FY13/3 Q2 Financial Results

Renesas Electronics Corporation

October 29, 2012

Masahiko Sagawa, Senior Vice President

Thank you for joining Renesas Electronics' earnings briefing for the second quarter of the fiscal year ending March 2013.

Before we begin, please be sure to review the cautionary statement on page 24.

Executive Summary

I. FY13/3 Q2 Financial Results

- Semiconductor sales increased to 205.3 B yen, an increase by 22% QoQ, due to the end of temporary sales decrease affected by integration of the company's IT systems in Q1, and also driven by large-scale custom projects
- Operating loss improved by 11.9 B yen QoQ owing to higher profit from sales increase, and streamlining R&D and SG&A

II. FY13/3 Financial Forecasts

- Left FY13/3 financial forecasts unchanged from the previous forecasts announced on August 2, 2012

III. Progress of Reduction in Human Resources and Production Structural Reforms

- Recorded special loss of approximately 84 B yen in FY13/3 Q2 due to implementation of the early retirement program in Japan, while expecting to reduce labor cost by approximately 53 B yen a year
- Steady progress in production structural reforms including a decision to transfer Renesas High Components, Inc.

IV. Rebuilding Financial Strength

- Have been improving financial strength steadily, including securing new financing of 97 B yen from major shareholders and main banks, and moving short-term debt of 161.1 B yen to long-term commitment

*)R&D: Research & Development expense, SG&A: Selling, General & Administrative expenses

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This is an overview of the points we will discuss today.

First, regarding financial results for the second quarter of the year ending March 2013, semiconductor sales increased to 205.3 billion yen, an increase by 22% quarter on quarter, due to the end of temporary sales decrease affected by integration of the company's IT systems in the first quarter, and also driven by large-scale custom projects. Operating loss improved by 11.9 billion yen quarter on quarter owing to higher profit from sales increase, and streamlining R&D and SG&A.

Second, as for financial forecasts for the year ending March 2013, the company left the forecasts unchanged from the previous ones announced on August 2, 2012.

Third, regarding progress of reduction in human resources and production structural reforms, the company recorded special loss of approximately 84 billion yen in the second quarter due to implementation of the early retirement program in Japan, while expecting to reduce labor cost by approximately 53 billion yen a year. Also, the company made steady progress in production structural reforms including a decision to transfer Renesas High Components, Inc.

Fourth, as for rebuilding financial strength, the company has been improving financial strength steadily, including securing new financing of 97 billion yen from major shareholders and main banks, and moving short-term debt of 161.1 billion yen to long-term commitment.

I. FY13/3 Q2 Financial Results

Now let us discuss our financial results for the second quarter of the fiscal year ending March 2013.

FY13/3 Q2 Financial Snapshot

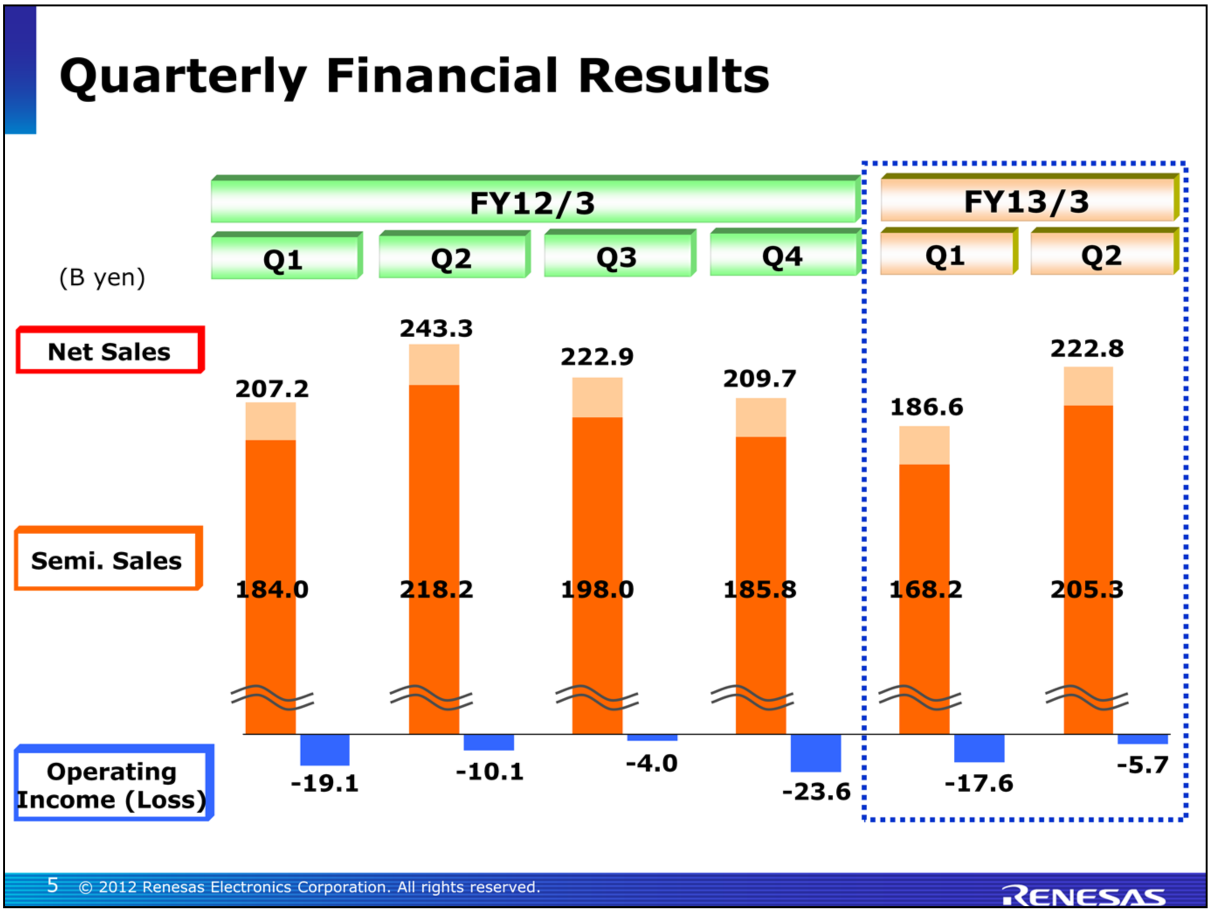
- Improved both semiconductor sales (by 22%) and operating loss (by 11.9 B yen), due to the end of temporary sales decrease affected by integration of the company's IT systems in Q1, and also driven by large-scale custom projects
- Recorded net loss of 94.3 B yen due to special loss of approximately 84 B yen from implementation of the early retirement program in Japan

