FY11/3 Q1 Financial Results

Renesas Electronics Corporation

July 29, 2010

Yasushi Akao, President

(NOTE) FY10/3 consolidated results are sum of respective results of the former NEC Electronics Corporation and the former Renesas Technology Corp. The amount of “Net sales” and “Sales from semiconductors” are presented by rearranging the former Renesas Technology’s sales account to adjust presentation to the former NEC Electronics’ presentation.

(FOREWARD-LOOKING STATEMENTS)

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Executive Summary

I. FY11/3 Q1 Financial Results

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

II. FY11/3 Forecasts

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

III. Results and Action Plans of 100-day Project

IV. Summary

I. FY11/3 Q1 Financial Results

FY11/3 Q1 Financial Snapshot

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

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

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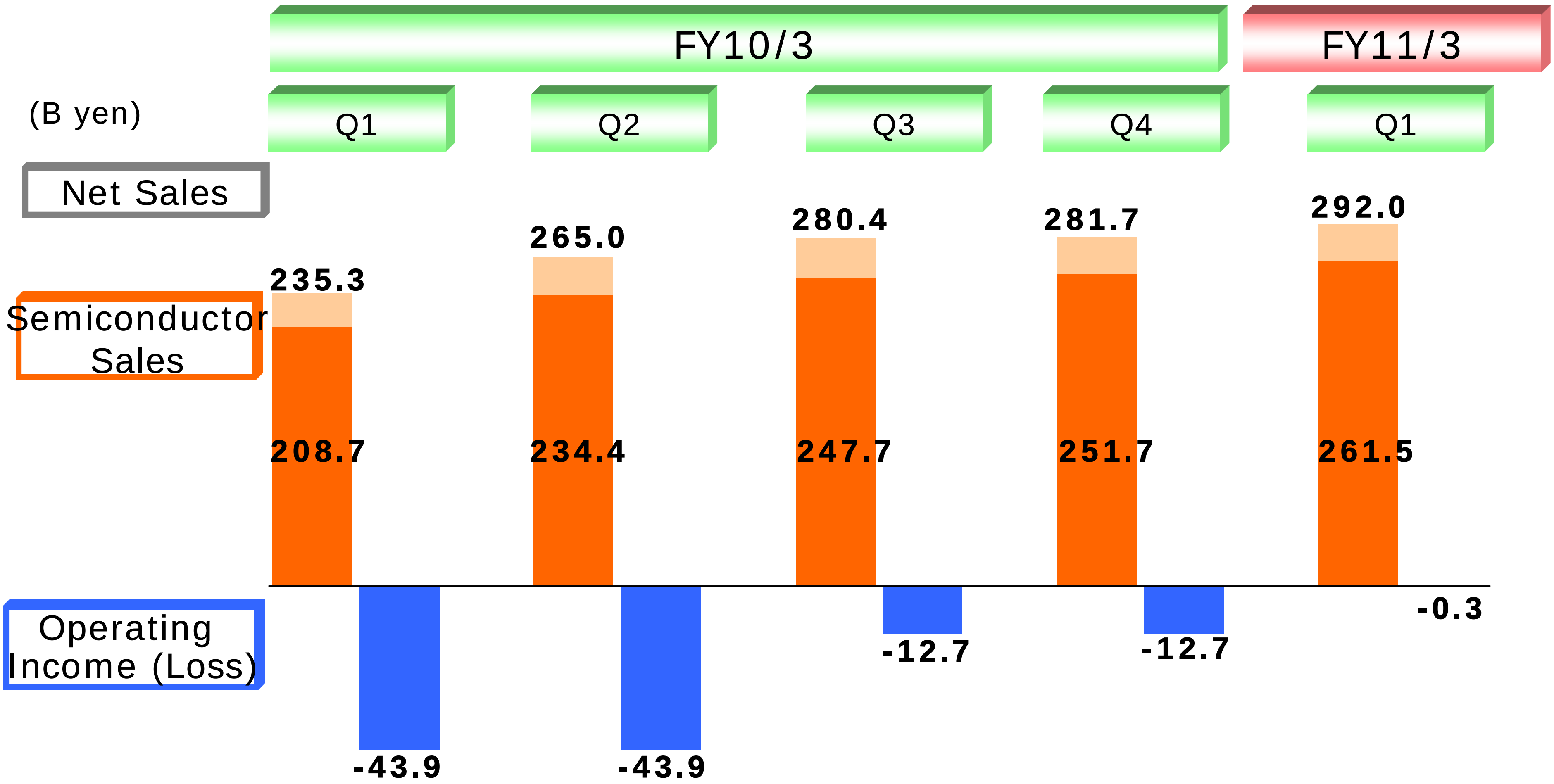
Trends in Quarterly Results

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



Q1 Semiconductor Sales (YoY / QoQ)

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

(B yen)	FY11/3 Q1	YoY	QoQ
Semiconductor Sales	261.5	+25%	+4%
SoC	77.7	-3%	-4%
MCU	99.3	+42%	+6%
Analog & Power	82.6	+45%	+9%
Other Semiconductors	1.8	-17%	+101%

Sales Overview by BU (QoQ)

SoC
[↓] Decrease in sales of PC peripherals and consumer electronics area

MCU
[↑] Increase in sales of automotive and general-purpose MCUs

Analog & Power Devices
[↑] Overall increase

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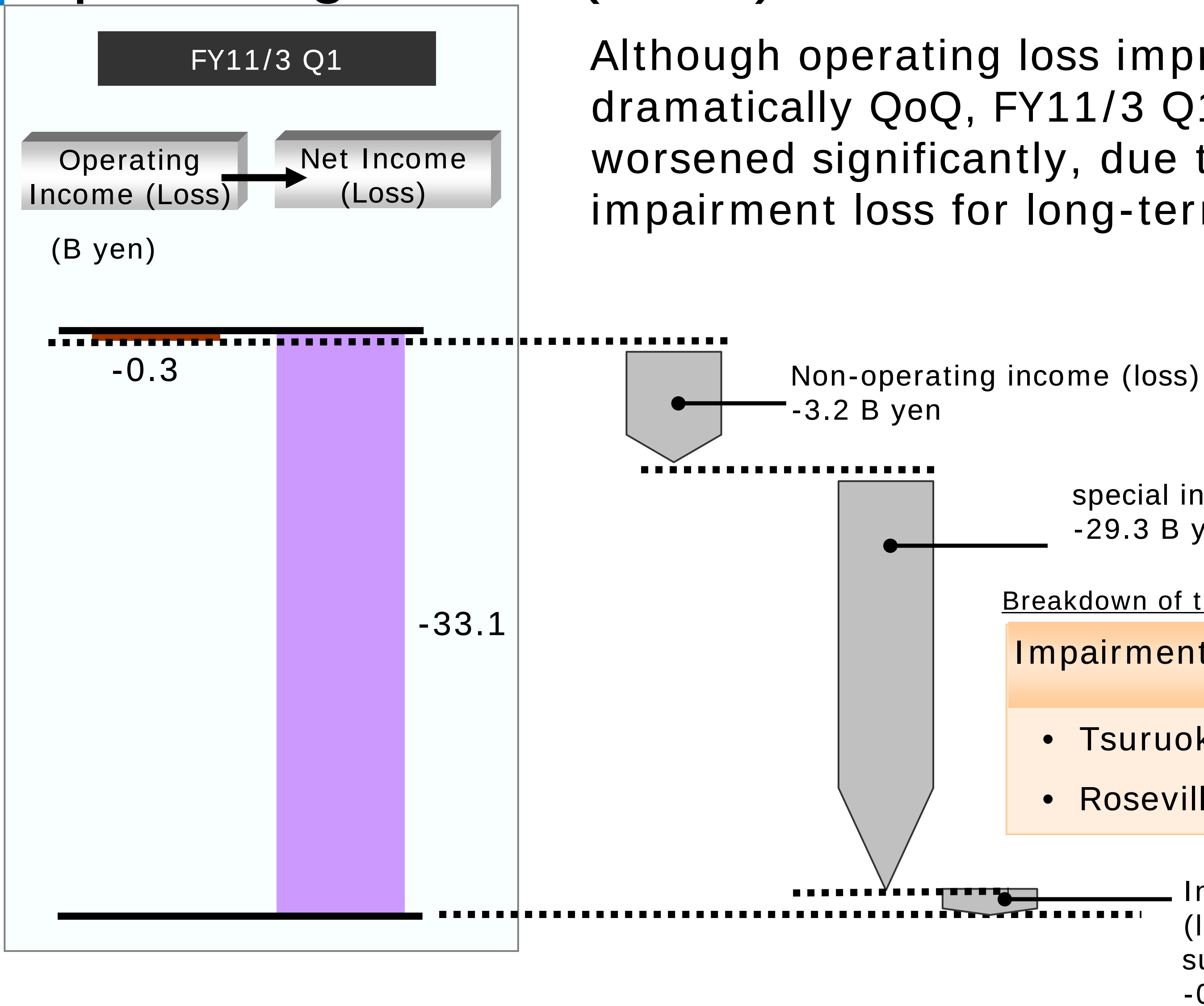
FY11/3 Q1 Factors in Net Income (Loss) from Operating Profit (Loss)



Although operating loss improved dramatically QoQ, FY11/3 Q1 net loss worsened significantly, due to recording of impairment loss for long-term assets

Breakdown of the special income (loss)

