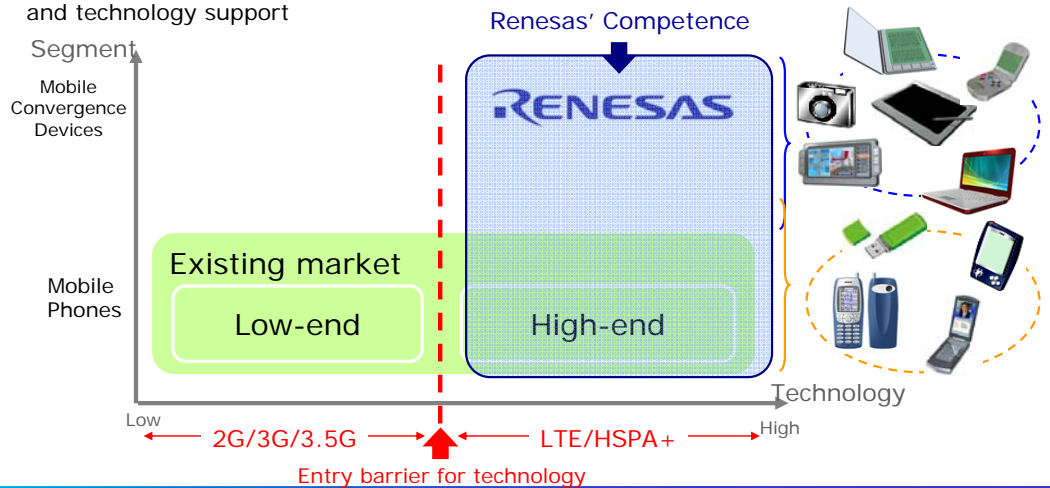
Here we show the total sales figure of the communication infrastructure business, not only from acquired business, we plan to increase the current sales of approximately 100 billion yen to double in two years and to quadruplicate in 5 years.

Formulate Growth Strategies: Strengthening of Communication Infrastructure (2) – Strengths of Renesas Electronics

>Network market: Close relationship with customers using Renesas Electronics' extensive range of MCUs

→ Renesas Electronics' competitive advantage in the mobile convergence market

>Acquiring modem technology enables to enhance competences for platform development and technology support



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Slide 25 shows how the wireless communication market will change with the LTE/HSPA+ technology. The past mobile phone-oriented market will transform to the mobile convergence market to involve various devices including PC, digital consumer electronics, and cars, which are connected to the wireless network.

As the chart indicates, our business focus will expand to not only the existing high-end mobile phone market but also to the new mobile convergence market.

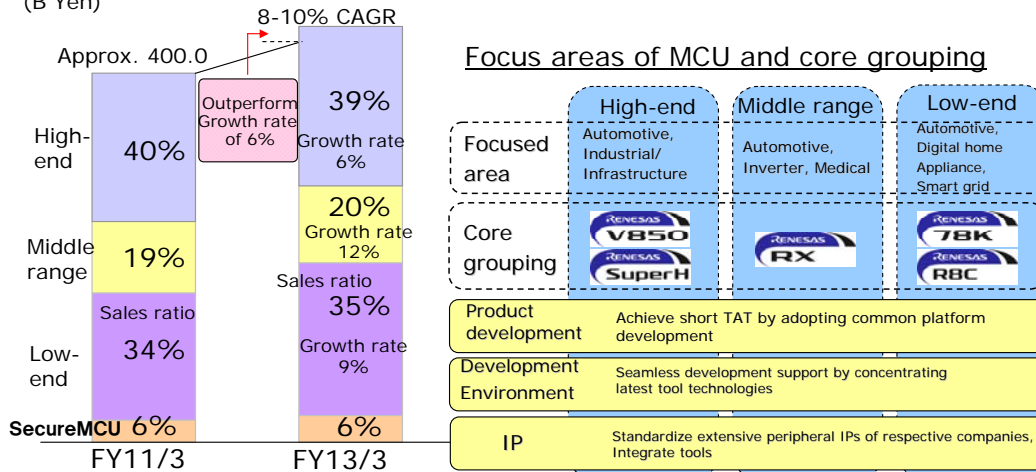
We believe that we have competitive edge that competitors can not follow in the mobile convergence market. That is we can deliver the new mobile phone platform to the convergence market, combining the acquiring modem technology and our existing expertise in system as well as the close relationship with customers, which are accumulated internally through providing MCU and other products to various electronic devices so far.