	FY12/3	FY13/3			
(B yen)	Q2	Q1	Q2	QoQ	Difference from original forecasts (As of August 2)
Net Sales	243.3	186.6	222.8	+36.2 (+19%)	+3.4 (+2%)
Semiconductor Sales	218.2	168.2	205.3	+37.1 (+22%)	-3.5 (-2%)
Operating Income (Loss)	-10.1	-17.6	-5.7	+11.9	+2.2
Ordinary Income (Loss)	-13.1	-17.6	-6.8	+10.8	+5.1
Net Income (Loss)	-8.8	-20.8	-94.3	-73.6	-12.6
1US$=	79 yen	81 yen	79 yen	2 yen strong	-
1Euro=	113 yen	106 yen	98 yen	8 yen strong	-

Slide 4 shows the summary of the second quarter results.

Semiconductor sales improved to 205.3 billion yen, an increase by 22%, while operating loss also improved to 5.7 billion yen, an improvement by 11.9 billion yen. This is because of the end of temporary sales decrease affected by integration of the company's IT systems in the first quarter, and also driven by large-scale custom projects.

Net loss was 94.3 billion yen due to special loss of approximately 84 billion yen from implementation of the early retirement program in Japan.



This slide shows the trend of quarterly financial results.

Both semiconductor sales and operating income (loss) improved quarter on quarter due to factors mentioned in the previous page.

FY13/3 Q2 Semiconductor Sales by Business (1)

- Q2 semiconductor sales improved by 22% QoQ, driven by large-scale custom projects in A&P and SoC businesses

(B yen)	FY12/3 Q2	FY13/3 Q1	FY13/3 Q2	QoQ
Semiconductor Sales (Total)	218.2	168.2	205.3	+37.1 (+22%)
MCU	87.5	75.4	80.9	+5.5 (+7%)
Analog & Power	67.2	54.7	68.1	+13.3 (+24%)
SoC	63.2	34.4	55.0	+20.6 (+60%)
Other Semiconductors	0.3	3.7	1.3	-2.4 (-64%)

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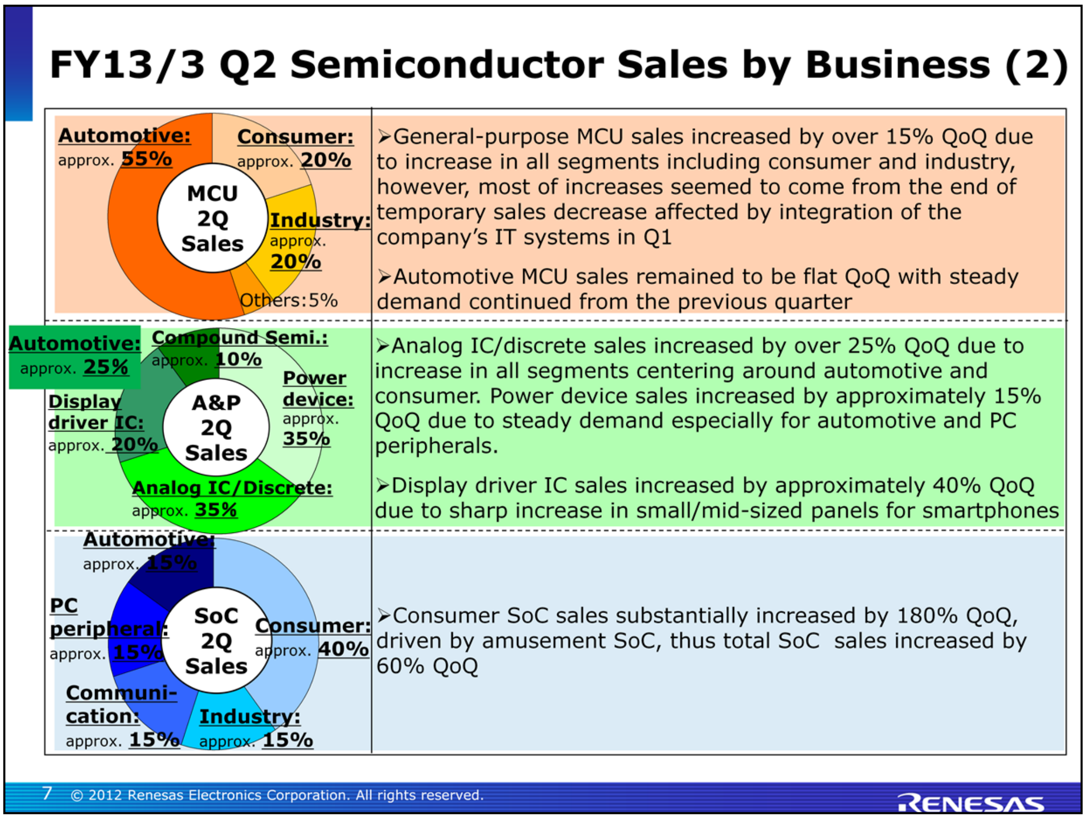
Next, we will explain the breakdown of the second quarter semiconductor sales by business unit.

The semiconductor sales improved by 22% quarter on quarter, driven by large-scale custom projects in Analog & Power semiconductor and SoC businesses.

