

2010

ANNUAL REPORT

Year Ended March 31, 2010

PROFILE

In November 2002, NEC Electronics Corporation separated from parent company NEC Corporation to establish itself as an independent, dedicated semiconductor company. NEC Electronics went on to provide semiconductors used in a range of sectors, especially automotive, industrial, and consumer electronics, to customers worldwide.



Renesas Technology Corporation was established in April 2003 from business integration between the semiconductor divisions (excluding semiconductors for power control systems) of Hitachi, Ltd. and Mitsubishi Electric Corporation. In subsequent years, Renesas Technology shifted its corporate focus beyond semiconductor design and manufacture to encompass software and other system solutions.

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In April 2010, NEC Electronics and Renesas Technology merged to become Renesas Electronics Corporation.

Fiscal Year Ended March 31, 2010 (Fiscal 2010)

Consolidated net sales: **¥1,062.4**^{*1} billion

Sales from semiconductors: **¥942.5**^{*1} billion

Total assets: **¥1,215.4**^{*2} billion
(at start of fiscal 2011, after capital increase)

Net assets: **¥413.6**^{*2} billion
(at start of fiscal 2011, after capital increase)

Global share of semiconductor sales in 2009: Ranked **3rd**^{*3} in the world
(Global share of microcontroller sales in 2009: Ranked first)

*1. Fiscal 2010 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.

*2. Figures for "(at start of fiscal 2011, after capital increase)" reflect accounting treatment relating to the corporate merger on April 1, 2010 of figures at the start of fiscal 2011 and the approximate ¥134.6 billion capital injection by way of third-party allotments on the same date.

*3. Source: Gartner "Semiconductor Industry Worldwide Annual Market Share: Database" 25 March 2010

(FORWARD-LOOKING STATEMENTS)

Fiscal 2010 consolidated results are the sum of respective results of the former NEC Electronics Corporation and the former Renesas Technology Corp. The amounts for "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 document 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.

AIMING TO BECOME A GLOBAL SEMICONDUCTOR COMPANY

Corporate Philosophy

Harnessing our collective expertise in new technologies,
Renesas Electronics contributes to a world where people and the planet prosper
in harmony by realizing our vision and building our future.

Corporate Vision

We will be first to respond to customer needs worldwide with our creative power
and technology innovations to become a strong,
growing semiconductor manufacturer and a trustworthy partner.

Management Goals

	Fiscal 2010	Fiscal 2011*	Fiscal 2012	Fiscal 2013	Medium Term Goals
Semiconductor sales	¥942.5 billion	¥1,090.0 billion	Annual 7–10% increase		Stable growth
Operating income (loss)	(¥113.3 billion)	¥7.0 billion	↗	↗	Double-digit operating income ratio
Net income (loss)	(¥137.8 billion)	(¥80.0 billion)	Profit	↗	Sustained income generation
"100-Day Project"					

Renesas Electronics spent the first 100 days following the merger in April 2010 realigning its business portfolio, making structural improvements to its development and production frameworks, and exploring measures to enhance efficiency in all overlapping operations—an effort that extended to sales and administrative divisions.

By quickly and decisively enacting a host of well-vetted initiatives as part of this "100-Day Project" we expect to see the following benefits.

* Financial forecast as of July 29, 2010

Business Fields

	Major Products	Major Applications
MCU Business	Microcontrollers	Automobiles, industrial equipment, consumer electronics, PC peripherals
Analog & Power Devices Business	Power MOSFET (Metal-Oxide-Semiconductor Field-Effect Transistors), mixed-signal ICs, IGBT (Insulated Gate Bipolar Transistors), diodes, small signal transistors, display driver ICs, compound semiconductors	Automobiles, industrial equipment, consumer electronics, PC peripherals
SoC Solutions Business	ASIC (Application Specific Integrated Circuit), ASSP (Application Specific Standard Product)	Mobile handsets, networking equipment, industrial equipment, PC peripherals, consumer electronics, game consoles, car navigation systems

Formulate Growth Strategies

Average annual sales growth rate of 7% to 10% over three years starting fiscal 2011

Aim to outpace market growth in sales growth by securing future growth engines through M&As, channeling business resources into focused business areas, including shifting design resources to enhance product capabilities, and developing an operational structure for achieving sales expansion in rapidly growing markets outside of Japan.

Aim to attain operating income in the first fiscal year after the merger

Optimize Merger Synergies

Create synergies totaling roughly ¥40 billion over three years from fiscal 2011

Strive to generate maximum cost-reduction benefits by quickly consolidating information systems, sales supply chain management (SCM), and production materials, integrating the design/development environments and other operational infrastructure components, and minimizing expenditures associated with scale expansion accompanying the merger.

Target net income in the second fiscal year by focusing on structural reforms at an early stage of the integration process

Implement Structural Reforms

Expect cost-reduction benefits totaling roughly ¥70 billion over three years from fiscal 2011

Contain growth in expenses to approximately ¥70 billion and effectively utilize management resources. Specifically, develop a fab network that aims to optimally leverage in-house capabilities (front- and back-end processing) and external resources, and swiftly enact other structural reforms.

Aim to achieve double-digit operating income ratio in the mid-term period by constructing solid management bases

MESSAGE FROM THE MANAGEMENT

INTRODUCTION

On April 1, 2010, NEC Electronics and Renesas Technology merged to create Renesas Electronics.

Renesas Electronics will proceed with business rationalization and focus in order to further strengthen the technology and solutions that the two companies have accumulated to date in the three product areas of microcontrollers, where the new company will boast top global market share; leading-edge System on Chip (SoC) solutions; and Analog and Power Devices, where it has a broad customer base, and concentrate on developing products that are very competitive globally.

BUSINESS ENVIRONMENT AND BACKDROP TO MERGER

While the functionality of electronic equipment containing semiconductors is being enhanced further, demand for low-priced products is also expanding sharply due to demand in emerging countries, among other factors, fueling more intense global competition.

In order to respond appropriately and flexibly to such changes in the business environment and achieve further growth as a dedicated semiconductor company, it is essential to establish a more stable and sound business base and financial profile, and create a structure that can generate technology and products that can compete worldwide.

Through the merger of NEC Electronics and Renesas Technology, Renesas Electronics will effectively and efficiently utilize management resources, build up a structure that can strengthen the management base and financial position as well as technical capabilities and products, expand its business, and pursue gains in corporate and shareholder value.

BECOMING A TRUSTWORTHY PARTNER

Renesas Electronics will be first to respond to customer needs worldwide by harnessing our creative power and through ceaseless technological innovation. We will aim to become a growing, strong and global semiconductor manufacturer and a trustworthy partner.

In order to be first to respond to market trends and customer needs, we will require the power to execute marketing, development, production, and sales at a faster pace than other companies. At Renesas Electronics, we will make this possible by utilizing the combined strength of these assets to respond to customer needs ahead of other companies, we believe that we can gain the trust of customers worldwide as a continuing partner.

TO OUR STAKEHOLDERS

Renesas Electronics aims to raise corporate value through the enhancement of customer value by conducting sincere and transparent management.

We ask for continued support and guidance from our stakeholders in the future.

September 2010



A stylized, handwritten signature in black ink, appearing to read 'J. Yamaguchi'.

JUNSHI YAMAGUCHI
Representative Director, Chairman



A stylized, handwritten signature in black ink, appearing to read 'Yasushi Akao'.

YASUSHI AKAO
Representative Director, President

AN INTERVIEW WITH THE PRESIDENT



In its “100-Day Project,” Renesas Electronics examined a host of management issues and formulated a structural reform plan. By implementing these measures, the Company aims to attain operating income in the first year of the merger, fiscal 2011, and to achieve net income in fiscal 2012. By building a solid management base through fiscal 2013, Renesas Electronics is seeking a double-digit operating income ratio over the medium term.

Yasushi Akao

- Apr. 1979** Joined Hitachi, Ltd.
- Apr. 2003** Deputy General Manager, SoC Division, Renesas Technology Corp.
- Oct. 2003** Deputy General Manager, Corporate Strategy Planning Division, Renesas Technology Corp.
- Apr. 2004** Managing Officer, and General Manager, Corporate Strategy Planning Division, Renesas Technology Corp.
- Dec. 2004** Managing Officer, and Deputy Executive General Manager, System Solution Business Group, Renesas Technology Corp.
- Apr. 2007** Board Director, and Deputy Executive General Manager, MCU Business Group, Renesas Technology Corp.
- Apr. 2008** Board Director, and Executive General Manager, MCU Business Group, Renesas Technology Corp.
- Apr. 2009** Representative Director and President, Renesas Technology Corp.
- Apr. 2010** Representative Director, President, Renesas Electronics Corporation

QUESTION 01

Can you provide some background to the April 2010 merger between NEC Electronics and Renesas Technology?

ANSWER 01

Our goal in pooling the accrued strengths of both companies is to enable us to enhance competitiveness, generate powerful product businesses, and offer customers a wider range of solutions through mutually complementary products.

The merger took place against the backdrop of changes in the business environment surrounding the semiconductor industry. Of these, two major environmental changes are important to the merger.