Formulate Growth Strategies: Realize stable growth on MCU business

Aim to achieve steady growth exceeding market growth rate by combining strengths of the former NEC Electronics Corporation and the former Renesas Technology Corp.

- Strengthen businesses in the emerging countries (China) and other focused areas utilizing management resources generated through the merger
- Fortify the world's No.1 MCU share by making use of short TAT and rich IP lineup through development of the next-generation integration platform

(B Yen)



(Note) CAGR: Compound Annual Growth Rate

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Next slide shows the growth strategies for the MCU business.

Renesas Electronics as a merged entity, holds worldwide number one share in the microcontroller market in 2009. The aim is to strengthen and solidify the position, and to expand by more than the market average growth.

In order to achieve that, we divided the targeted market as high-end, middle range and low-end, and set the focus areas based on the market potential and our competitiveness in that particular market.

Then, we set the best-suited cores for each of the focused areas based on customers' software assets, instead of forcibly converging into one core.

We are however, consolidating product development, environment, and IP cores in order to slash redundant development resources and dis-synergy effects. Furthermore, we will allocate redundant resources to the focused areas to accelerate their growth.

Formulate Growth Strategies: MCU Business, Business strategies targeting China

■ Maximize business effects through local-led structure, responding to changing market environment

[China's changing market environment]

- Government-led → Expansion of social infrastructure, promotion of energy savings
- Rise income levels → Rapid promotion of automobiles, Improvement of living environment

[Promote structure strengthening meeting changing market environment]

- Launch a new organization from Oct 1 led by local executives
- Open Shanghai office that handles from marketing to sales: Approx. 150 employees
- Strengthen development force in China: currently 600
- ➔ continue to expand, aim to launch 1,000 products in 3 years

[Determine target segments responding to changing market environment]

Expected products until FY2013/3

<p>■ Expand social infrastructure NO.1 record</p> <p>Electric meters (Accelerate smart grid development on a regional base)</p> <p>Water, gas meter</p> <p style="text-align: right;">100</p>	<p>■ Rapidly promote automobiles NO.1 record</p> <p>Body, Dash board, e-Bike</p> <p style="text-align: right;">100</p>
<p>■ Promote energy savings No. 1 record</p> <p>Inverter home appliances (air-conditioners, refrigerators, washing machines)</p> <p>LED light</p> <p style="text-align: right;">600</p>	<p>■ Improve living environment NO.1 record</p> <p>Home security, etc</p> <p style="text-align: right;">200</p>

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Slide 27 shows MCU's business strategies targeting the Chinese market.

The Chinese market is evolving from the world's manufacturing market to the world's electronics consuming market. To respond to the shift in the market landscape and to produce products best suited to the consumer needs, we are reinforcing operations for microcontroller business in China.

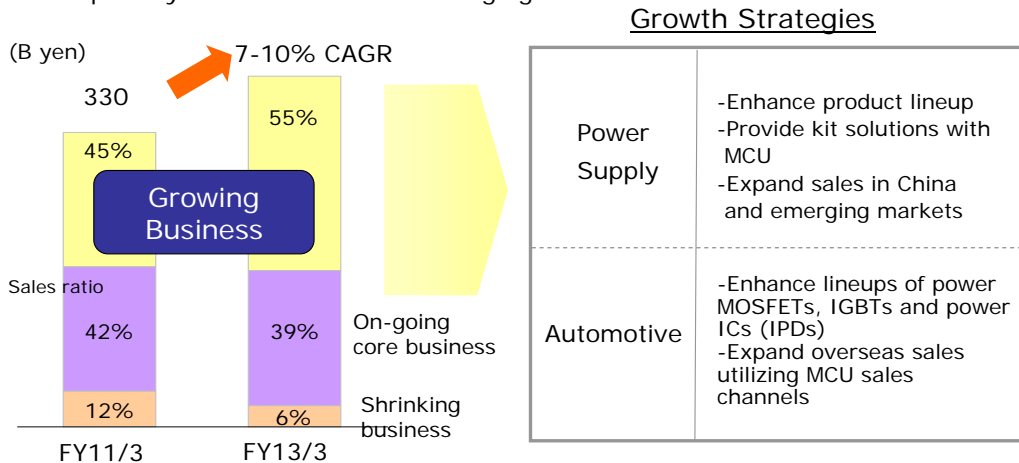
First, to strengthen the operations, we are launching a new organization from October 1st which will be led by local executives. We are opening an office in Shanghai with 150 personnel, who will handle business from marketing to sales.