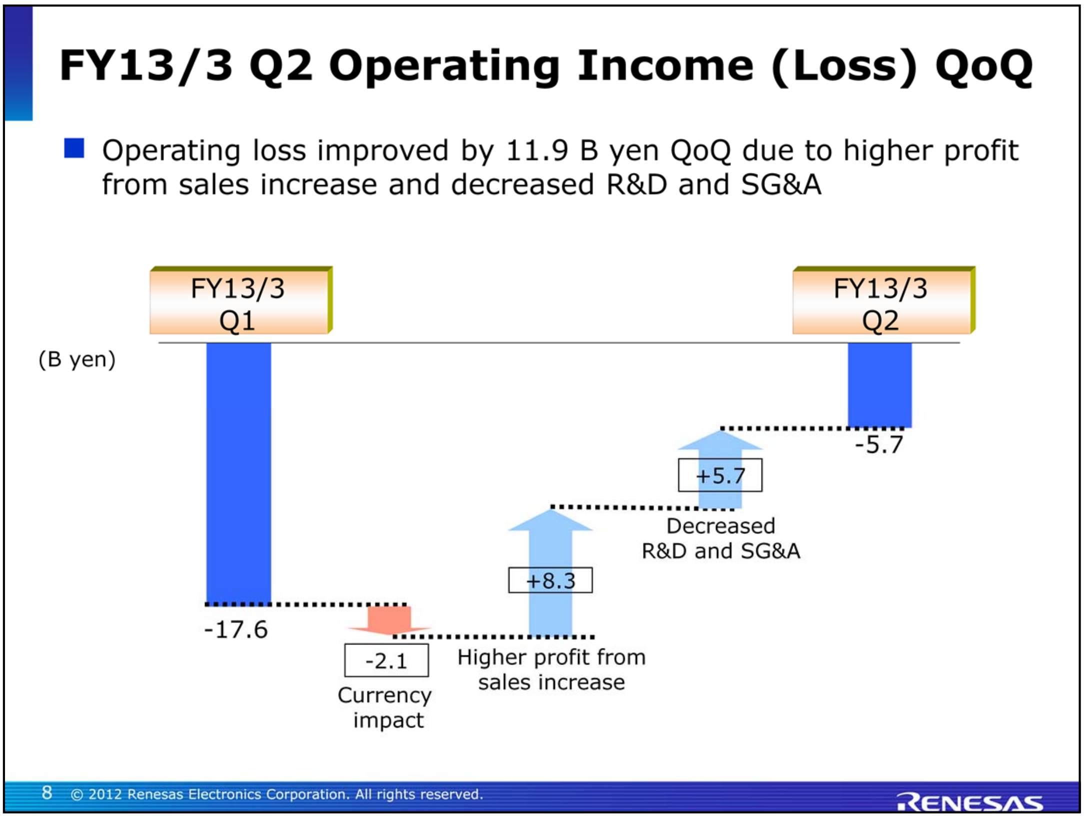


Slide 7 shows details on the second quarter sales of each business unit per application segment.

As for MCUs, general-purpose MCU sales increased by over 15% quarter on quarter due to increase in all segments including consumer and industry, however, most of increases seemed to come from the end of temporary sales decrease affected by integration of the company's IT systems in the first quarter. On the other hand, automotive MCU sales remained to be flat quarter on quarter with steady demand continued from the previous quarter.

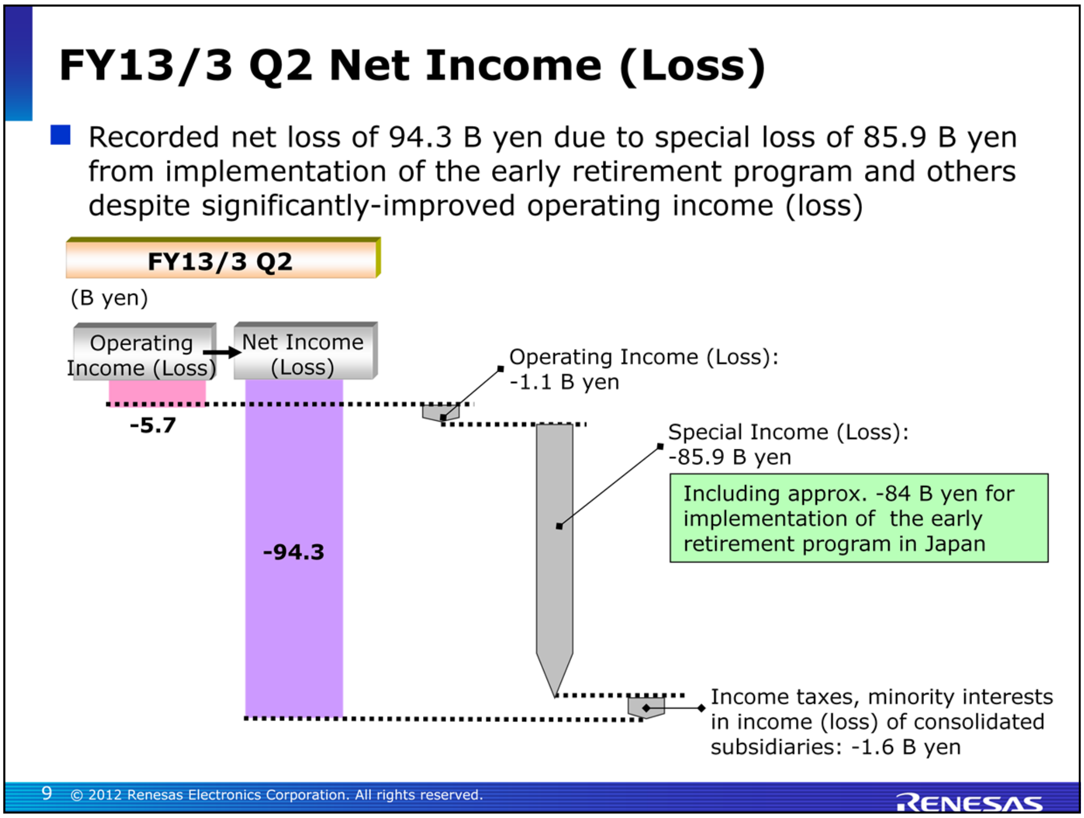
As for Analog & Power semiconductors, sales of analog IC and discrete increased especially in automotive and consumer. Power device sales kept steadily especially in automotive and PC peripherals. So that both analog IC/ discrete and power device increased in sales quarter on quarter. Display deriver IC sales also increased by approximately 40% quarter on quarter due to sharp increase in small and mid-sized panels for smartphones.