The first is the change in growth markets. Emerging markets, and particularly rapidly growing China, are gaining prominence not only for their traditional role as production sites for electronics equipment, but as consumer markets in their own right. As such, we need to respond with product and cost competitiveness suited to these markets.

The second change is greater responsiveness to consumer needs. Diversification in consumer needs is impacting semiconductors as well, and is fueling demand for fast-moving and sophisticated product development capabilities able to supply semiconductor products and solutions. Prior to the merger, both companies pursued wide-ranging business development as dedicated semiconductor manufacturers covering semiconductors for digital AV equipment, PC peripherals, industrial equipment, mobile handsets and onboard automotive electrical systems. However, to better respond to the needs of the customers of semiconductor manufacturers, we are transforming ourselves into a business partner capable of rapidly and continuously providing new solutions that accurately capture market trends and consumer needs, rather than serving simply as a vendor supplying semiconductors.

With these changes occurring in the business environment, we thought it important to assert our lead over rival companies in terms of product and cost competitiveness. To this end, we moved first to respond to changes in growth markets by integrating the powerful microcontroller businesses both companies had built prior to the merger. We then realized that we could create a powerful and unrivaled product businesses if we took advantage of the development capabilities of both companies to promote greater development efficiency. We then turned to responding to changing consumer needs, recognizing that we could propose a spectrum of solutions to customers with a lineup of mutually complementary products in the Analog & Power Devices and SoC Solutions businesses, fields where both NEC Electronics and Renesas Technology possessed strengths before the merger.

Given this situation, both companies began studying the feasibility of business integration from April 2009 as a means to raise customer satisfaction and corporate and shareholder value, and as a fast track to shoring up our management base. These efforts culminated in the establishment of Renesas Electronics in April 2010.

QUESTION 02

What are your management targets for the new company?

ANSWER 02

As short-term management targets, we are seeking operating income in our first fiscal year and net income in the second fiscal year. Over the medium term, we are aiming for a double-digit operating income ratio.

Above all else, achieving these management targets will require us to further strengthen our product competitiveness, our sales force, and cost competitiveness in the Company's core businesses—MCU, Analog & Power Devices, and SoC Solutions. When Renesas Electronics was launched, I took the lead in initiating the "100-Day Project" to promptly formulate and carry out specific measures to realize these enhancements.

QUESTION 03

What can you tell us about the discussion and formulation of strategies in the “100-Day Project”?

ANSWER 03

Discussion centered on three points—formulate growth strategies, realize merger synergies, and implement structural reforms—with an eye to strengthening product competitiveness, our sales force, and cost competitiveness in order to achieve our management targets.

These three points formed the center of our top-down approach under the “100-Day Project” for deciding a direction, specific objectives and a timetable for action. We then worked out a concrete set of initiatives and action plans through extensive discussion and debate.

In formulating growth strategies, the first market sectors we have chosen to focus on are 1) the advanced information-communications sector, best represented by cloud computing, which mobile phones and other information devices make possible; 2) the living/social environment sector, particularly smart grids, industrial automation and automobiles (electric/hybrid vehicles); and 3) the entertainment sector, most notably game consoles and digital consumer products.

In the MCU business, we currently command a roughly 30% market share, giving Renesas Electronics a leading position in the industry. Prior to the merger, both companies maintained high market shares in this business domain, which both had developed as core operations. Nevertheless, we still need to improve our position in rapidly growing overseas markets. This will require us to take full advantage of the strengths of our integration, and to make effective investments of business resources in development, marketing and other areas targeting growth markets. To raise development efficiency, we will launch product lines optimally suited to the high end, mid-range and low end of the development spectrum. We will also promote sharing and integration wherever possible, for example, of development environments and intellectual property. Another action will be the concentrated release of microcontroller lineups tailored to growth markets by leveraging our product development capabilities accrued over the years in microcontrollers to maximum effect.

In the Analog & Power Devices business, our aim is to expand sales opportunities by proposing kit solutions with analog and power devices using the sales channels and systems expertise in electronics equipment that we have developed in our world-leading microcontroller business. To achieve this, we will strengthen our product capabilities with the aim of securing a position among the global market leaders for each product. At the same time we will take steps to expand and enhance our product lineup.

In the SoC Solutions business, we hope to enhance and expand new wireless communications technology products for the next-generation, high-speed communication infrastructure that will support our cloud-computing society. Specifically, we acquired Finland-based Nokia Corporation's wireless modem business division, and are combining this top-class technology with our own longstanding strengths in multimedia and high-frequency analog technology for mobile phones in a mobile platform that we will promote globally. Similarly, in addition to measures to reinforce our position in this communication infrastructure field, we plan to expand our business by drawing together our technological capabilities with respect to applications, a critical foundation underpinning the living/social environment and entertainment sectors.

In the Analog & Power Devices and SoC Solutions businesses, we also hope to optimize our business portfolio by reducing our involvement with products outside of focused business areas or those where our competitiveness is severely compromised, channeling those development resources instead into growth domains.

QUESTION 04

What types of initiatives are you pursuing outside of Japan, where market expansion is gaining momentum?

ANSWER 04

At present, about 50% of sales are to markets outside of Japan, and we will raise this to around 60% by fiscal 2013.

Overseas sales will be driven by business expansion in the growing Chinese market for electronics equipment. China is transforming from a global production site into a world-class consumer market. An urgent measure for fiscal 2011, therefore, is localizing our microcontroller business for the Chinese market. From October 2010, we will develop a 150-person framework for local decision-making, covering marketing to sales, within Renesas' base in Shanghai. Moreover, to reinforce our product capabilities we will strengthen product development tailored specifically for China. To do this, we plan to steadily expand our current design resources, numbering 600 people, and to launch some 1,000 microcontroller products in the Chinese market over the next three years. In tandem, we will also move to enhance our product lineups and marketing capabilities to promote kit solutions derived from microcontrollers and analog and power devices in the Chinese market.

QUESTION 05

You spoke of realizing merger synergies. What sort of benefits do you expect to emerge?

ANSWER 05

Among other synergies, we expect a reduction in development expenses by optimizing our business portfolio, greater sales efficiency, and a more robust sales force.

In realizing merger synergies, the first task will be business synergies. In this area, we will cut development expenses by promoting business portfolio optimization and merging overlapping operations. Sharing of basic technologies, greater development resource efficiency, and integrated design tools, meanwhile, will go far toward eliminating waste, while narrowing down the number of design outsourcers will help lower costs.

As for sales synergies, we will review the multiple sales channels of both companies from the customer's perspective in terms of proposal and support capabilities, among other aspects, and will halve the number of distributors in Japan. The goal is to reduce selling expenses and logistics costs by increasing the sales recorded per distributor. In this way the sales channel reconfiguration will enhance sales efficiency and strengthen our sales force.

In addition, we expect merger synergies in cost containment to yield cumulative benefits of approximately ¥40 billion over the three-year period to fiscal 2013, mainly from combined purchasing of production materials and the integration of various information systems.

On a similar note, we anticipate a benefit from investment containment of roughly ¥12 billion over the same period, largely as a result of integrating production technology and SCM.

By striving to create merger synergies of this kind across our business domains, and routing the management resources gained into further development and enhancement of our future growth fields and dominant technologies, we will build a firm foundation for our corporate development going forward.

QUESTION 06

Renesas Electronics has many production sites. What measures are you taking to address this?

ANSWER 06

We are building a fab network that incorporates external foundries, allowing us to curb major investments for boosting production capacity and make real progress in production efficiency.

We recognize that reforming our production framework is critical to the structural reforms we are carrying out. In terms of the Company's own production capacity in front-end processing, our basic approach is to restrict large-scale capital expenditure, and to boost production efficiency and strengthen cost competitiveness mainly by achieving larger wafer sizes and advancements in miniaturization. At the same time,

We will implement the management plan that we decided on through our “100-Day Project” to produce sustainable sales growth and ensure profitability. We also hope to meet the expectations of our stakeholders by rapidly achieving our medium-term goal of a double-digit operating income ratio.



we chose to consign our entire production of advanced process products at the 28-nm node and beyond primarily to foundries Taiwan Semiconductor Manufacturing Company (TSMC) and Global Foundries. This move will enhance the cost competitiveness of our advanced SoC products, as well as our ability to withstand market price fluctuations.

In back-end processing too, we are working to boost cost competitiveness by augmenting our own production capacity in countries like China and Malaysia.

Along the same lines, by carrying out “process-porting” between production lines and promoting reciprocal production between lines, including those at external foundries, we are developing a strategic fab network that can flexibly respond to fluctuations in market prices and business initiatives.

Through these reforms we are putting an agile production framework in place that will be able to capitalize on all business opportunities.

By firmly implementing the management plan that we decided on through this “100-Day Project,” Renesas Electronics is strengthening its product capabilities, sales force and cost competitiveness in ways that will produce sustainable sales growth and ensure profitability. We also hope to meet the expectations of our stakeholders by rapidly achieving our medium-term goal of a double-digit operating income ratio.

Renesas Electronics is open to input from stakeholders, with everyone at the Company committed to pooling our strengths for a range of measures designed to meet our stakeholders’ expectations.

We ask for your continued support of Renesas Electronics going forward.