Furthermore, we will strengthen development force in China. Currently we have approximately 600 development engineers for the Chinese market. We will further expand the resource and in three year, we will produce over a thousand products targeted particularly to the Chinese market.

We already began sales of new products, and we will accelerate marketing in China to expand the focus areas.

Formulate Growth Strategies: Analog & Power Devices

- Focus on areas of developing power supplies and automobiles with large market scale
- Enhance product lineups by providing kit solutions for analog ICs, power devices and optical devices
- Aim to expand business by providing solutions utilizing broad MCU sales channels especially in China and other emerging markets



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Next slide shows the grow strategies for the Analog and Power devices.

Analog and Power devices or the AP devices, will focus on power supplies and automotive market where we see potential market growth.

We estimate 7 to 10 percent average growth rate in the fiscal year ending March 2013, from 2011. The accelerated growth is mainly from the focus areas.

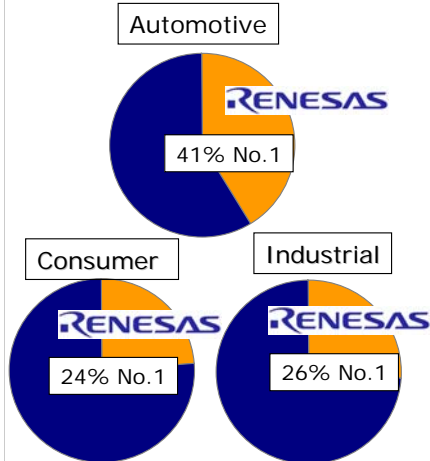
We will further enhance strong product lineups from the merger, by providing kit solutions for analog ICs, power devices and optical devices. By leveraging the synergy effects, we will expand sales, exceeding estimated growth of simple sum of two merged entities.

We also aim to expand business by providing solutions utilizing broad MCU sales channels.

Formulate Growth Strategies: Synergies through MCU and Analog & Power Devices

- Strengthen Analog & Power Business by enhancing product lineups based on system integration capabilities and sales channels obtained by MCU business

MCU share by platform (2009)



Source: Sum of former NEC Electronics and the former Renesas Technology share based on Gartner Quest data.

Examples of kit solutions for MCU and A&P devices

Application	Product	Kit Solutions
Consumer	Home appliance and air-conditioner	IGBT + IGBT-driving photocoupler + PFC-IC + MCU
Industrial	Industrial inverter (Motor)	IGBT + IGBT-driving photocoupler + MCU
Automotive	Automobile (HEV/EV)	IGBT + Photocoupler + MCU
Industrial	Power supply	Power MOSFET + Power management IC
Industrial	Electric meter	Three-terminal regulators + EEPROM + Photocoupler + MCU
Consumer	LED light	Power MOSFET + LED driver

Slide 29 shows synergies through kit solutions of microcontrollers, and analog ICs and power devices.