As for SoCs, consumer SoC sales substantially increased by 180% quarter on quarter, driven by amusement SoC, thus total SoC sales increased by 60% quarter on quarter.



Slide 8 shows the increase and decrease of operating income and loss from the first quarter to the second quarter.

Operating loss improved by 11.9 billion yen quarter on quarter due to higher profit from sales increase and decreased R&D and SG&A.



Slide 9 shows the factors affecting net loss in the second quarter.

Net loss was 94.3 billion yen due to recording special loss of 85.9 billion yen from implementation of the early retirement program and others despite significantly-improved operating income (loss).

FY13/3 Q2 Balance Sheets

(B yen)	As of Mar. 31, 2012	As of Jun. 30, 2012	As of Sep. 30, 2012
Total Assets	858.2	785.7	748.3
Cash and Cash Equivalents	131.9	87.0	69.6
Inventories	151.8	163.8	147.9
Liabilities	631.7	585.4	641.4
Interest-Bearing Debt	258.3	246.5	239.3
Shareholders' Equity	243.4	222.7	128.3
Net Assets	226.5	200.3	106.8
D/E Ratio (Gross)	1.19	1.29	2.46
D/E Ratio (Net)	0.58	0.83	1.74
Equity Ratio	25.4%	24.4%	13.0%

Note 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, lease obligations, Long-term borrowings
3) "Equity": Shareholders' equity, Accumulated other Comprehensive Income
4) "D/E ratio (gross)": Interest-bearing debt / Equity

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Slide 10 shows the status of the company's balance sheets.

Shareholders' equity significantly decreased quarter on quarter due to recording 94.3 billion yen net loss centering on implementation of the early retirement program. However, the company will rebuild financial strength with new financing from major shareholders and main banks.

FY13/3 Q2 Cash Flows

(B yen)	FY12/3 Q2	FY12/3 1H	FY12/3 Full-year	FY13/3 Q1	FY13/3 Q2	FY13/3 1H
Cash Flows from Operating Activities	8.0	-21.1	-9.7	-18.1	4.6	-13.5
Cash Flows from Investing Activities	-17.8	-32.6	-55.1	-10.7	-9.8	-20.5
Free Cash Flows	-9.7	-53.7	-64.8	-28.7	-5.2	-34.0

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Slide 11 shows the status of cash flows.

Cash flows from operating activities in the second quarter of this fiscal year were positive 4.6 billion yen. This was because approximately 84 billion yen from implementation of the early retirement program was recorded as provision, not as cash outgo in the second quarter, despite of recording 92.7 billion yen loss before income taxes and minority interests.

Free cash flows were negative 5.2 billion yen after recording negative cash flows from investing activities, though improved by 23.5 billion yen from the previous quarter.

Cash flows are expected to recover, bottoming out in the first quarter of this fiscal year, except possible expense impact due to implementation of the early retirement program.

II. FY13/3 Financial Forecasts

Next, we will explain financial forecasts of the fiscal year ending March 2013.

FY13/3 Financial Forecasts

- Left FY13/3 financial forecasts unchanged from the previous forecasts announced on August 2, 2012

Consolidated financial forecasts for the fiscal year ending March 31, 2013

(In millions of yen)

	Net sales	Operating income	Ordinary income (loss)	Net income (loss)
Year ending March 31, 2013	868,000	21,000	10,000	-150,000
YoY	-1.7%	-	-	-

Various risks are becoming obvious, including prolonged debt worries in Europe, further market slowdown in China and other emerging economies as well as concerns for demand decrease due to increased uncertainty of Japan-China relations. Renesas considers it necessary to more closely examine these impacts on its financial results going forward and will announce the changes in the forecasts immediately if needed.

As for the consolidated forecasts for the fiscal year ending March 2013, the company left it unchanged from the previous forecasts announced on August 2, 2012.

However, various risks are becoming obvious, including prolonged debt worries in Europe, further market slowdown in China and other emerging economies as well as concerns for demand decrease due to increased uncertainty of Japan-China relations. The company considers it necessary to more closely examine these impacts on its financial results going forward and will announce the changes in the forecasts immediately if needed.