Impairment loss for long-term assets -33.1 B yen

- Tsuruoka 300mm line
- Roseville (US) 200mm line

Balance Sheets

(B yen)	As of Apr. 1, 2010 (After the capital injection)	As of Jun. 30, 2010
Total Assets	1,215.4	1,151.0
Cash and Cash Equivalents	337.7	318.6
Inventories	126.6	130.7
Liabilities	801.7	777.5
Interest-bearing Debt	372.0	375.4
Shareholders' Equity	421.0	388.0
Net Assets	413.6	373.5

D/E Ratio (Gross)	0.91	1.02
D/E Ratio (Net)	0.08	0.15
Equity Ratio	33.5%	31.9%

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

Note 2) Current portion of bonds with share subscription rights, Lease obligations, rights of lease obligations

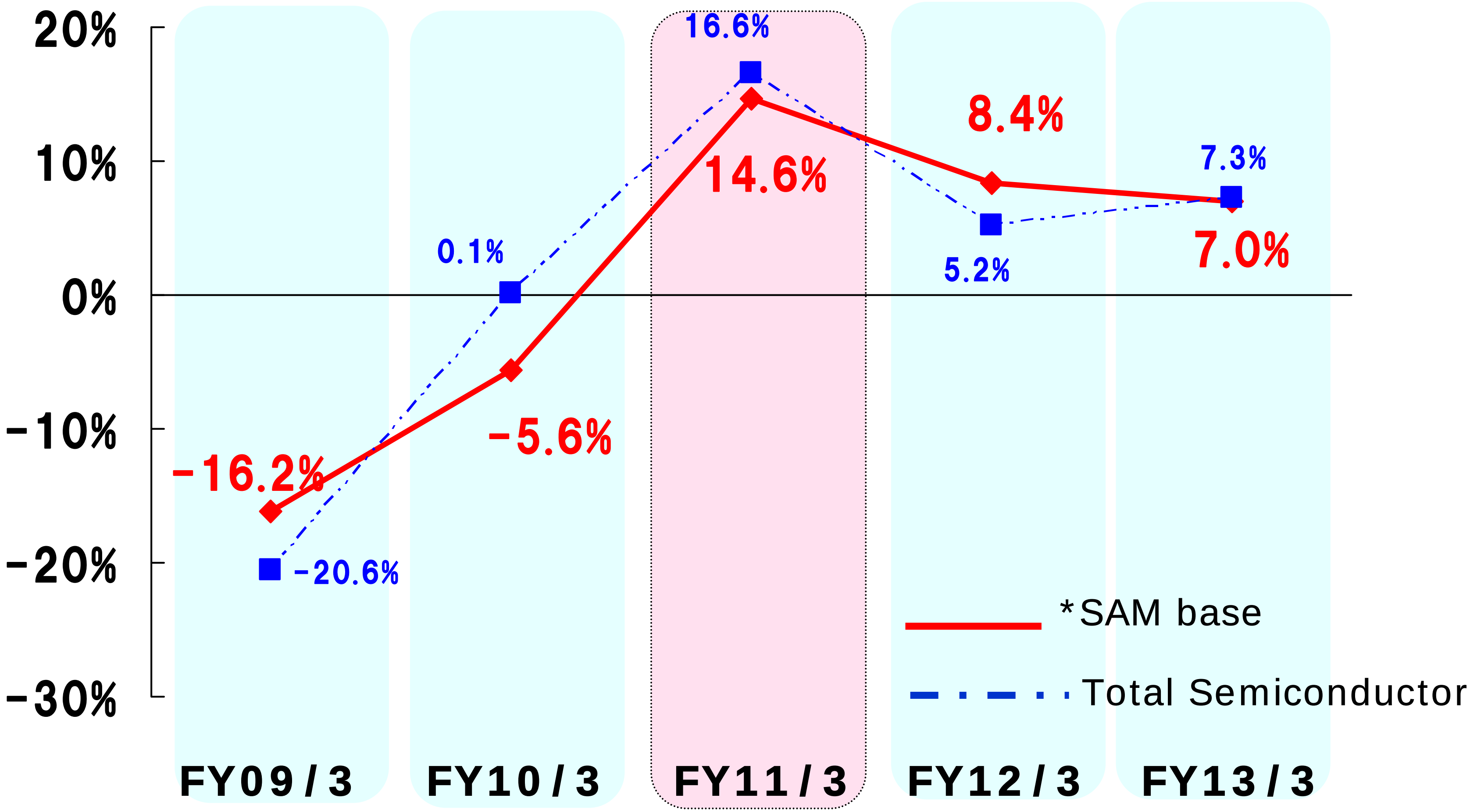
Cash Flow

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

II. FY11/3 Forecasts

Semiconductor Market Trend

Semiconductor market annual growth rate (in yen)



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

Source: WSTS, Renesas Electronics Corporation

FY11/3 Financial Forecasts

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

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

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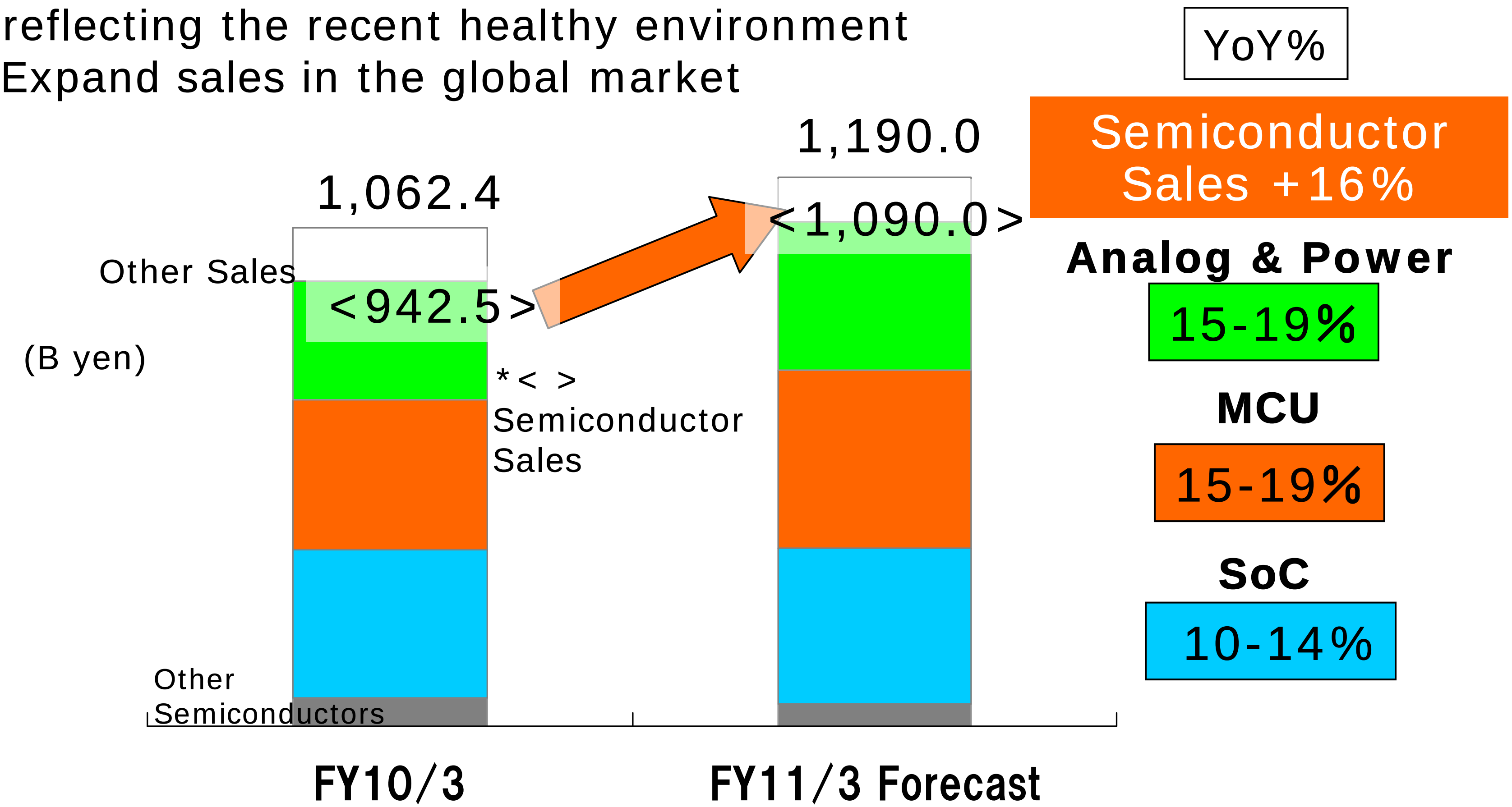
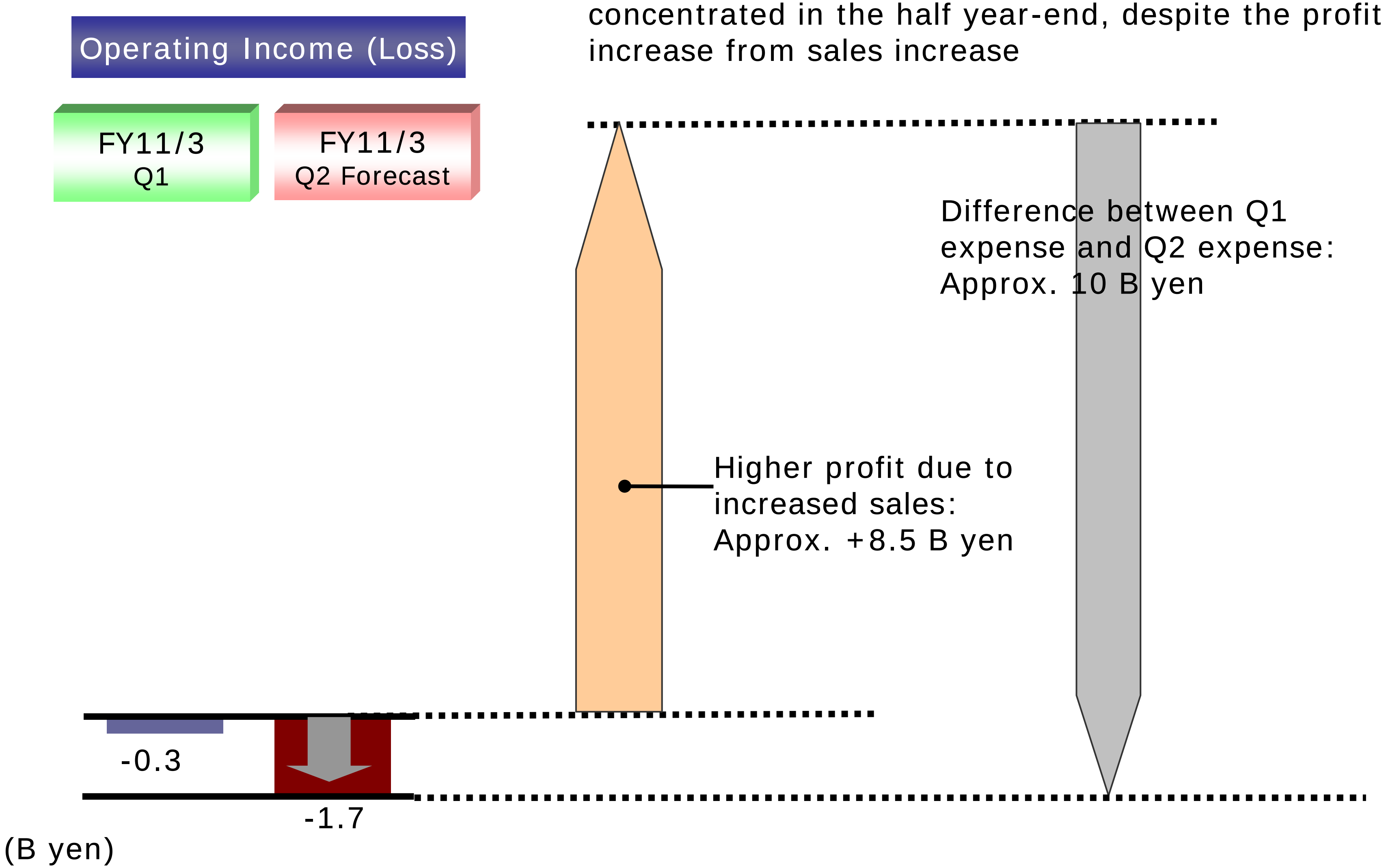
FY11/3 Semiconductor Sales Forecast