Examples of the kit solutions by application include

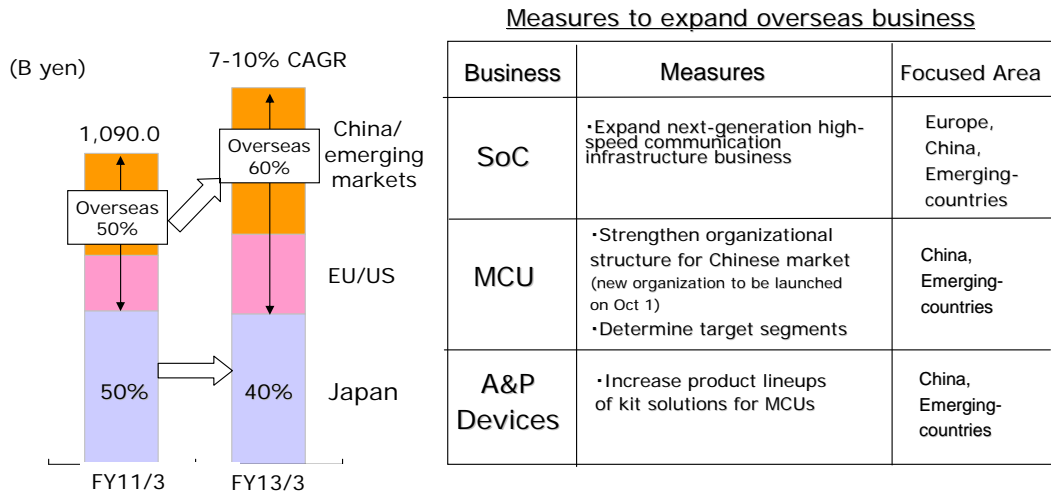
-For consumer application, by leveraging the world-leading share in microcontrollers, we offer kit solutions of microcontrollers with IGBT, photocouplers and high-frequency devices for home appliance, air conditioners and LED light.

-For industrial application, we provide kit solution of microcontrollers with IGBT, power management ICs and photocouplers for power control and smart grid where we expect future growth.

-For automotive application, where our microcontrollers hold world leading share, we will leverage strengths based on system integration capabilities and sales channels of the MCU business to provide kit solution with analog and power devices.

Formulate Growth Strategies: Enhance Overseas Business

- Enhance global semiconductor sales ratio to over 60% by FY13/3
- Strengthen MCU business in China and expand overseas sales with kit solutions for MCU and A&P devices
- Expand sales by strengthening the wireless communication infrastructure



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Slide 30 shows measures to expand overseas business.

In previous slides, we explained growth strategies for each business unit to optimize product portfolio.

By implementing these strategies, we expect to expand overseas sales ratio up to 60 percent by fiscal year ending March 2013.

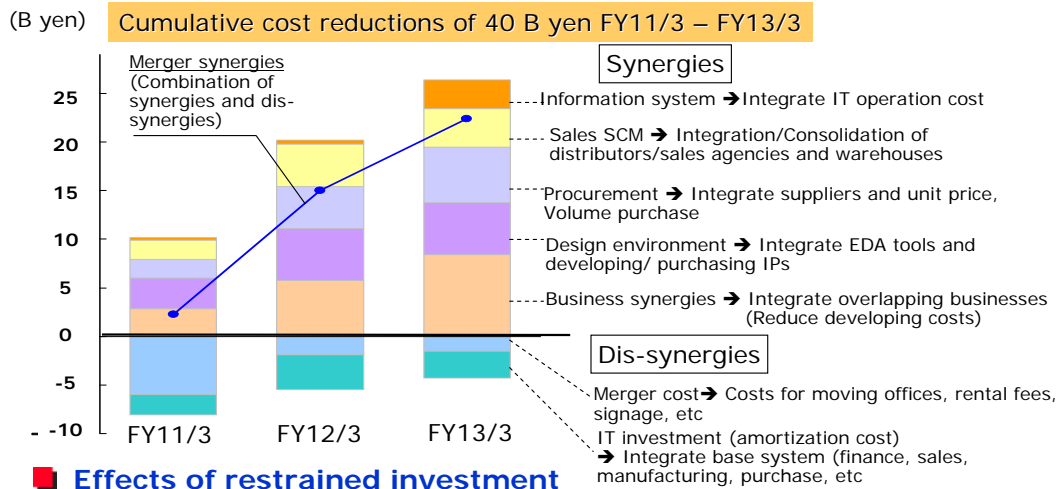
We will accelerate product development best suited for each region and expand kit solution for the MCU and A&P businesses.

For the SoC business, we will provide solutions for infrastructure businesses, such as next generation high-speed infrastructure business, where we expect changes and convergence in electronics devices.

Overall, we will expand semiconductor sales to exceed market growth.