III. Progress of Reduction in Human Resources and Production Structural Reforms

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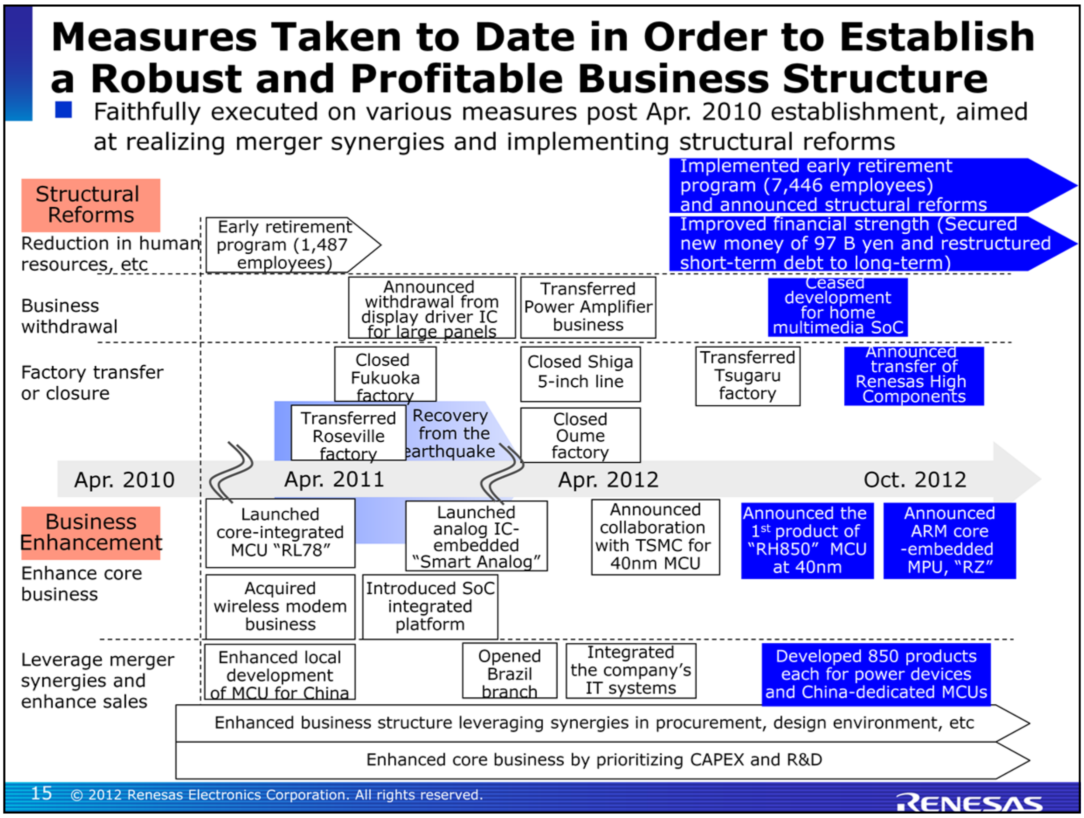
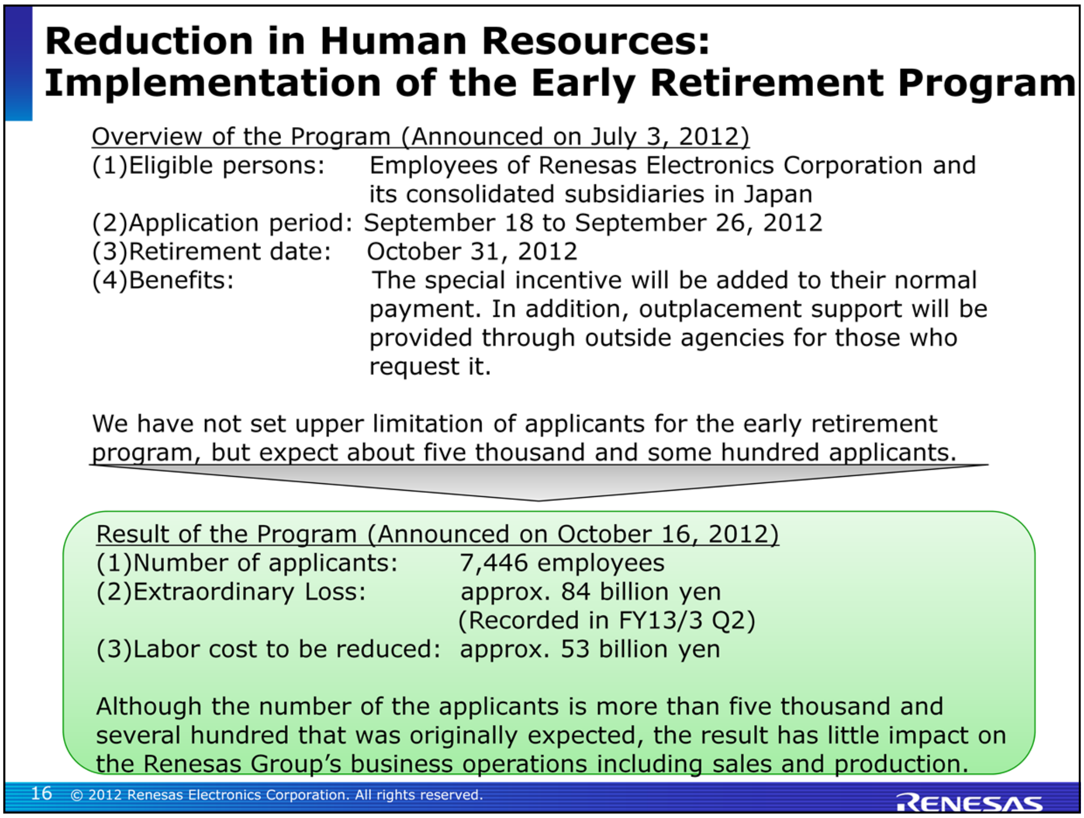
Next, we will discuss progress of reduction in human resources and production structural reforms.



First, we will briefly explain measures taken to date in order to establish a robust and profitable business structure.

The company has faithfully executed on various measures since the establishment in April 2010, aimed at realizing merger synergies and implementing structural reforms.

This figure shows the updates from the contents announced on April 2, 2012. Since this April, the company has announced improvement of financial strength, implementation of the early retirement program of 7,446 employees, and transfer of Renesas High Components, while enhancing core business including expanding MCU lineups.



Regarding reduction in human resources, the company announced implementation of the early retirement program on July 3, 2012 and the result on October 16, 2012.

Number of applicants was 7,446 and the extraordinary loss resulted in approximately 84 billion yen. Also, the company expects approximately 53 billion yen to be reduced for a year in labor costs.

Although the number of the applicants is more than five thousand and several hundred that was originally expected, the result has little impact on the Renesas Group’s business operations including sales and production.