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



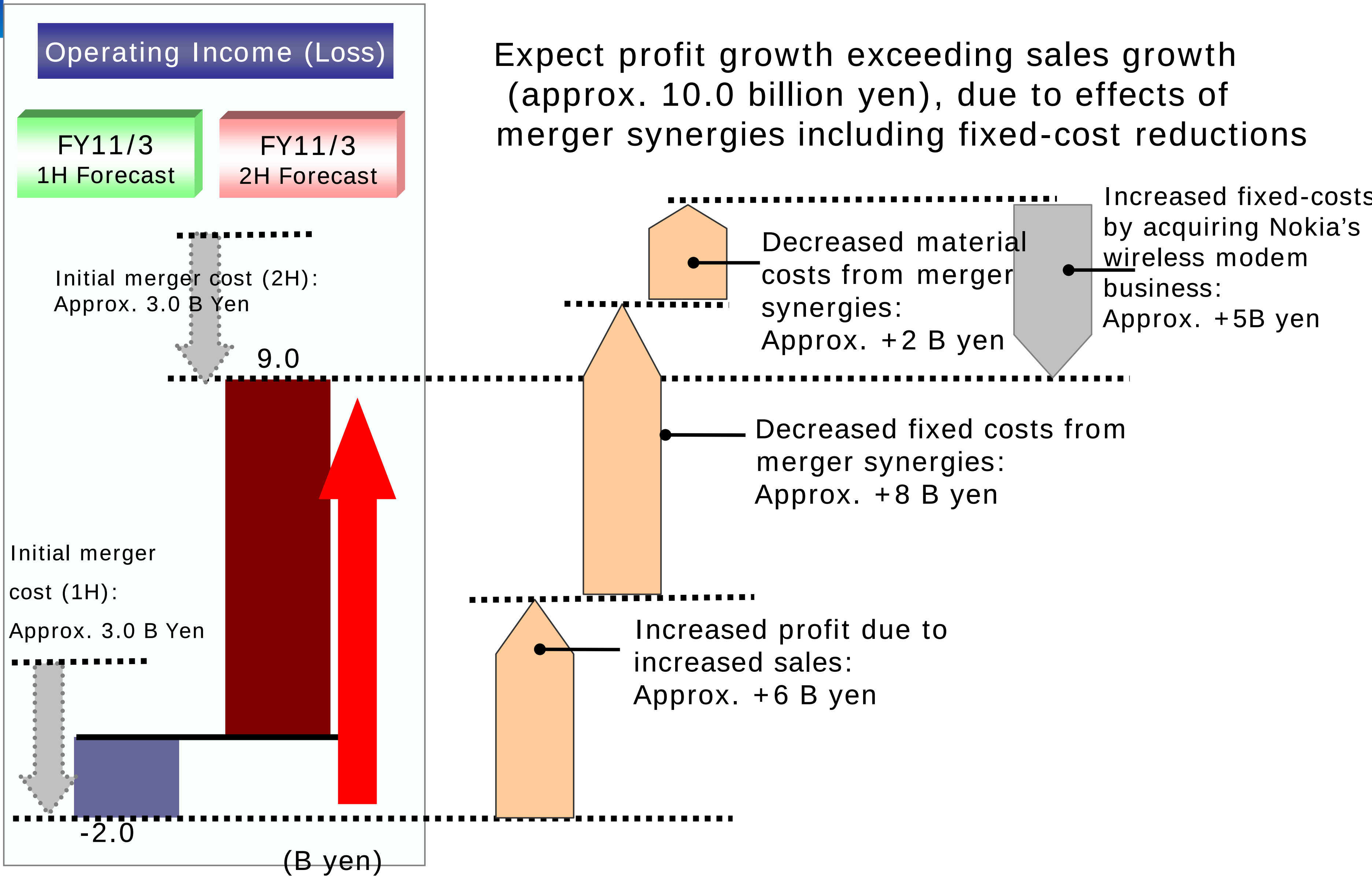
FY11/3 Q2 Operating Income (Loss) Forecasts

Expect to record operating loss due to various expenses concentrated in the half year-end, despite the profit increase from sales increase