Realize Merger Synergies: Cost Effects

■ Effects of cost efficiency



■ Effects of restrained investment

Restrain investment in times of sales expansion from improving manufacturing efficiency
 → Integrate and standardize manufacturing technology, Unify manufacturing SCM, Simplify approval procedures of materials

Reduce cumulative of approx. 12 B yen during FY11/3 – FY13/3

Slide 31 shows cost effects from the merger synergies.

First, we expect cumulative cost reduction of 40 billion yen from fiscal years ending March 2011 to 2013.

We expect to see synergy effects from integration of IT operations, higher efficiency in sales and procurement, integration of design environment and overlapping businesses.

On the other hand, we expect dis-synergy effects arising from costs related to the merger and investments in IT system platforms.

Next, we expect cumulative cost effect in the amount of 12 billion yen from restrained investments. We expect to cutback on investments even at times of sales increase by enhancing manufacturing efficiency from integration and standardization of manufacturing technologies.

Realize Merger Synergies: Optimization of Sales Channels Including Halving Domestic Distributors

- Reinforce sales force by reconstructing sales channels
- Reduce sales expenses by enhancing sales efficiency

Targets

- Reorganize sales channels by concentrating competitive distributors and sales agencies
- Enhance sales capabilities by expanding and centralizing each channel
- Reduce sales expenses
- Reduce logistic costs

Measures

- Restructure distributors and sales agencies
- Review trade terms with distributors
- Streamline sales staffs
- Integrate warehouse worldwide and packaging materials, Review transport costs

Slide 32 shows the merger synergies from optimizing sales channels.

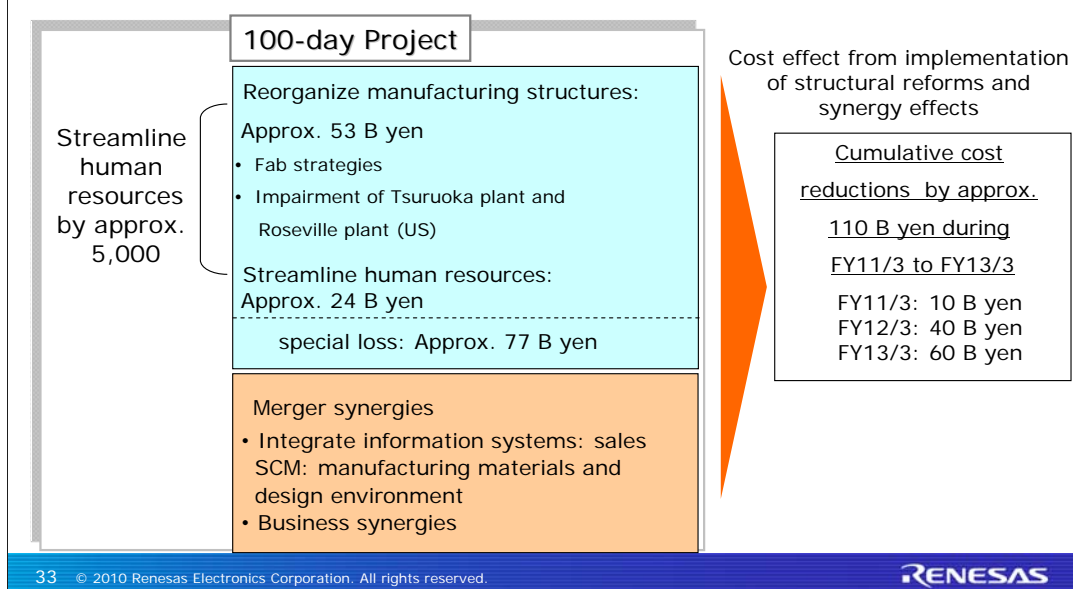
We will strengthen sales force by reconstructing sale channels and reduce sales expenses by enhancing sales efficiency.

By optimizing sales channels, we aim to raise sales efficiency by narrow down competitive distributors and sales agencies, and expand and centralize each channel. We aim to reduce sales expenses and logistic costs.

Measures include, restructuring of distributors and sales agencies by half, reviewing trade terms, streamlining sales resource, and integrating warehouse worldwide.

Implement Structural Reforms

- Promote fundamental cost structural reforms to realize stable growth aiming two-digit operating profit ratio



Next, we will explain implementation of structural reforms.