Progress of Production Structural Reforms

- Progress as planned in structural reforms including transfer of a back-end site, Renesas High Components (RHC), which was decided as the first item after announced production structural reforms on July 3, 2012

	Direction	Current Sites/Lines	Sites/Lines after Production Structural Reforms
Front-end	✓ Enlargement and miniaturization of wafers ✓ Outsourcing of leading-edge products ✓ Continuing of in-house production of specialized products	9 Sites / 14 Lines	7 Sites / 9 Lines
Back-end	✓ Acceleration of shift production overseas ✓ Expanded use of sub-contractors inside/outside Japan	9 sites => 8 sites (Jan. 2013)	2 sites

Announced Oct. 12, 2012
- ✓ Plan to transfer RHC to AOI ELECTRONICS on Jan. 1, 2013
- ✓ Positioned RHC, which accounts for 90% of total production in contact manufacturing service, to be transferred within a year at the announcement in July 2012
- ✓ Plan to transfer Renesas Eastern Japan Semiconductor's partial sales business related to RHC's contract manufacturing service also on Jan. 1, 2013
- ✓ Already included the impact in FY13/3 financial forecasts

*1:Renesas High Components, Inc. (Tsuruta, Kitatsugaru-gun, Aomori)
*2:AOI ELECTRONICS CO.,LTD. (Takamatsu, Kagawa)
*3: Renesas Eastern Japan Semiconductor, Inc. (Chuo-ku, Tokyo)

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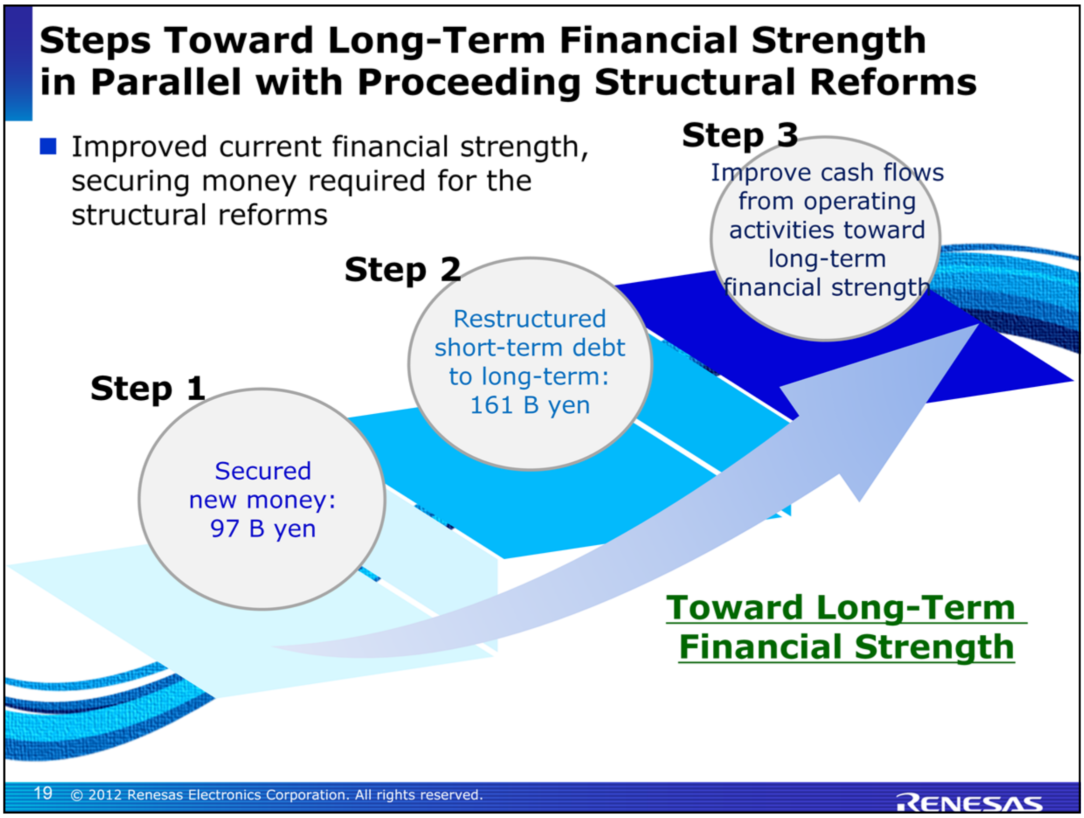
The company announced production structural reforms on July 3, 2012, explaining directions of production sites in Japan. As the first item of the production structural reforms, the company decided a transfer of Renesas High Components, a back-end production site in Aomori. Renesas High Components will be transferred to AOI ELECTRONICS CO., LTD. on January 1, 2013. Thus, structural reforms have been proceeded steadily as planned.

With this transfer, number of the company's back-end sites in Japan will be 8 and finally 2 after implementation of the structural reforms announced last July. On the other hand, number of the company's front-end sites in Japan will be 7 with 9 lines after implementation of the reforms from current 9 sites with 14 lines.

IV.Rebuilding Financial Strength

From the following slides, we will explain approaches toward rebuilding financial strength.