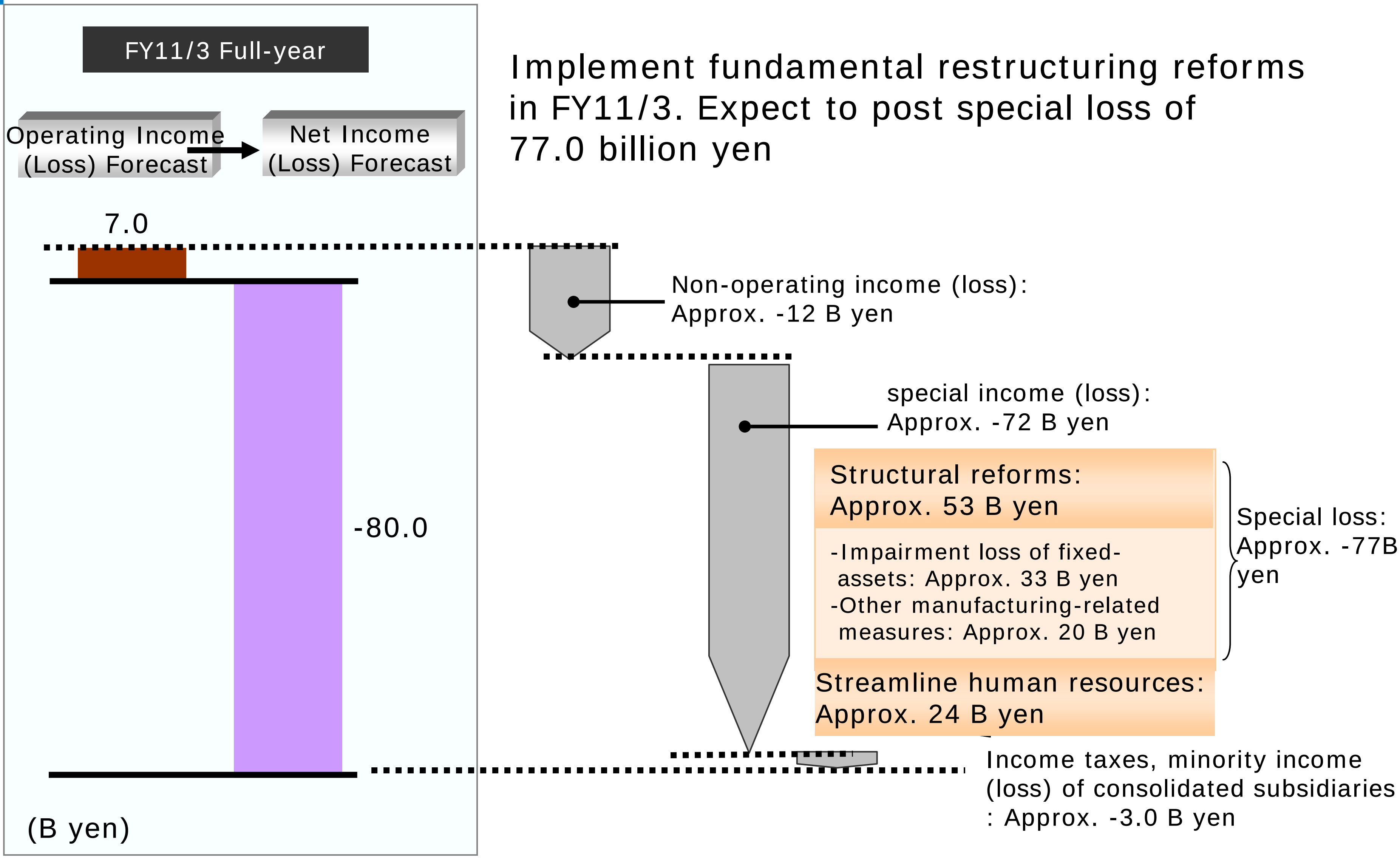


FY11/3 1H/2H Operating Income (Loss) Forecasts (YoY)

Expect profit growth exceeding sales growth (approx. 10.0 billion yen), due to effects of merger synergies including fixed-cost reductions



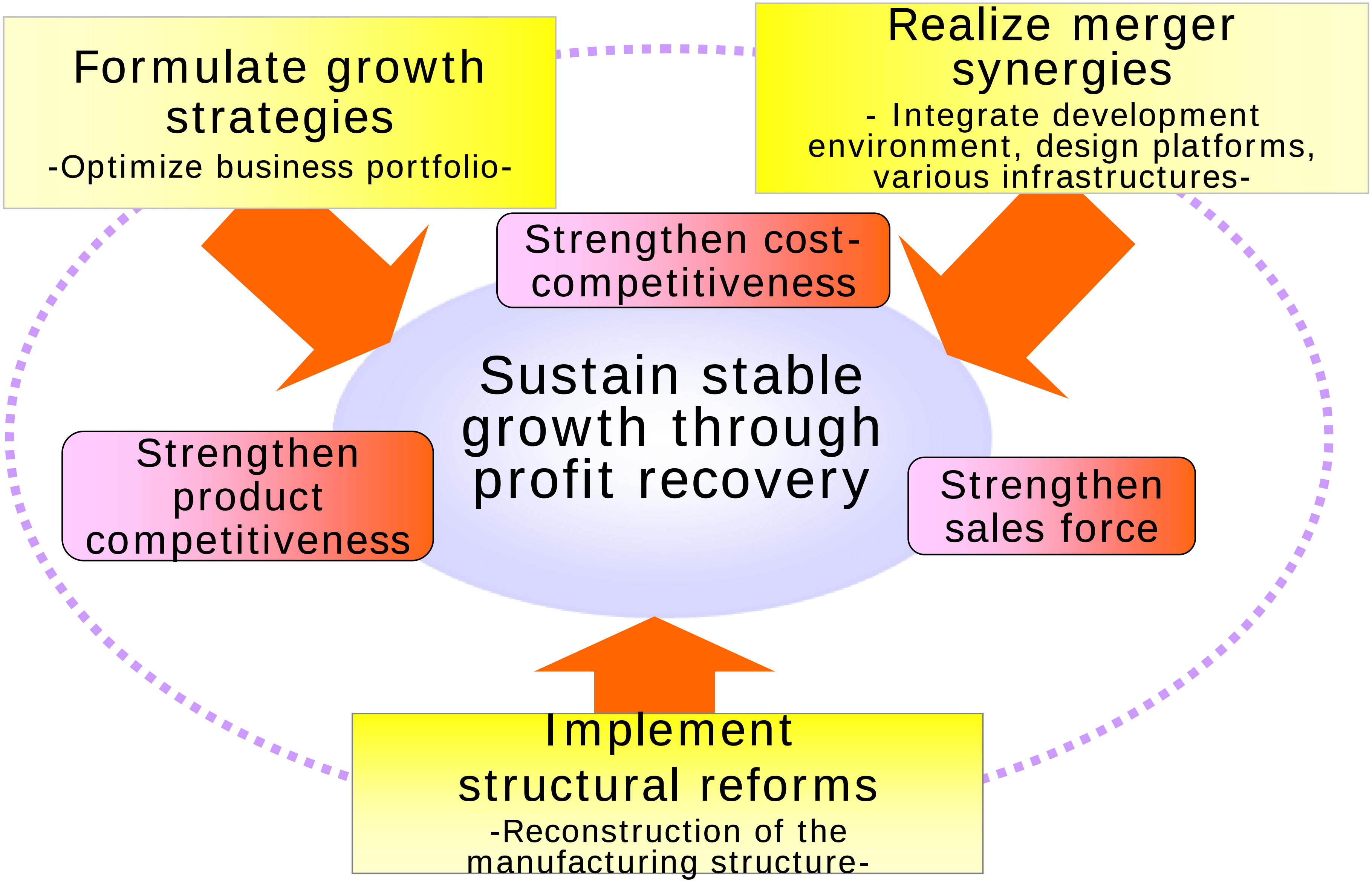
FY11/3 Full-Year Net Income (Loss)
(In comparison with operating profit/loss)



Implement fundamental restructuring reforms in FY11/3. Expect to post special loss of 77.0 billion yen

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

Outline of the “100-Day Project”



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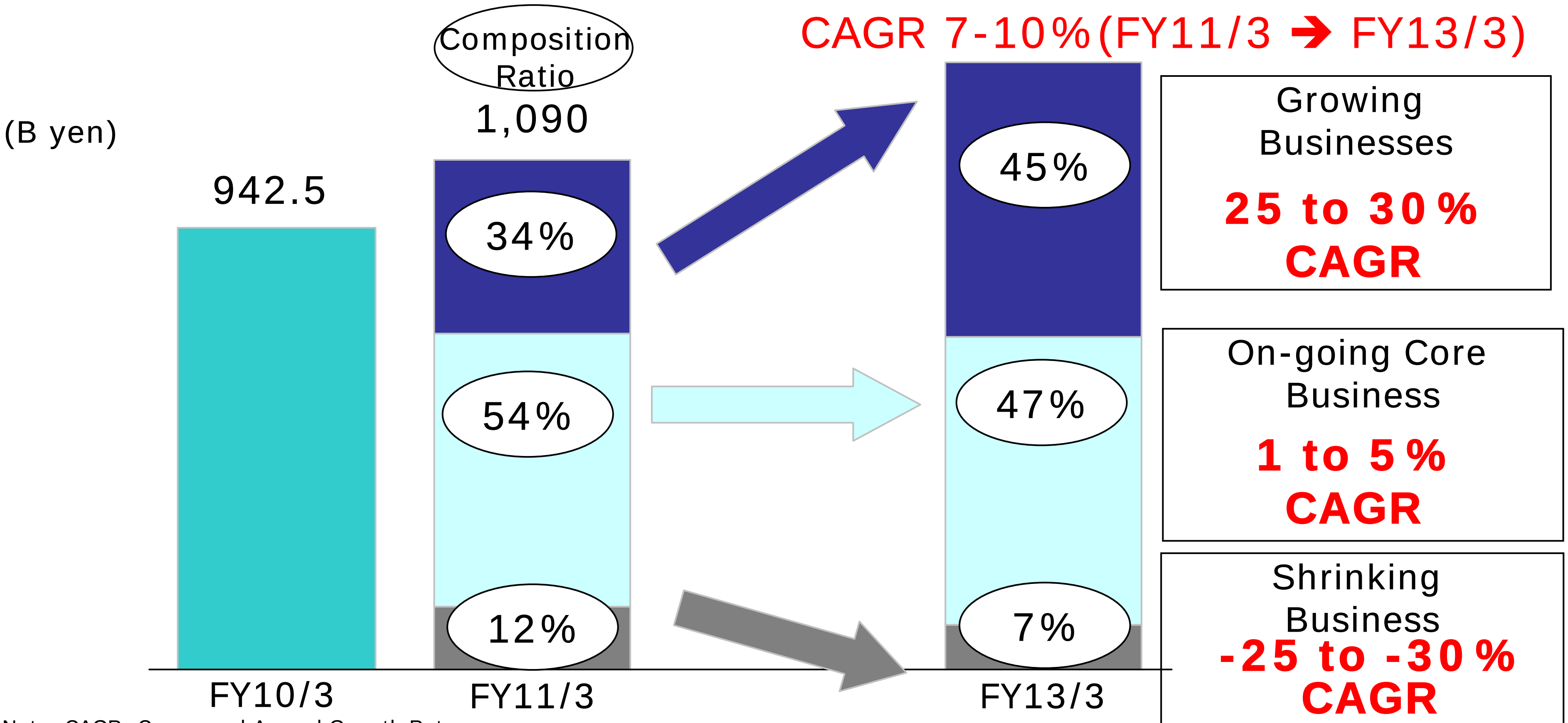
Summary: Effects of the “100-Day Project”