BUSINESS REVIEW



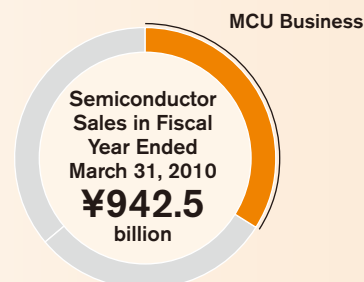
MCU Business

As the business that will be the foundation of newly established Renesas Electronics' earnings, the MCU business needs to generate further sales growth and provide a stable earnings base.

In the following, we outline market trends for this business and the company's core competencies.

SHIGEO MIZUGAKI

Senior Vice President and Head of MCU Business Unit



MARKET TRENDS

Microcontroller units (MCUs) are used in all kinds of equipment in society and in the home. It has been estimated that about 150 units are used in the average home and about 50 in the average car. A wide range of these products exist, with many adapted to conform to specific control methods, usage environments, and equipment shapes.

In recent years, demonstrating care for the global environment (eco initiatives) has become increasingly important, sparking growing needs for an improvement in the environmental performance of electronic equipment. To cater to these needs, there is increased demand for MCUs, even those built into electronic equipment, to have lower power consumption and be more compact, and a call for MCUs with product specifications suitable for controlling energy-saving equipment and infrastructure. Needs around eco initiatives, meanwhile, are set to broaden further, expanding from energy saving to include energy storage and creation.

Furthermore, demand for electronic equipment has expanded rapidly from developed countries to emerging nations. Given expansion in the diverse array of low-priced products



purchased in emerging nations, there is an even greater need to develop low-priced MCUs with a short lead time.

CORE COMPETENCIES

Renesas Electronics holds a roughly **30% share** of the MCU market. Supporting this robust share is the adoption of our products, an achievement that has evolved over many years, as well as solutions and support technologies relating to a wide range of sectors. In addition, Renesas Electronics' MCUs have benefited from our cutting-edge advancements in CPU cores, peripheral functions, and built-in memory, the high quality and reliability of our products, and development environments and other technologies that take into account ease of use for customers. Another strength of Renesas Electronics is a network of about **700 partner** companies (third parties) that support customer development based on our MCUs.

For Renesas Electronics' MCU business to continue to lead the market and achieve stable growth, it is becoming increasingly important to create common platforms to rapidly move forward from product planning to development, testing and the start-up of mass production. The creation of these platforms as a means of

strengthening our business will also lead to further acceleration in the integration of development environments for a wide range of products that we provide to customers. Platform creation will enable further expansion in Renesas Electronics' MCU business, by enabling the provision of products and solutions that reflect customers' needs more rapidly than our competitors, and the proposal and offering of improvements in economic benefits at customers' development stages.

On the manufacturing side, we will continue to meet needs for low costs and low power consumption by promoting further miniaturization from mainstream 180-nm to 150-nm node process technology, and pursuing larger-diameter (12-inch) semiconductors. To develop equipment with higher performance and lower power consumption, we will focus on the development of MONOS (Metal Oxide Nitride Oxide Silicon) and MRAM (Magnetic RAM), which are new technologies for built-in memory.

FUTURE BUSINESS DIRECTION

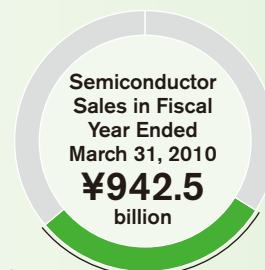
The Asian region, and primarily China, is not only a huge manufacturing region for equipment supplied to various developed countries,

but is also emerging as a major consumer region in its own right. In response to this market, Renesas Electronics will inaugurate a new organization that will further reinforce operations spanning product planning, development, manufacturing, and sales in China, while enabling swift decision-making and business execution on a local basis. With the support of this organization, we will bolster our operations in MCUs in ways that respond to various measures, such as improvements in electrical grids and other social infrastructure led by the Chinese government, and efforts to promote the purchase of energy-saving consumer electronics. Another focus will be on MCUs that respond to both the diffusion of cars resulting from rising income levels in China and living environment improvements.

By strengthening MCU operations aimed at China and other emerging markets, we aim to achieve an overseas sales ratio of 60% in the MCU business and further raise our share in the global market.

Going forward, the market can expect further expansion by Renesas Electronics, as we remain the leading supplier in the global MCU market.

BUSINESS REVIEW



Analog & Power Devices Business

Analog & Power Devices Business

To expand and stabilize operations for newly established Renesas Electronics, it is essential to boost sales of analog semiconductors and power semiconductors, which are always built into products incorporating MCUs and SoCs.

In the following, we review market trends for this business, as well as the company's core competencies and business development.

YOSHIRO MIYAJI

Senior Vice President and
Head of Analog & Power Devices Business Unit

MARKET TRENDS

First up is analog semiconductors. Electronic equipment usually converts various kinds of information, including text, audio and images, into digital signals, and then controls and processes them. To do this, it is necessary to change analog information such as the strength and weakness of sound, the degree of brightness, and temperature and humidity into digital signals. For example, with mobile phones, audio, image and other analog information is converted into digital information and audio and images are processed. In addition, analog semiconductors make it possible to connect to anyone around the world while modulating and amplifying this digitally processed audio and image information on analog waves. Going forward, the analog semiconductor market is likely to grow further.



This includes communications equipment, sales of which are expected to continue to grow, and automobiles, in which electric wiring systems are being increasingly expanded.

The next area is power semiconductors. These devices cover a wide range of applications, including the supply of electric power for home appliances, automobiles and various kinds of IT equipment, such as PCs and servers, as well as drive control for motors and other equipment. For example, in automobiles, their range of application is continuing to spread. This includes use in engines, air bags, air conditioners, and power windows, as well as hybrid and electric vehicles.

CORE COMPETENCIES

In the analog semiconductor and power semiconductor market, where demand is expanding

primarily in new applied sectors and overseas, Renesas Electronics' strengths comprise not only an extensive product lineup, but also the ability to develop solutions based on the proposal of kits with MCUs. These kits make optimal use of the sales channels we have developed in our MCU business, which boasts high market share. To further reinforce these strengths, we intend to bolster our uncompromising product capabilities in these areas by channeling our resources into analog semiconductors and power semiconductors, such as power MOS FETs, IGBTs, mixed signal ICs, and photocouplers.

Renesas Electronics has many products that already boast **top market share**. These include low-pressure MOS FETs, for which there is high demand in the automobile and PC sectors, general-purpose photocouplers,

which are used in all kinds of electronic equipment, and antenna switch ICs, which are used in mobile phones and W-LANs.

FUTURE BUSINESS DIRECTION

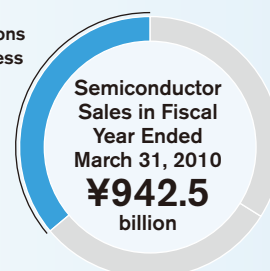
We will focus our efforts mainly on consumer electronics, automobiles, industrial equipment, and IT equipment, which will be driven by expansion in China and other Asian markets. Furthermore, by bolstering our FAE (Field Application Engineering) capabilities and expanding our sales channels, we will aim for business growth that exceeds market growth.

In the analog and power semiconductor markets, which are projected to continue to grow, you can expect to see business expansion based on Renesas Electronics' marketing, product and technological capabilities.

BUSINESS REVIEW



SoC
Solutions
Business



SoC Solutions Business

To expand business operations in the global market as the newly established Renesas Electronics, the SoC Solutions business will allocate management resources effectively to priority sectors and to provide them with robust semiconductor solutions.

In the following, we explain the market characteristics of this business and the company's business development.

KAZUYOSHI YAMADA

Senior Vice President and
Head of 1st SoC Business Unit

HIDEAKI CHAKI

Senior Vice President and
Head of 2nd SoC Business Unit

MARKET CHARACTERISTICS

Multifunctional LSI (Large Scale Integration) chips, which integrate various functions such as image processing and communications on a single semiconductor chip, are used in many types of electronic equipment, including digital consumer electronics, mobile phones, and automotive electronic equipment. Because various functions are realized on a single chip, in combination with CPUs, memory and other peripheral circuits, they are also called SoCs (System on Chip). SoCs, which act as the "brain" of electronic equipment, require a substantial development investment to generate new technologies and achieve better performance. There is also demand for semiconductor solutions tailored to target sectors, including compatibility with various specifications in specific sectors and conformity with installed software.

In addition, it is crucial to develop business based on partnerships that include value chains, and close partnerships aimed at sharing strategies with customers and creating de facto standards, transcending the position of a semiconductor supplier that delivers components to customers. For example, in the mobile phone market, it is necessary in the SoC solutions business to have solution proposal capabilities and establish global partnerships



that include not only mobile phone and semiconductor manufacturers, but also telecommunications carriers and software companies.

BUSINESS DEVELOPMENT

In Renesas Electronics' SoC Solutions business, we will allocate management resources by targeting sectors that will become social infrastructure such as communications and multimedia industries with our main focus being cutting-edge technologies such as low-power consumption and image processing technologies. In addition, since the development of cutting-edge technologies and miniaturization of semiconductor manufacturing processes to achieve large-scale circuits require substantial investment, we will make effective use of our global semiconductor ecosystem in such areas as product development and manufacturing.