We will promote fundamental cost structural reforms to realize stable growth by implementing reorganization of manufacturing structures and streamlining human resources.

We expect to record approximately 53 billion yen for manufacturing and 24 billion yen for streamlining human resources, totaling 77 billion yen in special loss.

These plans involve streamlining human resources by approximately 5,000 people.

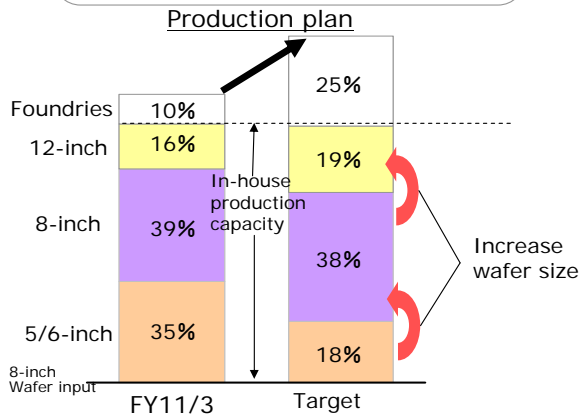
Overall we expect to see cumulative cost reduction in total of 110 billion yen through structural reforms and the synergy effects.

Implement Structural Reforms: Fab Strategies

- Front-end (in-house): Restrain Capex for capacity ramp up, enhance productivity
- Back-end (in-house): Enhance overseas production capacity

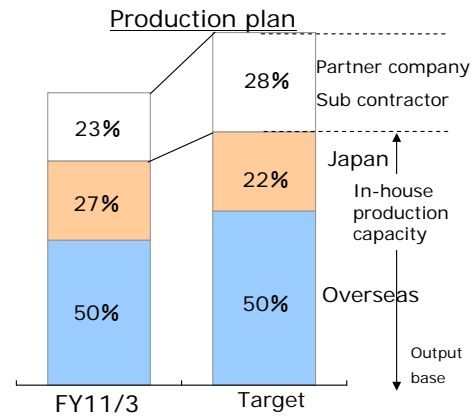
Front-end

- ✓ Increase manufacturing efficiency by promoting large wafers and miniaturization
- ✓ Utilize foundry services for increased production for advanced products, etc
- ✓ Construct "fab network" including foundry services to reduce risks for deficient loading



Back-end

- ✓ Enhance overseas production capacity for in-house production
- ✓ Construct "fab network" with sub contractors
- ✓ Streamline partner companies and sub contractors



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Slide 34 shows fab strategies for front-end and back-end lines.

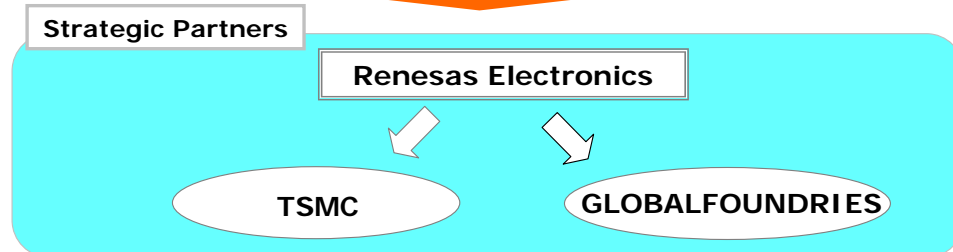
We will establish "fab network" including foundries. Further, we will cutback capex for capacity ramp up and enhance production efficiency.

For front-end lines, we will promote large wafers and shifting to finer process. We will utilize foundry services for increased production for advanced products. Moreover, we will construct "fab network" including foundry services to reduce risks for deficient loading.

For back-end lines, we will enhance overseas production. In addition, we will construct optimal manufacturing framework which works flexible to demand fluctuation.

Implement Structural Reforms: Advanced Process Development

Thoroughly utilize outside foundries on manufacturing of advanced products at 28 nm node and beyond



- Fully utilize 300mm lines at the Tsuruoka and the Naka fabs for the mass production of SoCs and future MCUs up to 40nm process
- Continue R&D of advanced processes by unifying existing development structures. Continue to join the technology research project with IBM for fundamental research of advanced semiconductor process technology

Slide 25 shows outlook on advanced process development.