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

Semiconductor Sales Plan

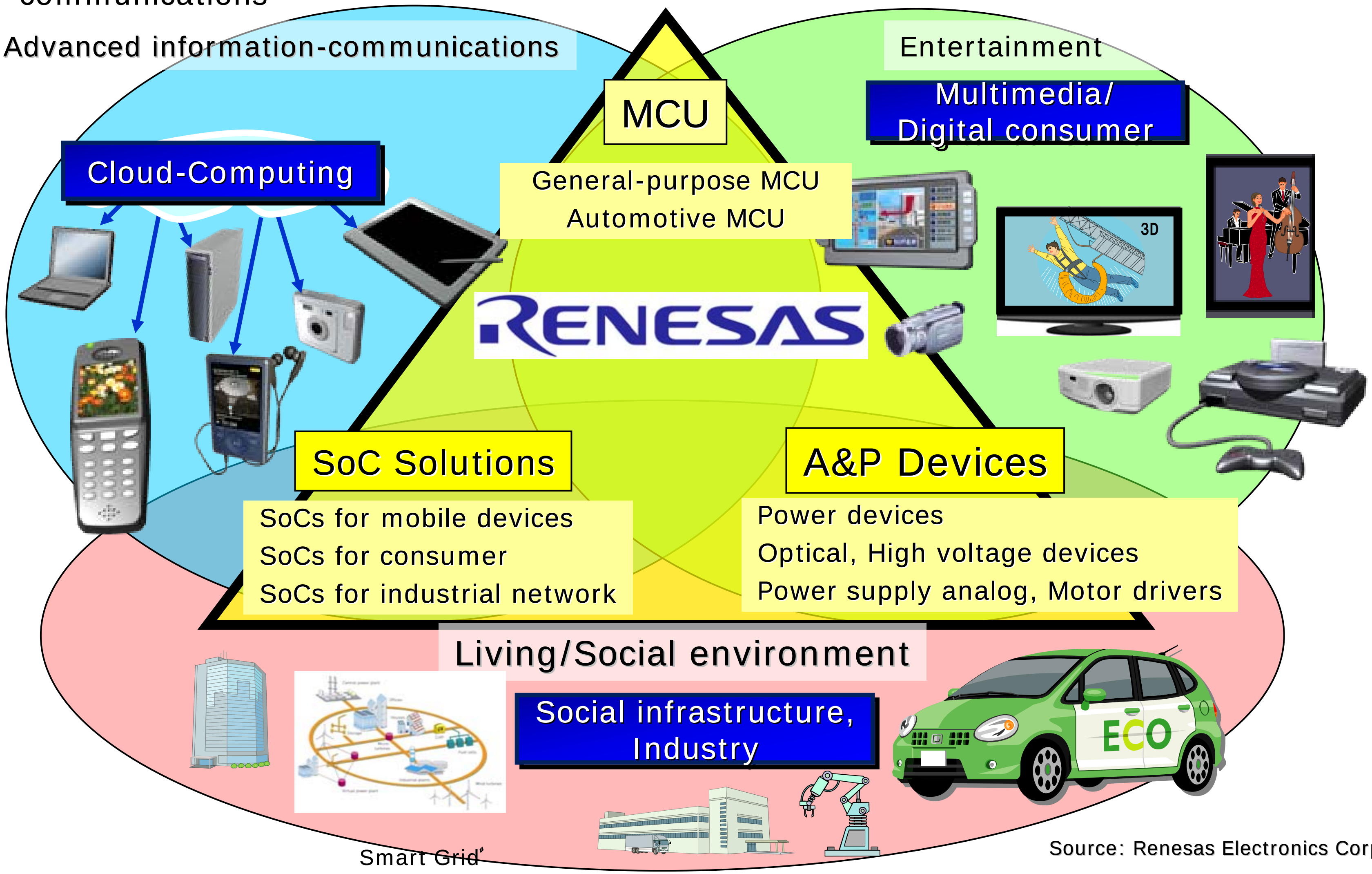
- Focus resources on growing businesses through optimization of the business portfolio
- Realize 7-10% CAGR growth in FY13/3 from FY11/3 centering on growing businesses
- Strengthen cost-competitiveness by streamlining on-going core businesses



Note: CAGR: Compound Annual Growth Rate

Formulate Growth Strategies: Focused Business Areas

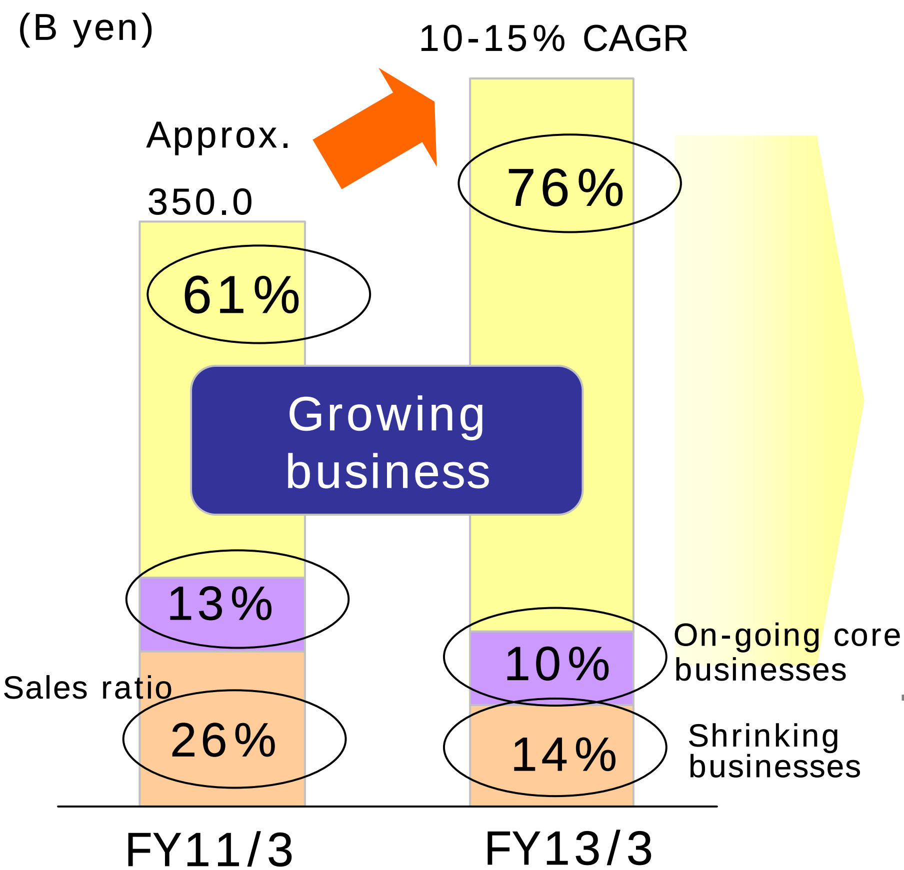
- Utilizing the business advantages gained through the merger, contribute to the realization of feature-rich society by focusing on application areas that support the society's infrastructures, such as living/social environment, entertainment, advanced information-communications



Source: Renesas Electronics Corporation

Formulate Growth Strategies: SoC Solutions

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



Growth Strategies

Communication Infrastructure	- Expand businesses by strengthening advanced modem technology (LTE)
Multimedia Infrastructure	-Build integrated platform - Strengthen cost-competitiveness ➔DTV, STB, CIS, etc. - Specialize in advanced areas for Silicon technology ➔Entertainment (Game) - Maintain the world’s No. 1 share on USB3.0
Industry Infrastructure	- Maintain position and further enhancement in share at domains such as network memory, industrial ASICs and smart grid

(Note) CAGR: Compound Annual Growth Rate

Formulate Growth Strategies: Strengthening of Communication Infrastructure (1)