One of our strengths lies in the car navigation sector. In addition to multimedia processing technologies cultivated over many years, we also chair an industry consortium and lead the industry in both technology and marketing, with a more than **60%** share of the market for these systems.

Renesas Electronics is also the industry leader in embedded DRAM LSIs used most notably in graphic devices, and has already mass produced more than **200 million** units of these chips.

In July 2010, Renesas Electronics entered a strategic business alliance agreement with Nokia Corporation ("Nokia" hereafter) to develop semiconductor solutions and modem technologies for the HSPA+ (Evolved High-Speed Packet Access) (Note 1) and LTE (Long Term Evolution) (Note 2) communication standards and their successors. As part of this business alliance, we signed an agreement to acquire Nokia's wireless modem business. Going forward, we will be able to optimally combine Nokia's technology assets and engineering know-how with Renesas Electronics' multimedia processing technologies and wireless technologies, which have an extensive track record in the market, and thereby develop leading-edge mobile platform (Note 3) solutions. Through these measures, we aim to establish a solid position as a mobile platform vendor in the global market and expand our overseas operations.

At the same time, we have also positioned as a growth business the provision of solutions relating to infrastructure. This includes in areas such as communications base stations employing composite memory for communications use, where we have already acquired high market share, and customized SoCs for communications use, where we have a strong track record in long-term

partner strategies. We aim to actively develop this business.

By making use of our development bases, which extend globally, we will enhance the efficiency of our leading-edge IP (Intellectual Property) core and software development. Our goal here is to carry out image processing, audio processing, and communications control, which are indispensable to the SoC Solutions business. We have prepared development centers in France, India, China, and Vietnam, where we are conducting business activities.

We will continue to promote aggressive business expansion targeting growth markets, and we aim to be a semiconductor solutions partner that can compete strongly on a global basis in terms of both technological dominance and marketing capabilities.

- Notes: 1. High-Speed Packet Access Plus is a standard for higher data rates in W-CDMA-based third-generation mobile phones.
 2. Long Term Evolution is one of the latest standards for high-speed data rates in mobile phones. It is referred to sometimes as 3.9 G technology.
 3. A mobile phone platform system combining a chipset featuring a high-speed data transmission modem, multimedia processing technologies and wireless technologies, as well as software such as drivers compatible with various operating systems.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Renesas Electronics aims to help build a better future for people around the world through the semiconductor business. From our inception, we formulated the Renesas Electronics Group CSR Charter to guide Group CSR initiatives, based on our recognition that it is essential for us to build deep, cooperative relationships and trust with all our diverse

stakeholders. We also established the CSR Promotion Committee, which the president chairs, and presented our CSR stance internally and externally. We will leverage the charter and committee in pushing ahead with Group-wide CSR efforts.

RENESAS ELECTRONICS GROUP CSR CHARTER

The Renesas Electronics Group will contribute to the sustainable advancement of society. As an enterprise, we will conduct business that helps build a better future for people around the world by supplying superior semiconductor products powered with advanced technologies and by providing customer service that is honest and sincere.

We pledge to conduct our business with integrity and in compliance with legal requirements. We will work with and for the benefit of our stakeholders based on the following guiding principles:

■ Customer focus

We will quickly provide optimized and high-quality solutions in response to our customers' needs to maximize customer satisfaction and to earn our customers' trust.

■ Sound business practices

We will carry out fair, ethical and transparent business practices and convey these practices to all our stakeholders. In addition, we will maximize our corporate value through business practices that allow us to continue to grow.

■ Healthy work environment

We will respect the individual personalities of our employees. We will promote a rewarding, safe, and flexible working environment where each person is able to demonstrate his/her best talents and capabilities.

■ Global perspective

As a member of the global community, we will respect the history, culture, customs and human rights of each country and region, and we will not practice or permit any forced or child labor. In addition, we will promote activities that contribute to the betterment of the global society.

■ Environmentally friendly

We pledge to develop, manufacture and sell semiconductor products that respect the environment, and we will strive to minimize the environmental impact of our products throughout the entire product life cycle. We will also participate in activities intended to harmonize human pursuits and the environment with an awareness of issues such as climate change and biodiversity.

IMPROVING CUSTOMER SATISFACTION

The Group believes that providing customers with optimized and top-quality solutions is central to customer trust and corporate sustainability. We will thus continuously endeavor to further improve customer satisfaction. For example, we conduct customer satisfaction surveys, using feedback to develop new products and provide services and thus solidify customer trust. The Group has obtained certification under ISO

9001, the international standard for quality management systems, and ISO/TS 16949, an automotive sector quality standard. We will engage in ongoing activities to improve quality in all design, manufacturing, and support processes so we can deliver high-quality products and services to our customers.

ENGAGING IN SOUND BUSINESS PRACTICES

The Group will engage in business practices that strictly comply with legal requirements and are fair and ethical. We will ensure timely and fair disclosure of management strategies, results, and other informa-

tion that is necessary for making investment decisions to all stakeholders. Such efforts aim to build stakeholder trust and improve management transparency.

CREATING FRIENDLY WORKING ENVIRONMENTS

The Group believes that safe and healthy working environments that are free of discrimination and harassment are vital to employees achieving personal growth and fully demonstrating their talents. Management is collaborating with employees to carefully cultivate such a positive

corporate culture, as part of which it educates about human rights, provides work-life balance support programs, and has deployed mental health maintenance initiatives. Such efforts will enable us to create working environments in which all employees can fully realize their potential.

INITIATIVES AS A GLOBAL COMPANY

The Group maintains numerous design, development, production, and sales operations overseas, transacting with customers in various countries and regions.

The Group participates in the United Nations Global Compact, and in operating worldwide is acting on its commitment to respect basic human rights, not engage in any discrimination, not practice any forced or child labor, promote environmental responsibility, and prevent corruption.

Each business unit worldwide remains committed to communicating

extensively with local communities and engaging in social contribution activities. Initiatives in Japan today include cleanups around plants and efforts to protect watersheds through the Semiconductor Forest in Kanagawa Prefecture and the Renesas Forest in Kochi Prefecture. Internationally, Group companies have taken the initiative in numerous efforts. Examples include participating in a North American campaign to eliminate cancer, planting trees in China, and assisting with refugee facilities in Vietnam.

SAFEGUARDING THE ENVIRONMENT

The Group harnesses cutting-edge technology and facilities to attain miniaturization and systemization in manufacturing semiconductor products that conserve energy and resources and minimize environmental impact. We are reducing our use of chemical substances and are employing proprietary technology to create semiconductors that consume less electricity as part of efforts to combat global warming and

lower environmental impact. We will push ahead with concerted initiatives to foster safety and health. Our numerous semiconductor products are helping customers to reduce the energy consumption and environmental impacts of their offerings.

The Renesas Electronics Group has obtained certification under ISO 14001, the international standard for environmental management systems.



Renesas Electronics participates in the United Nations Global Compact, observing 10 principles in 4 areas: human rights, labor, the environment and anti-corruption. The company also actively conducts CSR activities.

* Please refer to the Renesas Electronics CSR and Environmental Report 2010, which is due out in October 2010, for more details.

CORPORATE GOVERNANCE

FUNDAMENTAL CORPORATE GOVERNANCE POLICY

- Renesas Electronics is committed to improve its management structure and to implement measures toward further strengthening its corporate governance in recognition of the fact that efficient execution of management, and assurance of sound and transparent management is essential to continuously increase its corporate value.
- Renesas Electronics has adopted the corporate auditor system for its corporate governance, and has a corporate governance structure with the Board of Corporate Auditors that monitors execution of directors' duties. Renesas Electronics believes that its audit structure for corporate governance is sufficiently functional, through full-time auditors, who can effectively obtain high quality information from relevant divisions using their profound knowledge and experience of semiconductor business, while the meetings of the Board of Corporate Auditors, which includes highly independent outside corporate auditors, conduct analysis of the information from objective and many different viewpoints.

CORPORATE GOVERNANCE MEASURES

Renesas Electronics' Governance Structures

- The Board of Directors is composed of eleven directors, including five outside directors, incorporating a robust outside perspective while achieving faster and more efficient management.
- The Board of Corporate Auditors is composed of five corporate auditors, including three outside corporate auditors. With this configuration, the board properly monitors and audits the whole of management, while incorporating a robust outside perspective. Two of the outside corporate auditors and one of the internal corporate auditors have substantial expertise in the fields of finance and accounting.
- Renesas Electronics has introduced the Corporate Officer System to clarify responsibilities for conducting business operations and quicken decision-making in the execution of business activities.

Status of Internal Control and Risk Management System

Renesas Electronics has made resolution and put into practice of the basic policies for the establishment of the Internal Control System such as those described below. In addition, Renesas Electronics holds Internal Control Promotion Committee to discuss topics and decide its policies related to internal control stipulated by the Companies Act and Financial Instruments and Exchange Act.