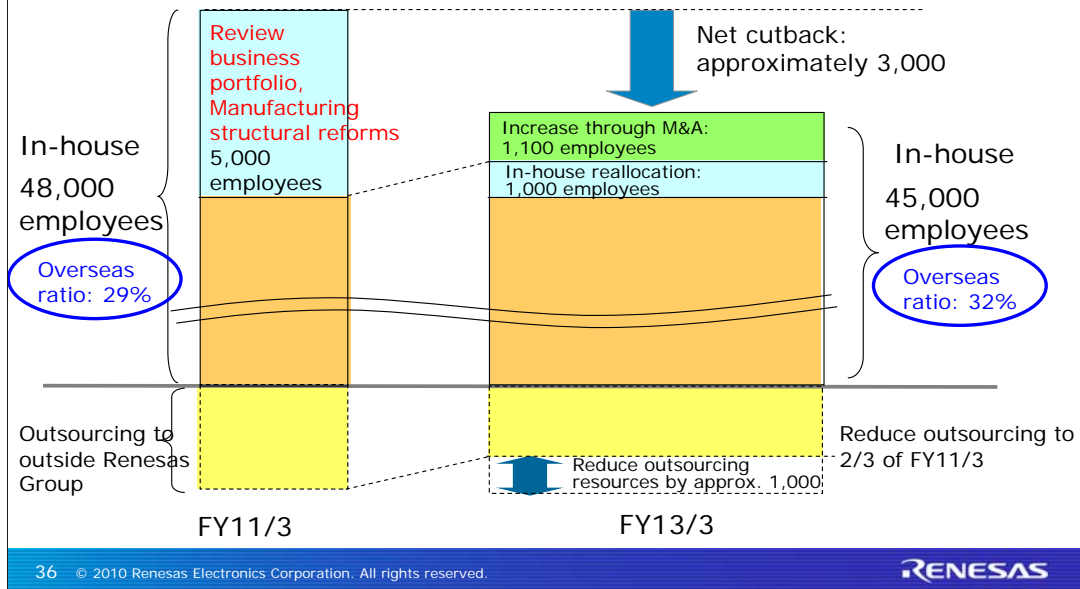
Renesas Electronics will thoroughly utilize outside foundries for manufacturing of advanced products at 28 nanometer node and beyond.

We will use 300 millimeter lines at the Tsuruoka and the Naka plants for the mass production of SoCs and future MCUs up to 40 nano process technology.

Renesas Electronics will continue R&D of advanced processes by unifying existing development structures. We continue with the technology research project with IBM for fundamental research for advanced semiconductor process technology.

Implement Structural Reforms: Optimize Human Resources

- Plan to streamline human resources of approx. 5,000 employees mostly in FY11/3, complete by FY13/3
- Reduce total human resources including outsourcing by 10%



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In slide 36, we will explain our plan to streamline our human resources.

By optimizing business portfolios and by realigning the manufacturing structures, we plan to streamline approximately 5,000 human resources, including 1,000 to be shifted internally and reduction of approximately 1,000 outsourcing resources, mostly in the current fiscal year.

Meanwhile, we will increase headcounts through acquiring of Nokia's wireless modem business, promote overseas businesses and enhance back-end lines outside Japan, and reduce approximately 10 percent of the company's human resources, including outsourcing resources to outside Renesas Electronics Group, by March 2013.

IV. Summary

In the last section, we will show the summary of our management targets.

Management Targets

- Aim to attain operating profit in the first fiscal year after the merger
- Target net profit in the second fiscal year by focusing on structural reforms at an early stage of the integration process
- Aim to achieve two-digit operating profit ratio in the mid-term period by constructing solid management bases

Having reviewed all of our management issues, we constructed structural reform plans and by executing these plans, we aim to attain operating profit in the first fiscal year after the merger.

In addition, we will implement necessary structural reforms mainly in the current fiscal year, aiming to achieve net profit in the second fiscal year.

We will target two-digit operating profit ratio in the mid-term period by forming solid management bases.



This concludes our presentation today.

Thank you very much for your continued support of Renesas Electronics.