- Acquisition of Nokia's wireless modem business

- **Advantages of the acquiring technology**

>Special IP requiring long-term accumulated technology expertise

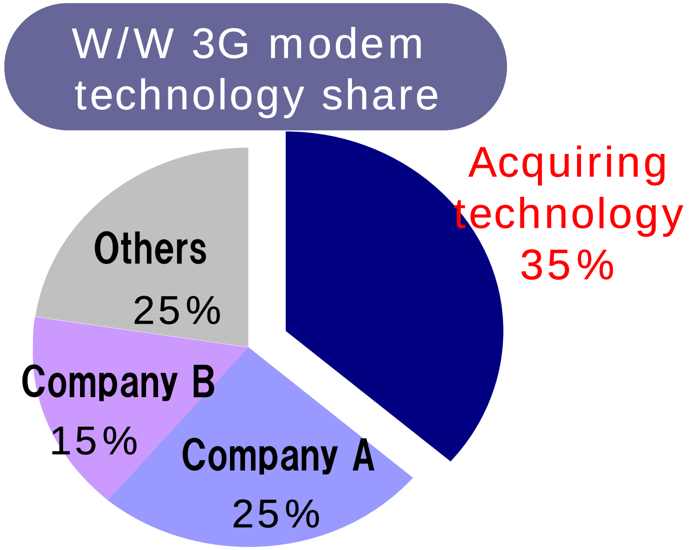
>W/W No. 1 share

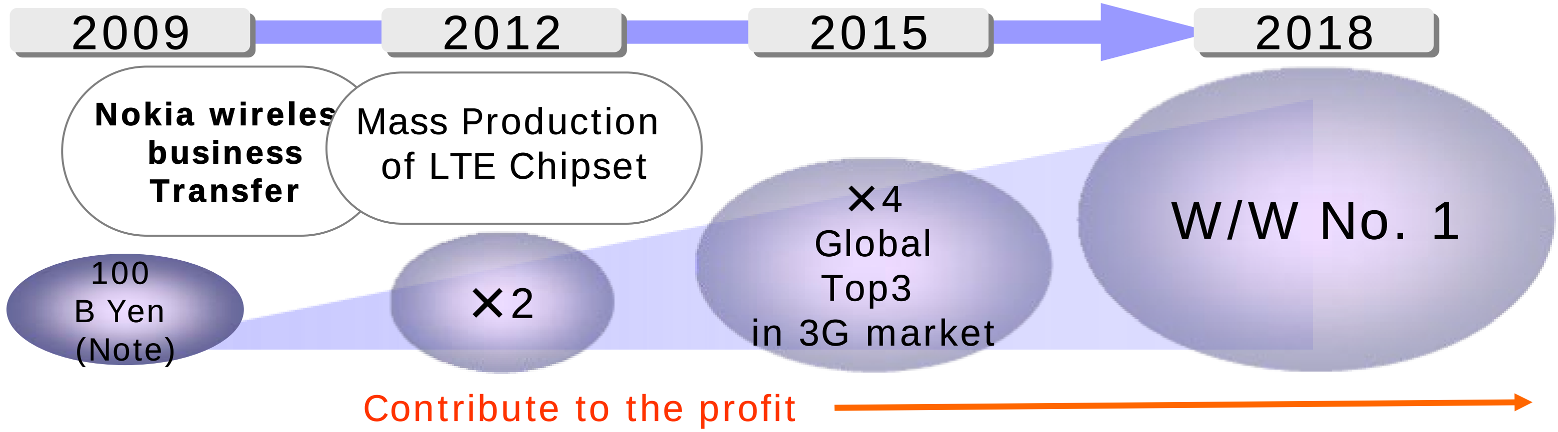
>Proven track record by being adopted in billions of handsets

>IOT completed with over 200 network operators W/W

- **Target**

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





(Note: Sales for mobile multimedia business include sales of communication SoCs and multimedia SoCs)

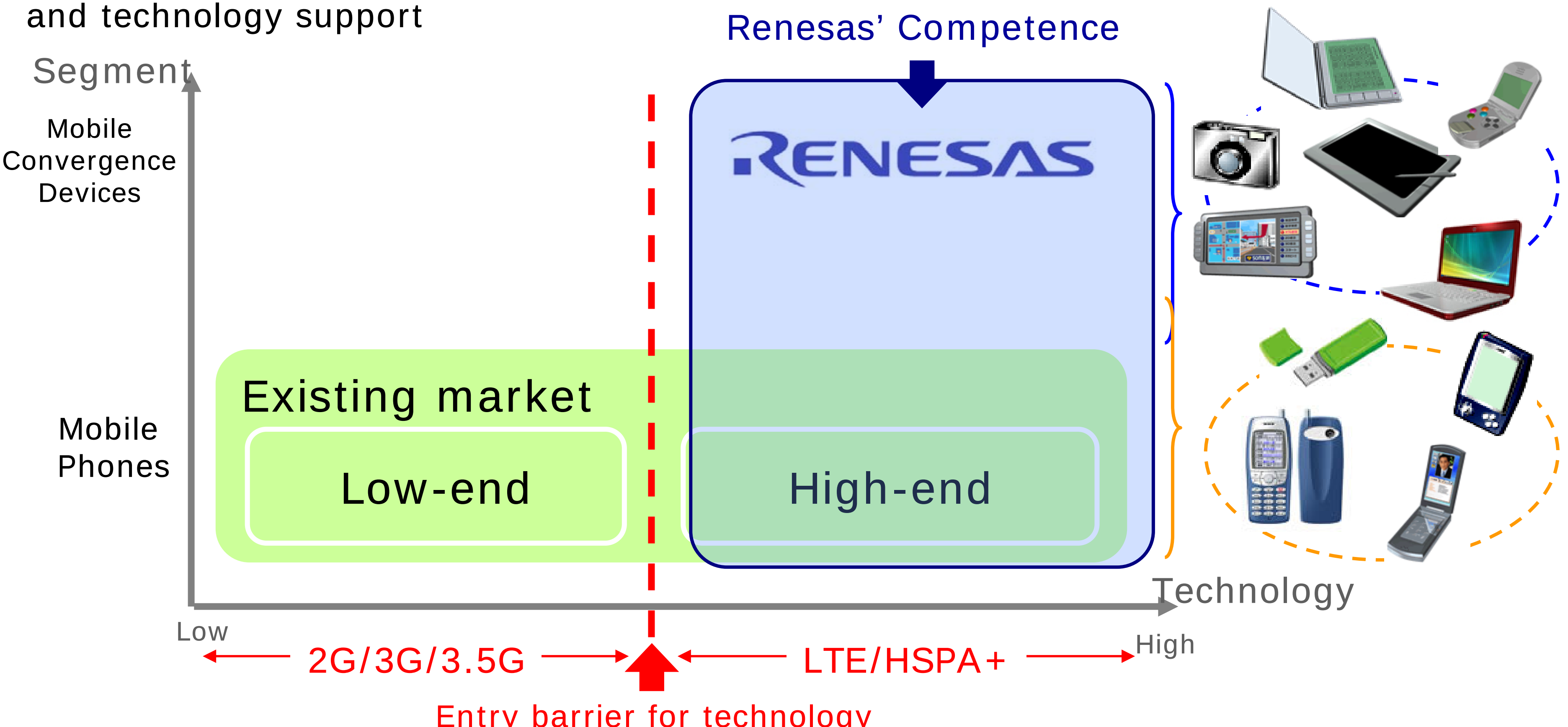
Formulate Growth Strategies: Strengthening of Communication Infrastructure (2)

– Strengths of Renesas Electronics

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

➔ Renesas Electronics' competitive advantage in the mobile convergence market

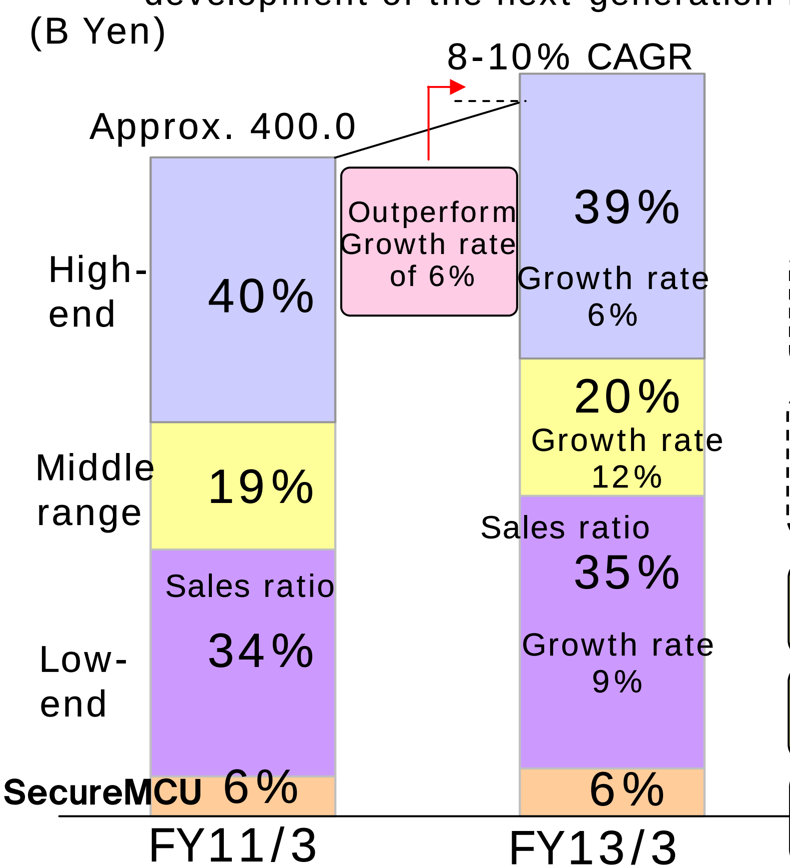
>Acquiring modem technology enables to enhance competences for platform development and technology support



Formulate Growth Strategies: Realize stable growth on MCU business

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

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



(Note) CAGR: Compound Annual Growth Rate

Focus areas of MCU and core grouping

	High-end	Middle range	Low-end
Focused area	Automotive, Industrial/ Infrastructure	Automotive, Inverter, Medical	Automotive, Digital home Appliance, Smart grid
Core grouping	RENESAS V850, RENESAS SuperH	RENESAS RX	RENESAS 78K, RENESAS R8C
Product development	Achieve short TAT by adopting common platform development		
Development Environment	Seamless development support by concentrating latest tool technologies		
IP	Standardize extensive peripheral IPs of respective companies, Integrate tools		