Compliance assurance framework

- Renesas Electronics has adopted the Renesas Electronics Group CSR Charter and the Renesas Electronics Group Code of Conduct to establish corporate ethics and ensure compliance policies throughout the Renesas Electronics Group. Directors take the lead in putting these principles into practice. Simultaneously, the Legal and Compliance Division carries out practical activities to keep officers and employees informed about these principles, as well as monitoring.
- Renesas Electronics deliberates and decides important compliance-related issues through the Internal Control Promotion Committee, while the Renesas Electronics Group's own fundamental rules on Compliance outline the compliance-promotion framework, awareness-raising activities, and other fundamental compliance matters for intensive pursuit by the Company. In addition to these compliance measures, Renesas Electronics has set up a Renesas Electronics Group Hotline for members of the Renesas Electronics Group and its business partners to report actual or potential compliance violation issues.

Information management framework

- Renesas Electronics properly prepares, saves and manages various documents pertaining to business operations in accordance with applicable laws and regulations and the Company's own fundamental rules regarding document management and storage. Trade secrets and

personal information are both properly and strictly managed in accordance with the Company's own fundamental rules regarding the management and protection of these types of information.

- The fundamental issues pertaining to the management and security of information are deliberated by the Information Management and Security Committee. The Information Management and Security Committee also continuously carries out measures for maintaining and improving information security based on pertinent rules.

Risk management framework

- Renesas Electronics has established a risk management framework in line with the Company's own fundamental rules regarding risk management. These rules classify companywide management risks, designate the corporate officers and the division managers responsible for each classified risk category, and stipulate other fundamental issues.
- Each responsible corporate officer and division manager is charged with devising and carrying out measures to prevent their specific category of risk from materializing, as well as preparing countermeasures in case of the actual materialization of risks.
- When serious risks materialize, Renesas Electronics sets up an appropriate organization personally headed by the president or corporate officers to respond to the situation, in accordance with the seriousness of the particular risk involved.

Framework for ensuring effective execution of business activities

- The Executive Committee discusses issues of importance to the Company's management prior to a meeting of the Board of Directors in order to enhance the Board's deliberations. Furthermore, authority is properly transferred to corporate officers based on the scope of their duties decided by the Board of Directors and the Company's own fundamental rules of decision-making and authorization procedure, resulting in flexible decision-making.

Framework for ensuring appropriateness of Renesas Electronics Group's operations

- Important matters concerning business operations of the Renesas Electronics Group's subsidiaries are approved at each subsidiary's General Meeting of Shareholders or the Board meetings. Renesas Electronics makes the decision based on its own assessment of the seriousness of the issue being decided, then exercises its shareholder's rights directly or indirectly.
- The Company's responsible divisions oversee the routine management of subsidiaries based on the Renesas Electronics Group CSR Charter, the Renesas Electronics Group Code of Conduct and the Company's own fundamental rules governing the management and operation of subsidiaries and affiliates. Evaluation, maintenance and improvement of

the Renesas Electronics Group's internal control system over financial reporting are performed in accordance with the applicable laws and regulations in or outside of Japan.

- Examinations of subsidiaries are performed by the corporate auditors and the Internal Audit Office in cooperation with the subsidiaries' own corporate auditors and internal auditing divisions (audit staff members).

Corporate auditors' auditing framework

- Renesas Electronics has established a Corporate Auditors Office composed of specialized staff members who assist the corporate auditors' audit activities. The Company also bears the cost of obtaining expert advice from outside specialists when the Board of Corporate Auditors requires such for its audit.
- Corporate auditors receive reports as needed from directors and other employees regarding the status of business execution.
- Corporate auditors may attend all important company meetings as they deem necessary, and are guaranteed a right to access to all critical corporate information, including important authorization documents.
- Regular meetings are held to provide the corporate auditors and directors with the opportunity to exchange viewpoints.

Internal Audit, Audit by Corporate Auditors and Audit of Financial Statements

Internal audit

Internal audit is performed by the Internal Audit Office. Specifically, the division serves as an autonomous third party for verifying and evaluating other parts of the management organization, including divisions

responsible for business operation units, corporate staff, consolidated subsidiaries and other areas. This is carried out from a compliance, risk management and internal control perspective.

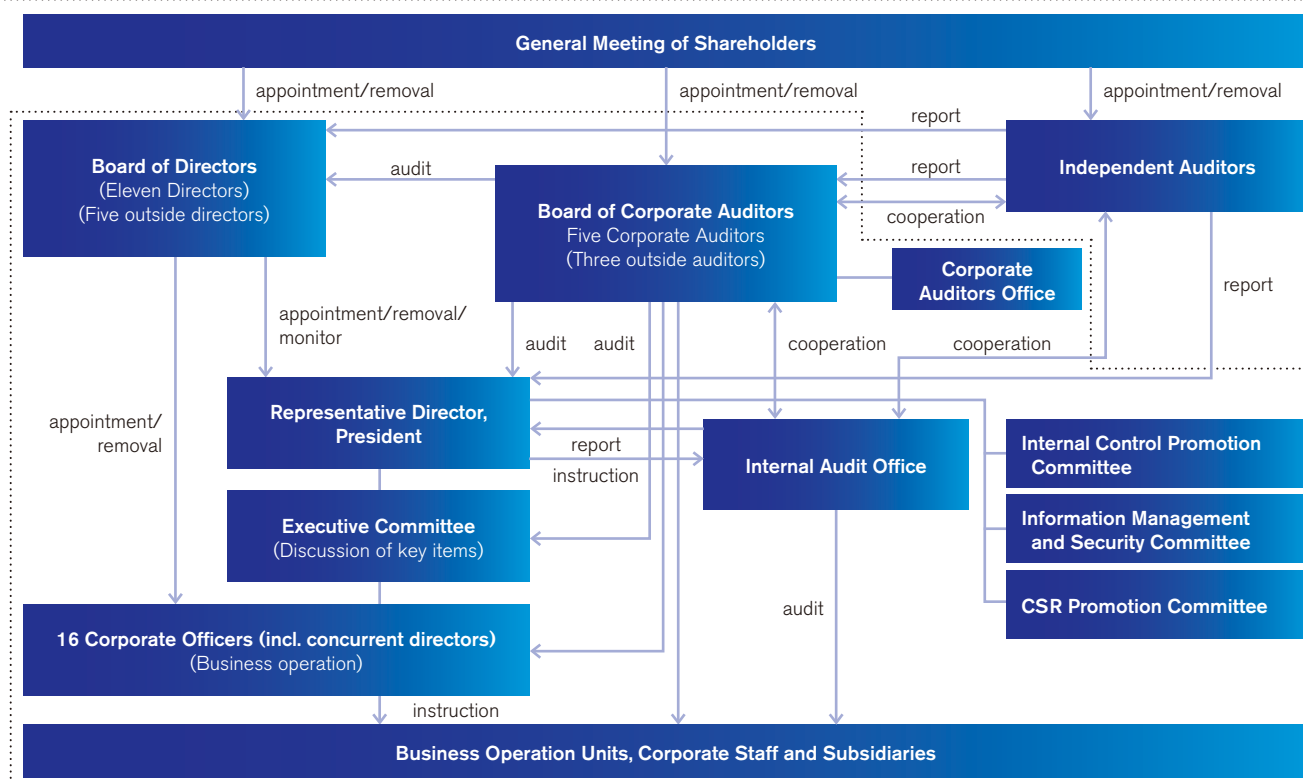
The Internal Audit Office also proposes concrete measures for rectifying or improving problems that arise.

Audit by corporate auditors

The corporate auditors, in principle, convene regular monthly meetings of the Board of Corporate Auditors, as well as meetings called whenever such need arises. Meetings are used to decide audit policies and similar matters, and as opportunities for each corporate auditor to report on the status of their respective audit. In line with the audit policies defined by the board, the individual corporate auditors attend meetings of the Board of Directors and other important Company meetings, receive business reports from directors and other employees, and conduct interviews to ascertain the status of execution of their duties. The corporate auditors also examine important documents pertaining to decision-making and other matters, investigate the status of operations and financial assets (including the compliance framework and internal control system), and inspect operations at subsidiaries, as part of their audit of directors in carrying out their duties.

Audit of financial statements

The auditors who performed the accounting audit of the consolidated financial statements for the fiscal year ended March 31, 2010 of the former NEC Electronics Corporation were Kazuya Oki, Koki Ito and Kazuhiro Ishiguro, partners of Ernst & Young ShinNihon LLC. The audit team included certified public accountants and junior accountants.