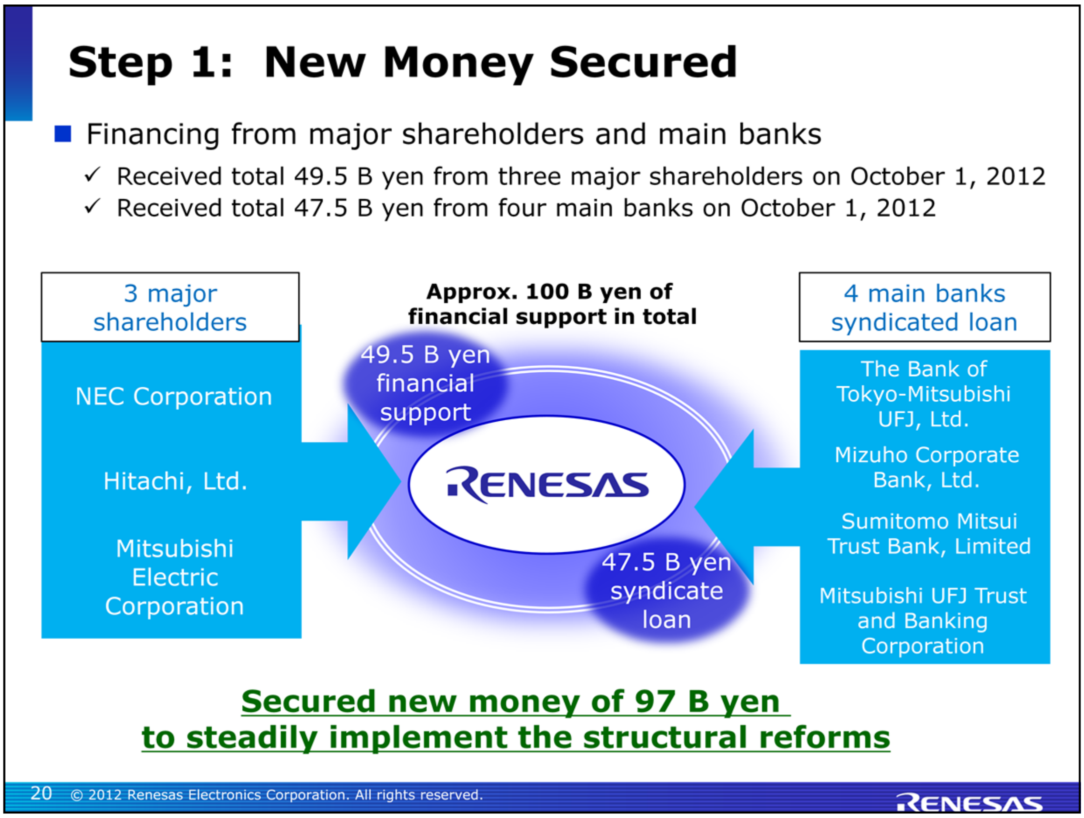
The company has been improving its financial strength in parallel with proceeding structural reforms previously mentioned.

As the step 1, the company secured new money of 97 billion yen required for the structural reforms.

As the step 2, the company restructured short-term debt to long-term commitment, improving current financial strength.

With these approaches, the company will improve cash flows from operating activities toward long-term financial strength as the step 3.

From next slides, we will discuss details on each step.

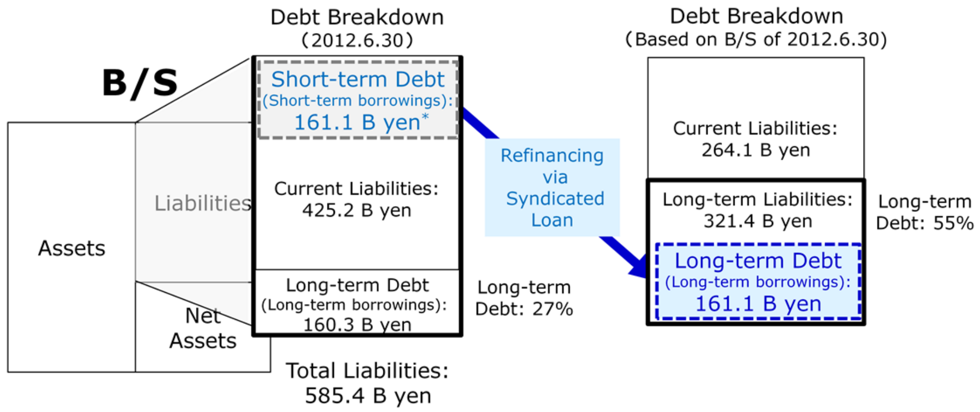


First as the step 1, the company acquired new financing from major shareholders and main banks.

Specifically, the company received total 49.5 billion yen from three major shareholders on October 1, 2012. On the same day, the company also received total 47.5 billion yen syndicated loan from four main banks. In total, 97 billion yen were newly secured to steadily implement the structural reforms.

Step 2: Restructured Short-term Debt

- Short-term debt was moved to long-term commitment
  - ✓ A syndicated loan package was completed by our main banks on Sep. 28, 2012
  - ✓ Short-term debt of 161.1 B yen was moved to long-term commitment