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Formulate Growth Strategies: MCU Business, Business strategies targeting China

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

[China's changing market environment]

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

[Promote structure strengthening meeting changing market environment]

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

[Determine target segments responding to changing market environment]

Expected products until FY2013/3

■Expand social infrastructure — NO.1 record

Electric meters (Accelerate smart grid development on a regional base)

Water, gas meter

100

■Rapidly promote automobiles — NO.1 record

Body, Dash board, e-Bike

100

■Promote energy savings — No. 1 record

Inverter home appliances (air-conditioners, refrigerators, washing machines)

LED light

600

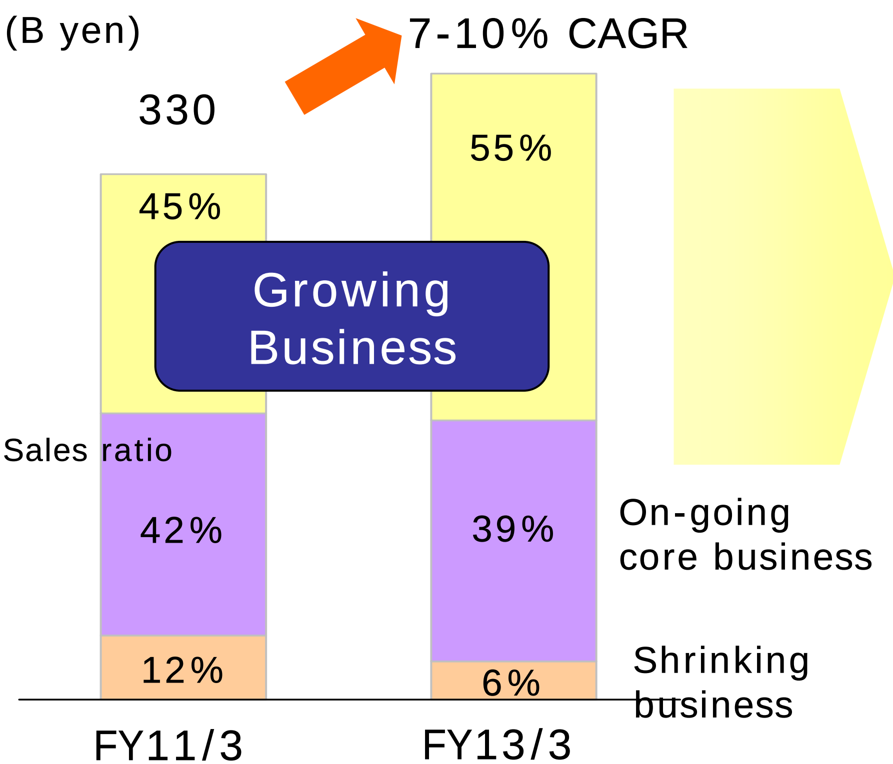
■Improve living environment — NO.1 record

Home security, etc

200

Formulate Growth Strategies: Analog & Power Devices

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



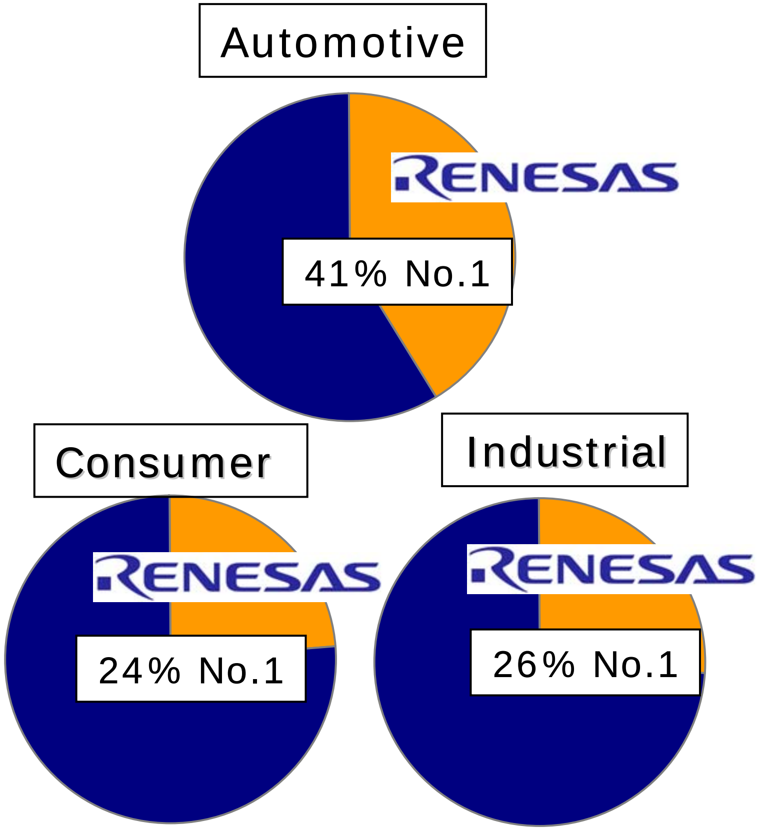
Growth Strategies

Power Supply	-Enhance product lineup -Provide kit solutions with MCU -Expand sales in China and emerging markets
Automotive	-Enhance lineups of power MOSFETs, IGBTs and power ICs (IPDs) -Expand overseas sales utilizing MCU sales channels

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

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

MCU share by platform (2009)



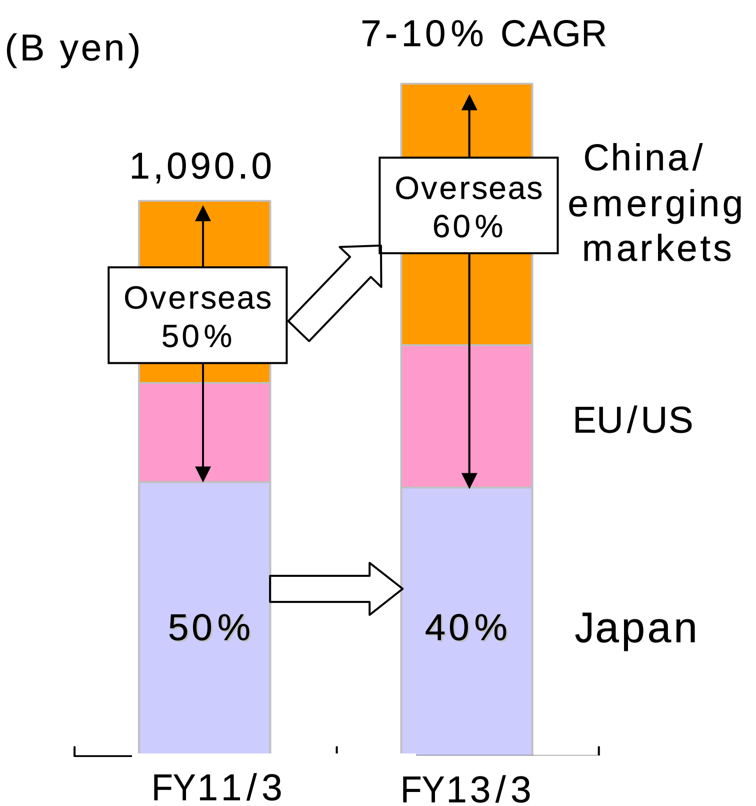
Examples of kit solutions for MCU and A&P devices

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

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

Formulate Growth Strategies: Enhance Overseas Business

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



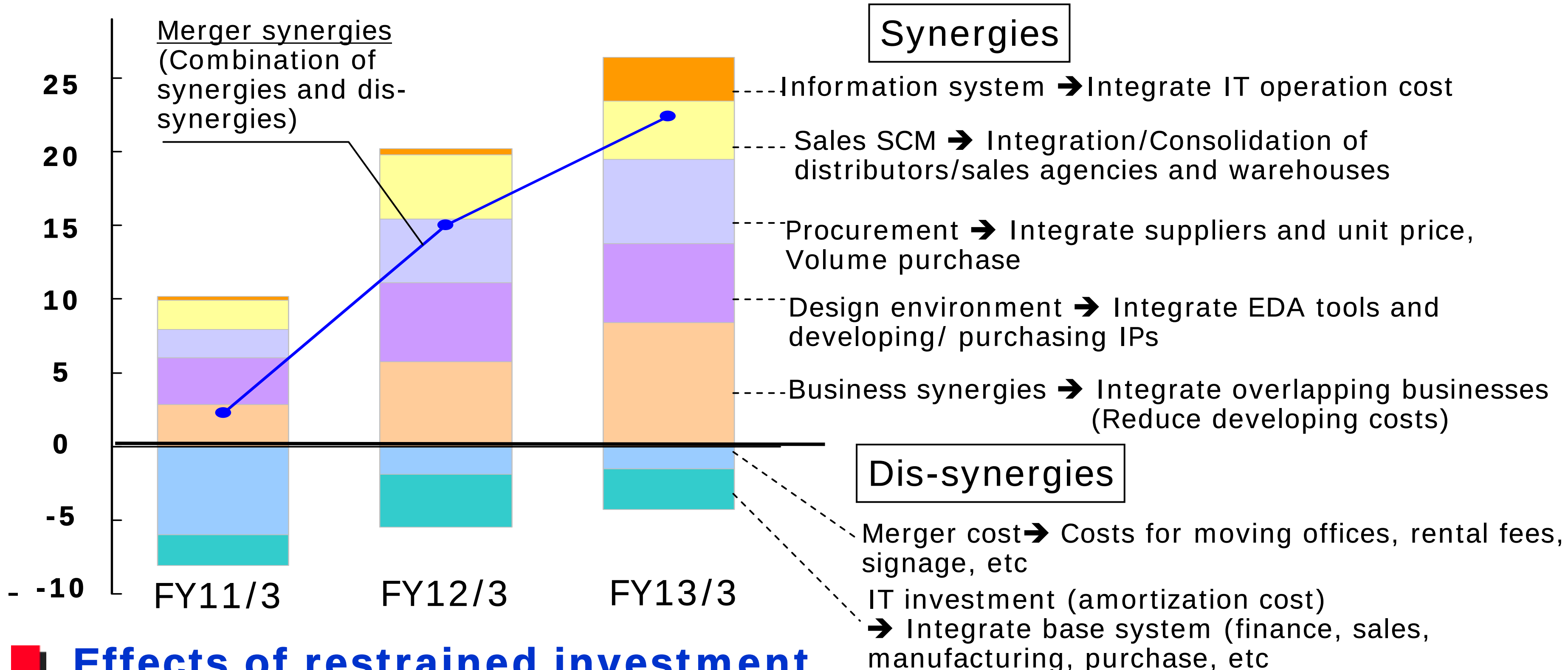
<u>Measures to expand overseas business</u>