(As of June 25, 2010)

DIRECTORS, CORPORATE AUDITORS AND CORPORATE OFFICERS

(As of June 25, 2010)



Junshi Yamaguchi
*Representative Director,
Chairman*



Yasushi Akao
*Representative Director,
President*



Kazuaki Ogura
*Executive Vice President
and Member of the Board*



Masaki Kato
*Executive Vice President
and Member of the Board*



Yoichi Yano
*Executive Vice President
and Member of the Board*



Shozo Iwakuma
*Senior Vice President and
Member of the Board*



Susumu Furukawa
Member of the Board



Toyoaki Nakamura
Member of the Board



Noritomo Hashimoto
Member of the Board



Hajime Matsukura
Member of the Board



Takashi Niino
Member of the Board

DIRECTORS

**Representative Director,
Chairman**
Junshi Yamaguchi

**Representative Director,
President**
Yasushi Akao

**Executive Vice Presidents
and Members of the Board**
Kazuaki Ogura
Masaki Kato
Yoichi Yano

**Senior Vice President and
Member of the Board**
Shozo Iwakuma

Members of the Board
Susumu Furukawa
Toyoaki Nakamura
Noritomo Hashimoto
Hajime Matsukura
Takashi Niino

CORPORATE AUDITORS

Hiroki Kawamura
Junichiro Nishi
Michiharu Nakamura
Yoichiro Yamakawa
Yoshinobu Shimizu

SENIOR VICE PRESIDENTS

Tatsuo Yoshino
Yoshihiko Miura
Shunsuke Hosomi
Yoshiro Miyaji
Kazuyoshi Yamada
Shigeo Mizugaki
Tetsuya Tsurumaru
Shinichi Iwamoto
Hideaki Chaki
Hideo Tsujioaka

Notes: 1. Mr. Susumu Furukawa, Mr. Toyoaki Nakamura, Mr. Noritomo Hashimoto, Mr. Hajime Matsukura and Mr. Takashi Niino are outside Directors as stipulated in Item 15, Article 2 of the Companies Act.
2. Mr. Hiroki Kawamura, Mr. Yoichiro Yamakawa and Mr. Yoshinobu Shimizu are outside Corporate Auditors as stipulated in Item 16, Article 2 of the Companies Act.

FINANCIAL SECTION

FORMER NEC ELECTRONICS

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(REFERENCE)

FORMER RENESAS TECHNOLOGY

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FORMER NEC ELECTRONICS CONSOLIDATED BALANCE SHEETS

	(In millions of yen)	
	March 31, 2009	March 31, 2010
Assets		
Current assets		
Cash and deposits	48,698	24,685
Notes and accounts receivable—trade	46,372	63,752
Short-term investment securities	52,581	66,549
Merchandise and finished goods	14,453	13,446
Work in process	38,377	33,411
Raw materials and supplies	10,390	10,192
Deferred tax assets	725	324
Accounts receivable—other	6,300	8,860
Other	4,468	3,487
Allowance for doubtful accounts	(202)	(167)
Total current assets	222,162	224,539
Long-term assets		
Property, plant and equipment		
Buildings and structures	232,084	228,432
Accumulated depreciation	(157,917)	(160,424)
Buildings and structures, net	74,167	68,008
Machinery and equipment	730,835	702,430
Accumulated depreciation	(640,242)	(617,057)
Machinery and equipment, net	90,593	85,373
Vehicles, tools, furniture and fixtures	115,946	110,068
Accumulated depreciation	(97,343)	(93,747)
Vehicles, tools, furniture and fixtures, net	18,603	16,321
Land	15,136	14,737
Construction in progress	17,589	13,538
Total property, plant and equipment	216,088	197,977
Intangible assets		
Software	19,510	13,214
Other	787	705
Total intangible assets	20,297	13,919
Investments and other assets		
Investment securities	1,769	194
Deferred tax assets	734	1,077
Long-term prepaid expenses	10,464	7,196
Prepaid pension cost	9,046	6,658
Long-term accounts receivable—other	6,048	5,829
Other	1,582	2,539
Total investments and other assets	29,643	23,493
Total long-term assets	266,028	235,389
Total assets	488,190	459,928

	(In millions of yen)	
	March 31, 2009	March 31, 2010
Liabilities		
Current liabilities		
Notes and accounts payable—trade	61,175	74,595
Short-term borrowings	1,135	2,450
Current portion of long-term borrowings	—	3,104
Current portion of lease obligations	76	3,223
Accounts payable—other	33,219	21,525
Accrued expenses	18,633	22,709
Accrued income taxes	1,462	2,812
Provision for product warranties	468	253
Provision for contingent loss	—	1,545
Other	4,688	7,642
Total current liabilities	120,856	139,858
Long-term liabilities		
Bonds with share subscription rights	110,000	110,000
Long-term borrowings	—	11,062
Lease obligations	134	11,054
Deferred tax liabilities	5,385	7,097
Accrued retirement benefits	37,168	40,098
Provision for contingent loss	12,603	1,228
Other	7,340	3,193
Total long-term liabilities	172,630	183,732
Total liabilities	293,486	323,590
Net assets		
Shareholders' equity		
Common stock	85,955	85,955
Capital surplus	242,586	242,586
Retained earnings	(126,179)	(182,611)
Treasury stock	(11)	(11)
Total shareholders' equity	202,351	145,919
Valuation and translation adjustments		
Unrealized gains (losses) on securities	2	(16)
Foreign currency translation adjustments	(12,183)	(13,649)
Total valuation and translation adjustments	(12,181)	(13,665)
Share subscription rights	67	52
Minority interests	4,467	4,032
Total net assets	194,704	136,338
Total liabilities and net assets	488,190	459,928

FORMER NEC ELECTRONICS

CONSOLIDATED STATEMENTS OF OPERATIONS

	(In millions of yen)	
	The year ended March 31, 2009	The year ended March 31, 2010
Net sales	550,679	471,034
Cost of sales	416,774	353,781
Gross profit	133,905	117,253
Selling, general and administrative expenses	200,311	166,488
Operating income (loss)	(66,406)	(49,235)
Non-operating income		
Interest income	1,566	245
Gain on sales of securities	159	—
Compensation income	—	881
Subsidy income	—	711
Other	1,011	866
Total non-operating income	2,736	2,703
Non-operating expenses		
Interest expenses	124	586
Loss on valuation of securities	392	6
Foreign exchange losses	3,635	937
Loss on disposal of long-term assets	4,278	2,506
Retirement benefit expenses	2,487	2,376
Other	1,565	1,454
Total non-operating expenses	12,481	7,865
Ordinary income (loss)	(76,151)	(54,397)
Special income		
Gain on sales of property, plant, and equipment	1,169	557
Reversal of provision for contingent loss	—	9,576
Gain on sales of subsidiary's stocks	—	98
Gain on liquidation of subsidiary	—	42
Total special income	1,169	10,273
Special loss		
Loss on sales of property, plant, and equipment	116	16
Impairment loss	2,014	646
Business structure improvement expenses	4,407	5,600
Provision for contingent loss	9,945	—
Loss on litigation and others	—	2,098
Loss on sales of investment securities	—	171
Loss on valuation of investment securities	—	161
Total special losses	16,482	8,692
Income (loss) before income taxes and minority interests	(91,464)	(52,816)
Income taxes—current	1,998	2,245
Income taxes—deferred	(8,283)	1,871
Total income taxes	(6,285)	4,116
Minority interests in income (loss) of consolidated subsidiaries	(117)	(500)
Net income (loss)	(85,062)	(56,432)

FORMER NEC ELECTRONICS

CONSOLIDATED STATEMENTS OF CASH FLOWS

	(In millions of yen)	
	The year ended March 31, 2009	The year ended March 31, 2010
Net cash provided by (used in) operating activities		
Income (loss) before income taxes and minority interests	(91,464)	(52,816)
Depreciation and amortization	59,738	52,957
Amortization of long-term prepaid expenses	5,119	5,051
Impairment loss	2,014	646
Increase (decrease) in accrued retirement benefits	3,364	5,318
Increase (decrease) in provision for contingent loss	9,945	(9,595)
Interest income	(1,566)	(245)
Interest expenses	124	586
Loss (gain) on sales and valuation of investment securities	233	338
Loss (gain) on sales of property, plant and equipment	(1,053)	(541)
Loss on disposal of long-term assets	4,278	2,506
Business structure improvement expenses	4,407	3,767
Loss (gain) on sales of subsidiary's stocks	—	(98)
Loss (gain) on liquidation of subsidiary	—	(42)
Decrease (increase) in notes and accounts receivable—trade	31,690	(18,398)
Decrease (increase) in inventories	10,911	5,578
Decrease (increase) in accounts receivable—other	7,764	(1,928)
Increase (decrease) in notes and accounts payable—trade	(31,166)	14,171
Increase (decrease) in accounts payable—other and accrued expenses	(15,443)	1,252
Increase (decrease) in accrued consumption taxes	(2,245)	1,952
Other, net	23	(1,459)
Subtotal	(3,327)	9,000
Interest and dividends received	1,620	276
Interest paid	(124)	(586)
Income taxes paid	(2,903)	(1,020)
Payments for extra retirement benefits	(3,167)	(1,410)
Payments for loss on litigation and others	(264)	—
Net cash provided by (used in) operating activities	(8,165)	6,260

	(In millions of yen)	
	The year ended March 31, 2009	The year ended March 31, 2010
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(49,030)	(59,547)
Proceeds from sales of property, plant and equipment	6,271	20,287
Purchase of intangible assets	(3,847)	(2,174)
Purchase of long-term prepaid expenses	(1,885)	(1,534)
Purchase of investment securities	(154)	—
Proceeds from sales of investment securities	159	1,229
Proceeds from sales of subsidiary's stocks resulting in change in scope of consolidation	—	158
Other, net	(586)	(647)
Net cash provided by (used in) investing activities	(49,072)	(42,228)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term borrowings	185	1,324
Proceeds from long-term borrowings	—	15,000
Repayment of long-term borrowings	(593)	(834)
Purchase of treasury stock	(1)	(0)
Repayments of finance lease obligations	(131)	(1,939)
Repayments of installment payables	(2,707)	(2,906)
Proceeds from sale-and-leaseback transactions	—	15,992
Net cash provided by (used in) financing activities	(3,247)	26,637
Effect of exchange rate change on cash and cash equivalents	(3,709)	(714)
Net increase (decrease) in cash and cash equivalents	(64,193)	(10,045)
Cash and cash equivalents at beginning of year	165,472	101,279
Cash and cash equivalents at end of year	101,279	91,234