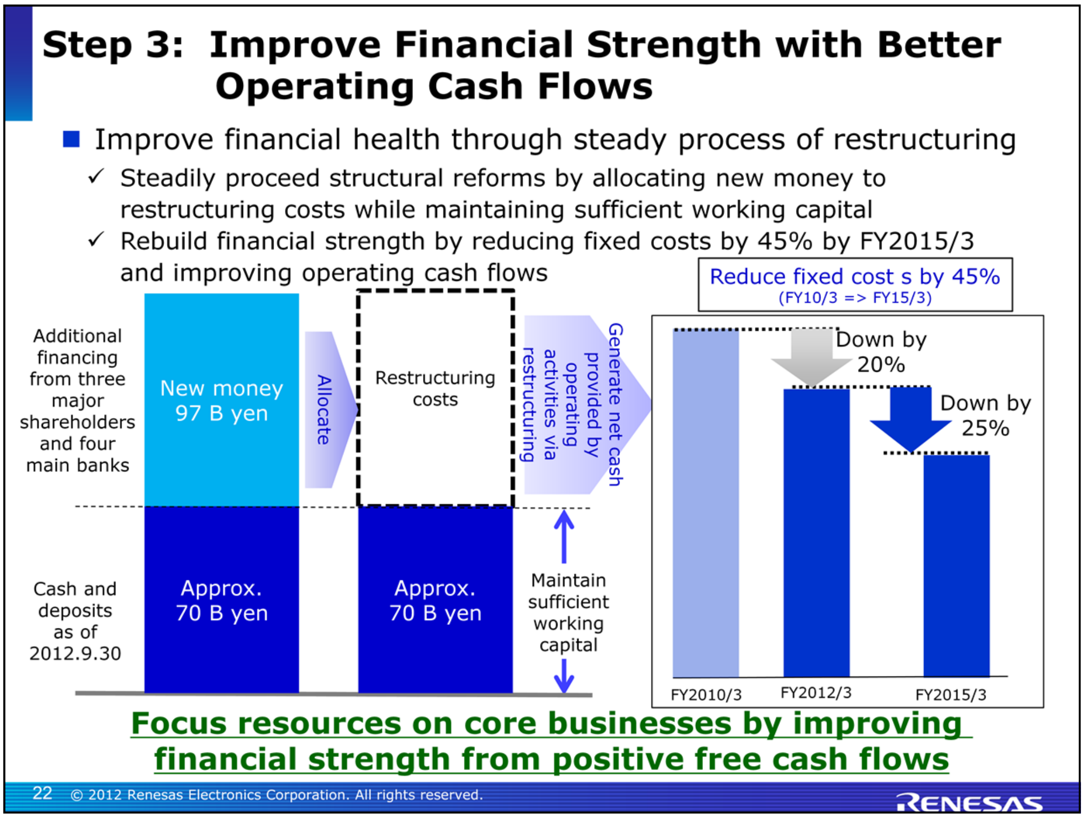


Stabilize financial strength by refinancing of short-term debt to long-term commitment

*:Short-term debt as of June 30 was 162.6 B yen

As the step 2, the company restructured short-tem debt to long-term commitment.

The company and its main banks agreed on a syndicated loan package on September 28, 2012. With this package, the company stabilized its financial strength by moving its short-term debt of 161.1 billion yen to long-term commitment by October 1, 2012.



As the step 3, the company has been improving its financial strength with better operating cash flows.

The company will steadily proceed structural reforms, allocating newly secured 97 billion yen to restructuring costs while maintaining sufficient working capital. With these approaches, the company will rebuild its financial strength by reducing fixed costs by 45% by the end of the fiscal year ending March 2015 and improving operating cash flows. The company will then focus resources on core businesses by improving financial strength from positive free cash flows.

Summary

- FY13/3 Q2 net sales and operating income (loss) resulted within the original forecasts
- Recorded special loss of approximately 84 B yen in FY13/3 Q2 due to implementation of the early retirement program in Japan, while expecting to reduce labor costs by approximately 53 B yen a year
- Steady progress in production structural reforms including a decision to transfer Renesas High Components, Inc.
- Have been improving financial strength steadily, including securing financing of 97 B yen from major shareholders and main banks, and moving short-term debt of 161.1 B yen to long-term commitment

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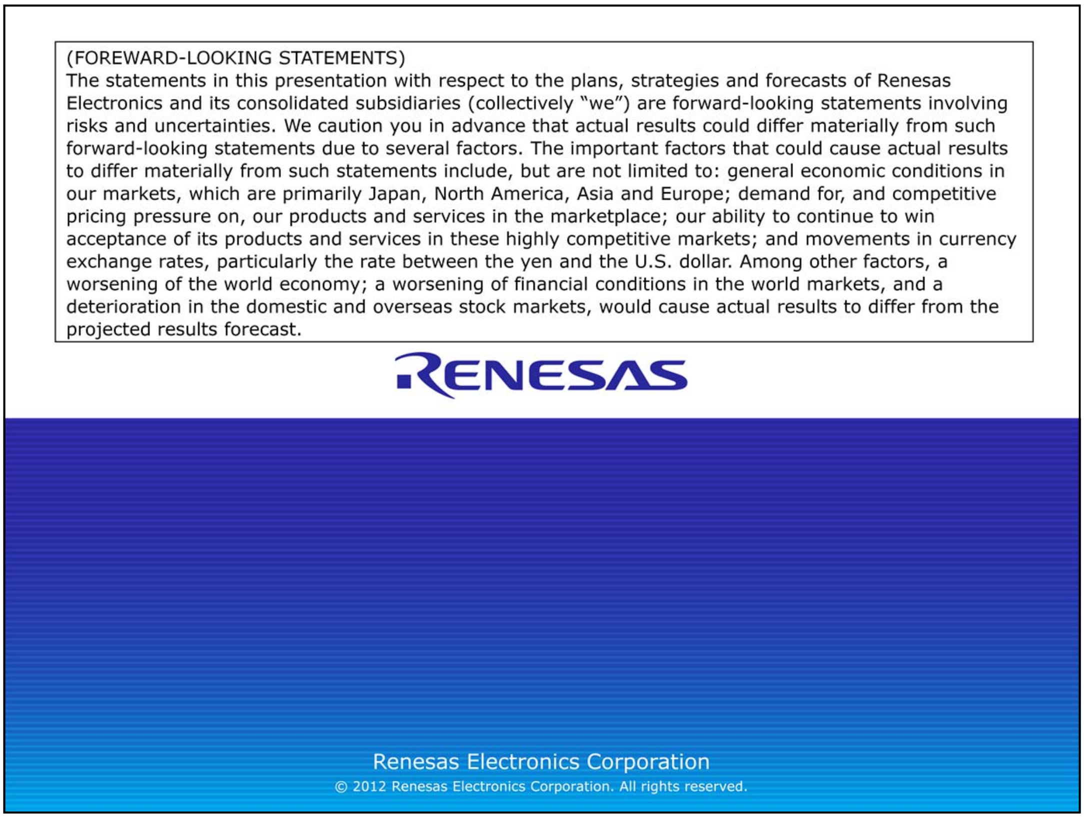
Finally, let us explain today’s summary.

Net sales and operating income (loss) for the second quarter of the fiscal year ending March 2013 resulted within the original forecasts.

The company recorded special loss of approximately 84 billion yen in the second quarter due to implementation of the early retirement program in Japan, while expecting to reduce labor costs by approximately 53 billion yen a year.

The company made steady progress in production structural reforms including a decision to transfer Renesas High Components, Inc.

The company has been improving financial strength steadily, including securing financing of 97 billion yen from major shareholders and main banks, and moving short-term debt of 161.1 billion yen to long-term commitment.



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

This concludes our presentation today.