(REFERENCE)
FORMER RENESAS TECHNOLOGY
CONSOLIDATED BALANCE SHEETS

	(In millions of yen)	
	March 31, 2009	March 31, 2010
Assets		
Current assets		
Cash and deposits in banks	56,597	53,867
Notes and accounts receivable	112,426	121,833
Short-term investments	50,000	57,000
Merchandise and finished goods	51,010	31,478
Work-in-process	45,441	41,531
Raw materials and supplies	8,858	7,109
Deferred tax assets	1,612	1,610
Other	24,650	15,113
Allowance for doubtful receivables	(291)	(248)
Total current assets	350,303	329,293
Long-term assets		
Property, plant and equipment		
Buildings and structures	174,202	172,833
Machinery, equipment and vehicles	1,112,028	1,079,850
Furniture and fixtures	150,561	144,779
Land	9,204	8,915
Leased assets	4,527	12,546
Construction in progress	17,683	7,264
Less accumulated depreciation	(1,219,151)	(1,212,587)
Total property, plant and equipment	249,054	213,600
Intangible assets		
Goodwill	1,130	662
Other	58,645	41,237
Total intangible assets	59,775	41,899
Investments and other assets		
Investment securities	6,192	10,852
Long-term loan receivable	185	151
Deferred tax assets	2,503	1,399
Other	14,949	13,755
Allowance for doubtful receivables	(24)	(22)
Total investments and other assets	23,805	26,135
Total long-term assets	332,634	281,634
Total assets	682,937	610,927

(In millions of yen)

	March 31, 2009	March 31, 2010
Liabilities		
Current liabilities		
Notes and accounts payable—trade	93,163	105,123
Short-term borrowings	124,999	113,685
Current portion of long-term borrowings	53,909	50,479
Notes and accounts payable—other	37,780	32,584
Accrued expenses	35,304	28,469
Income tax payable	186	2,427
Provision for product warranties	48	37
Provision for loss on order received	4,841	1,821
Provision for loss on business liquidation	3,920	—
Provision for legal settlement	—	2,214
Provision for loss on guarantee	—	533
Other current liabilities	4,061	2,866
Total current liabilities	358,211	340,238
Long-term liabilities		
Long-term borrowings	100,580	52,229
Deferred tax liabilities	2,702	3,693
Retirement and severance benefits	27,152	27,286
Accrued retirement benefits for directors	662	488
Non-current portion of provision for loss on business liquidation	2,041	1,374
Other non-current liabilities	14,701	18,818
Total long-term liabilities	147,838	103,888
Total liabilities	506,049	444,126
Net assets		
Shareholders' equity		
Common stock	77,000	112,850
Capital surplus	270,503	306,353
Retained deficit	(167,432)	(248,776)
Total shareholders' equity	180,071	170,427
Valuation and translation adjustments		
Unrealized gain on available-for-sale securities	28	557
Foreign currency translation adjustments	(5,601)	(6,212)
Total valuation and translation adjustments	(5,573)	(5,655)
Minority interests	2,390	2,029
Total net assets	176,888	166,801
Total liabilities and net assets	682,937	610,927

(REFERENCE)
FORMER RENESAS TECHNOLOGY
CONSOLIDATED STATEMENTS OF OPERATIONS

	(In millions of yen)	
	The year ended March 31, 2009	The year ended March 31, 2010
Net sales	702,739	599,790
Cost of sales	664,153	555,830
Gross profit	38,586	43,960
Selling, general and administrative expenses	135,159	107,976
Operating income (loss)	(96,573)	(64,016)
Non-operating income		
Interest income	898	280
Dividend income	140	74
Gain on disposal of scrap	644	341
Compensation income	932	182
Insurance income	688	96
Unrealized gain on derivatives	—	442
Equity in earnings of affiliates	40	—
Other	1,995	2,367
Total non-operating income	5,337	3,782
Non-operating expenses		
Interest expense	3,414	3,838
Foreign currency exchange loss	1,384	402
Losses on retirement of non-current assets	3,319	1,623
Equity in losses of affiliates	—	1,753
Other	3,445	3,089
Total non-operating expenses	11,562	10,705
Ordinary income (loss)	(102,799)	(70,939)
Special income		
Gain on sales of non-current assets	3,105	—
Gain on liquidation of subsidiaries and affiliates	402	6
Gain on one-time amortization of negative goodwill	—	3,478
Total special income	3,506	3,484
Special loss		
Business structure improvement expenses	16,872	202
Losses on sales of subsidiary's stock	8,437	—
Loss on liquidation of subsidiaries and affiliates	—	140
Impairment losses for long-lived assets	9,627	4,551
Losses on valuation of investment securities	1,572	—
Losses on retirement of non-current assets	511	35
Loss on transfer to defined contribution pension plan	343	393
Provision for legal settlement	—	3,445
Loss on disposition of subsidiary	—	1,757
Total special losses	37,363	10,522
Income (loss) before income taxes and minority interests	(136,656)	(77,978)
Income taxes—current	(575)	2,415
Income taxes—deferred	68,494	1,134
Total income taxes	67,919	3,549
Minority interests in income (loss) of consolidated subsidiaries	(1,318)	(183)
Net income (loss)	(203,257)	(81,344)

(REFERENCE)
FORMER RENESAS TECHNOLOGY
CONSOLIDATED STATEMENTS OF CASH FLOWS

	(In millions of yen)	
	The year ended March 31, 2009	The year ended March 31, 2010
Net cash provided by (used in) operating activities		
Income (loss) before income taxes and minority interests	(136,656)	(77,978)
Depreciation	86,620	82,077
Impairment losses for long-lived assets	9,627	4,551
Amortization of goodwill	464	447
One-time amortization of negative goodwill	—	(3,478)
Increase (decrease) in allowance for doubtful receivables	(214)	29
Increase (decrease) in retirement and severance benefits	(6,949)	809
Increase (decrease) in provision for loss on business liquidation	5,961	(4,587)
Interest and dividends income	(1,078)	(354)
Interest expense	3,414	3,838
Equity in losses (earnings) of affiliates	(40)	1,753
Loss on changes in interest in subsidiaries	—	1,757
Gain on sales of non-current assets	(3,308)	(306)
Loss on retirement of non-current assets	3,830	1,658
Loss on valuation of investment securities	1,654	17
Loss on sales of subsidiary's stock	8,437	—
Decrease (increase) in notes and accounts receivable—trade	61,164	(17,364)
Decrease in inventories	19,058	22,765
Increase (decrease) in notes and accounts payable—trade	(58,219)	21,563
Other	(5,241)	(16,921)
Subtotal	(11,476)	20,276
Interest and dividends income received	1,277	426
Interest expense paid	(3,276)	(4,067)
Refund of legal deposits	11,707	—
Income tax refunded (paid)	(4,536)	1,656
Net cash provided by (used in) operating activities	(6,304)	18,291

	(In millions of yen)	
	The year ended March 31, 2009	The year ended March 31, 2010
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(85,916)	(30,944)
Proceeds from sales of property, plant and equipment	12,874	1,167
Purchase of intangible assets	(13,169)	(4,416)
Proceeds from sales of intangible assets	—	25
Purchase of additional shares in subsidiaries	(121)	—
Disbursement from sale of investments in subsidiaries resulting in change in scope of consolidation	(2,991)	(224)
Other	134	(197)
Net cash provided by (used in) investing activities	(89,189)	(34,589)
Net cash provided by (used in) financing activities		
Increase (decrease) in short-term borrowings, net	48,115	(10,028)
Proceeds from long-term borrowings	17,453	1,396
Payments on long-term borrowings	(6,198)	(53,074)
Repayments of installment payables	(419)	(19)
Payments on finance lease obligations	(69)	(6,582)
Proceeds from sale-lease back transactions	18,589	17,139
Proceeds from issuance of common stock	54,000	71,700
Proceeds from stock issuance to noncontrolling stockholders	1,250	—
Cash dividends paid to noncontrolling stockholders	—	(136)
Net cash provided by (used in) financing activities	132,721	20,396
Effect of exchange rate change on cash and cash equivalents	(2,814)	(238)
Net increase (decrease) in cash and cash equivalents	34,414	3,860
Cash and cash equivalents at beginning of year	71,502	105,916
Decrease in cash and cash equivalents due to deconsolidation of subsidiary	—	(171)
Cash and cash equivalents at end of year	105,916	109,605

GLOBAL NETWORK

(As of June 25, 2010)

JAPAN SITES

■ Manufacturing

Renesas Electronics Corporation

Renesas Northern Japan Semiconductor, Inc.

Haguro Electronics Co., Ltd.

Hokkai Electronics Co., Ltd.

Renesas Yamagata Semiconductor Co., Ltd.

Renesas Naka Semiconductor Co., Ltd.

Renesas Eastern Japan Semiconductor, Inc.

Renesas Kofu Semiconductor Co., Ltd.

Renesas High Components, Inc.

Renesas Yanai Semiconductor, Inc.

Renesas Kansai Semiconductor Co., Ltd.

Nippon Denshi Light Co., Ltd.

Renesas Semiconductor Kyushu Yamaguchi Co., Ltd.

Renesas Kyushu Semiconductor Corp.

■ Design/application technologies

Renesas Electronics Corporation

Renesas Solutions Corp.

Renesas Micro Systems Co., Ltd.

Renesas Design Corp.

■ Engineering services

Renesas Semiconductor Engineering Corp.

Renesas Takasaki Engineering Services Co., Ltd.

Renesas Musashi Engineering Services Co., Ltd.

Renesas Kitaitami Engineering Services Co., Ltd.



OVERSEAS SITES

■ Manufacturing

Renesas Electronics America Inc.

Renesas Semiconductor (Beijing) Co., Ltd.

Renesas Semiconductor (Suzhou) Co., Ltd.

Shougang NEC Electronics Co., Ltd.

Renesas Semiconductor Singapore Pte. Ltd.

Renesas Semiconductor (Malaysia) Sdn. Bhd.

Renesas Semiconductor (Kedah) Sdn. Bhd.

Renesas Semiconductor Technology (M) Sdn. Bhd.

Renesas Semiconductor KL Sdn. Bhd.

Manufacturing (□ Front-End ■ Back-End)

● Design/application technologies

● Sales

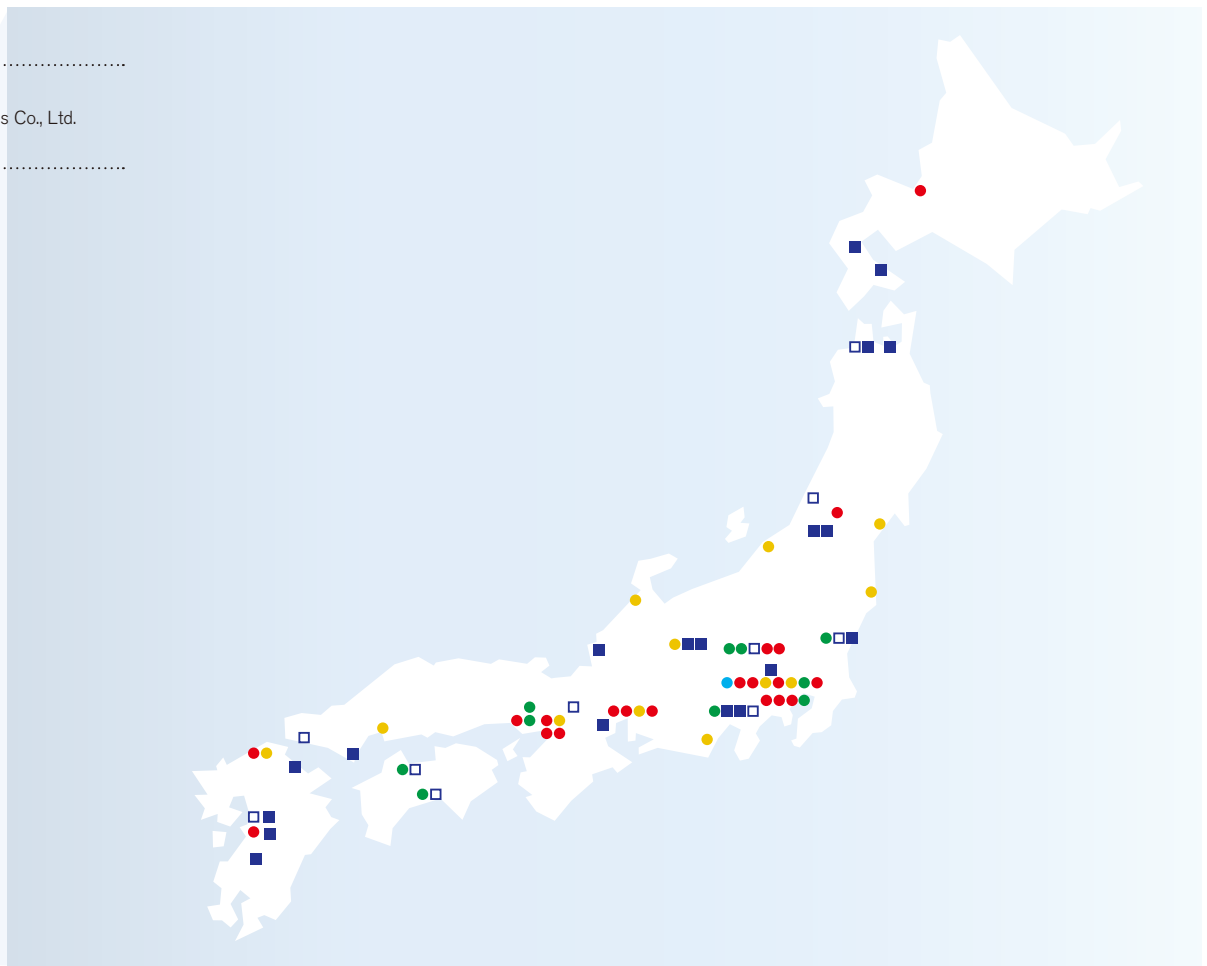
● Others

■ Sales

Renesas Electronics Sales Co., Ltd.

■ Others

Renesas SP Drivers Inc.



Manufacturing (□ Front-End ■ Back-End)

● Design/application technologies ● Engineering services ● Sales ● Others

■ Design/application technologies

Renesas Design France S.A.S
Renesas Design Vietnam Co., Ltd.
Renesas Semiconductor Design (Beijing) Co., Ltd.
Renesas Semiconductor Design (Malaysia) Sdn. Bhd.
Renesas System Solutions Korea Co., Ltd.

■ Sales

Renesas Electronics America Inc.
Renesas Electronics Canada Limited
Renesas Electronics Europe Limited
Renesas Electronics Europe GmbH
Renesas Electronics (China) Co., Ltd.
Renesas Electronics (Shanghai) Co., Ltd.
Renesas Electronics Hong Kong Limited
Renesas Electronics Taiwan Co., Ltd.
Renesas Electronics Singapore Pte. Ltd.
Renesas Electronics Malaysia Sdn. Bhd.
Renesas Electronics Korea Co., Ltd.

■ Others

Renesas SP Drivers Taiwan Inc.

STOCK INFORMATION

(As of April 1, 2010)

TOTAL NUMBER OF SHARES ISSUED

417,121,942 (excluding 2,548 of treasury stock)

SHAREHOLDERS

Name of Shareholders	Number of Shares Held (In thousands of shares)	Percentage of Shares Held
NEC Corporation	141,695	33.97%
Hitachi, Ltd.	127,725	30.62%
Mitsubishi Electric Corporation	104,502	25.05%
Japan Trustee Services Bank, Ltd. (Re-trust of Sumitomo Trust and Banking Co., Ltd. / NEC Corporation pension and severance payments Trust Account)	6,200	1.49%

Notes: 1. Shares less than a thousand are omitted.

2. Percentage of shares held is calculated excluding 2,548 of treasury stock.

3. 6,200,000 shares (percentage of shares held: 1.49%) which are owned by Japan Trustee Services Bank, Ltd. (Re-trust of Sumitomo Trust and Banking Co., Ltd./NEC Corporation pension and severance payments Trust Account) were shares that were contributed by NEC Corporation as severance indemnities trusts. The voting rights of such shares will be exercised at the instruction of NEC Corporation.

TRANSFER AGENT

The Sumitomo Trust and Banking Co., Ltd.

Stock Transfer Agency Department: 3-1, Yaesu 2-chome, Chuo-ku, Tokyo 104-0028, Japan

Postal Address: 1-10 Nikkou-cho, Fuchu-shi, Tokyo 183-8701, Japan

Request forms for change of address, etc.: Toll free (in Japan): 0120-176-417

STOCK EXCHANGE LISTING

Tokyo Stock Exchange First Section (code: 6723)

CORPORATE DATA

COMPANY NAME

Renesas Electronics Corporation

ESTABLISHED

November 1, 2002 (Started Operation as Renesas Electronics on April 1, 2010)

CAPITAL STOCK

153.2 billion yen (As of April 1, 2010)

MAJOR OPERATIONS

Research, development, design, manufacture, sale, and servicing of semiconductor products

EMPLOYEES (CONSOLIDATED)

48,000 (As of April 1, 2010)

REGISTERED HEAD OFFICE

1753 Shimonumabe, Nakahara-ku, Kawasaki, Kanagawa 211-8668, Japan

HEADQUARTERS

Nippon Bldg., 2-6-2, Ote-machi, Chiyoda-ku, Tokyo 100-0004, Japan

INVESTOR RELATIONS

<http://www.renesas.com/ir/>

Guided by the Renesas Electronics Guiding Principles, we promote highly transparent business practices that are fair, honest and conducted in good faith. We also proactively disclose the content of our activities to the public.

CONTACT INFORMATION

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