Business	Measures	Focused Area
SoC	･Expand next-generation high-speed communication infrastructure business	Europe, China, Emerging-countries
MCU	･Strengthen organizational structure for Chinese market (new organization to be launched on Oct 1) ･Determine target segments	China, Emerging-countries
A&P Devices	･Increase product lineups of kit solutions for MCUs	China, Emerging-countries

Realize Merger Synergies: Cost Effects

Effects of cost efficiency

(B yen) **Cumulative cost reductions of 40 B yen FY11/3 – FY13/3**



Effects of restrained investment

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

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

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

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

Targets

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

Measures

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

Implement Structural Reforms

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

100-day Project

Streamline human resources by approx. 5,000

Reorganize manufacturing structures:

Approx. 53 B yen

- Fab strategies
- Impairment of Tsuruoka plant and Roseville plant (US)

Streamline human resources:
Approx. 24 B yen

special loss: Approx. 77 B yen

Merger synergies

- Integrate information systems: sales SCM: manufacturing materials and design environment
- Business synergies

Cost effect from implementation of structural reforms and synergy effects

Cumulative cost reductions by approx. 110 B yen during FY11/3 to FY13/3

FY11/3: 10 B yen
FY12/3: 40 B yen
FY13/3: 60 B yen

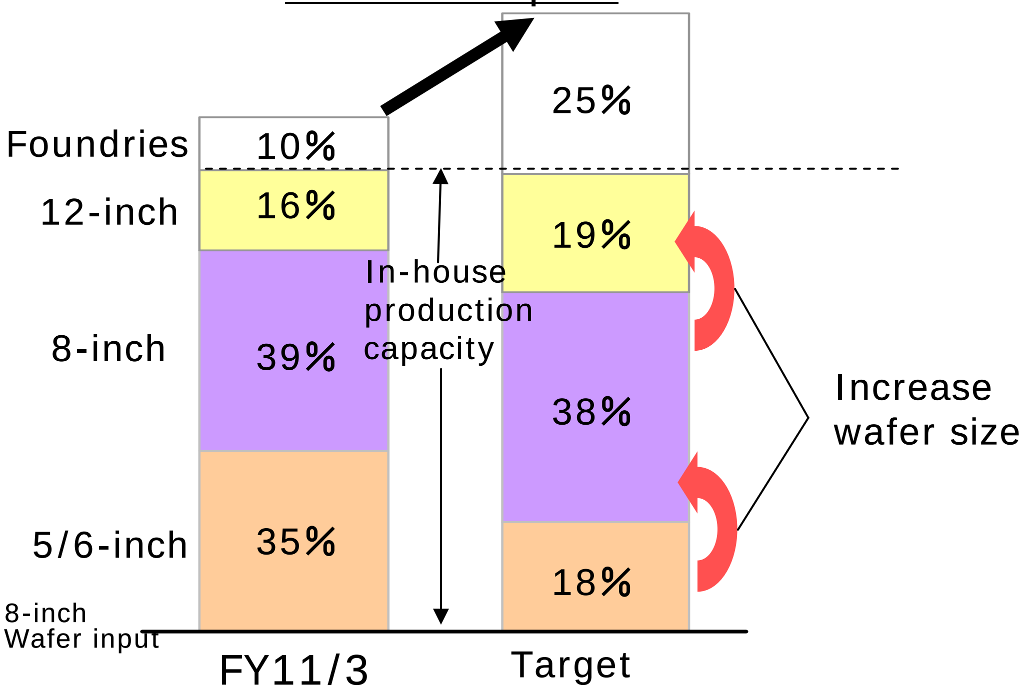
Implement Structural Reforms: Fab Strategies

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

Front-end

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

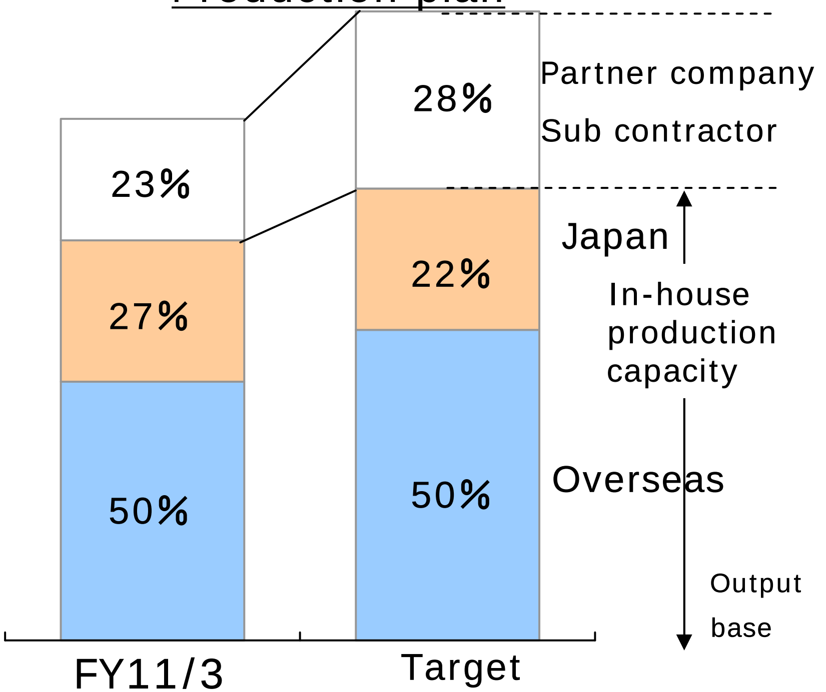
Production plan



Back-end

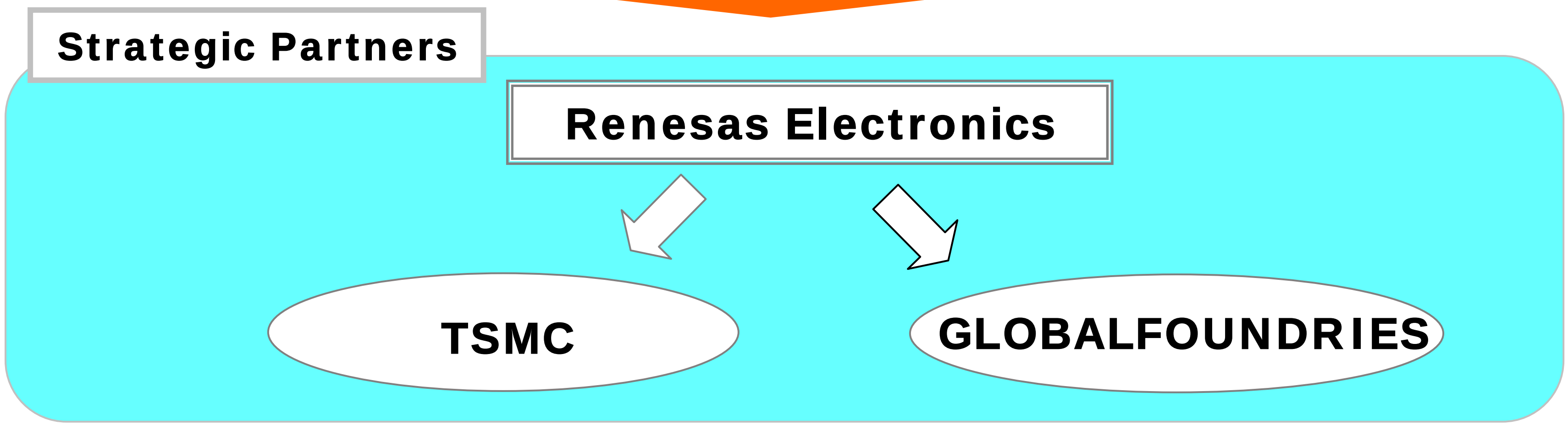
- ✓ Enhance overseas production capacity for in-house production
- ✓ Construct "fab network" with sub contractors
- ✓ Streamline partner companies and sub contractors

Production plan



Implement Structural Reforms: Advanced Process Development

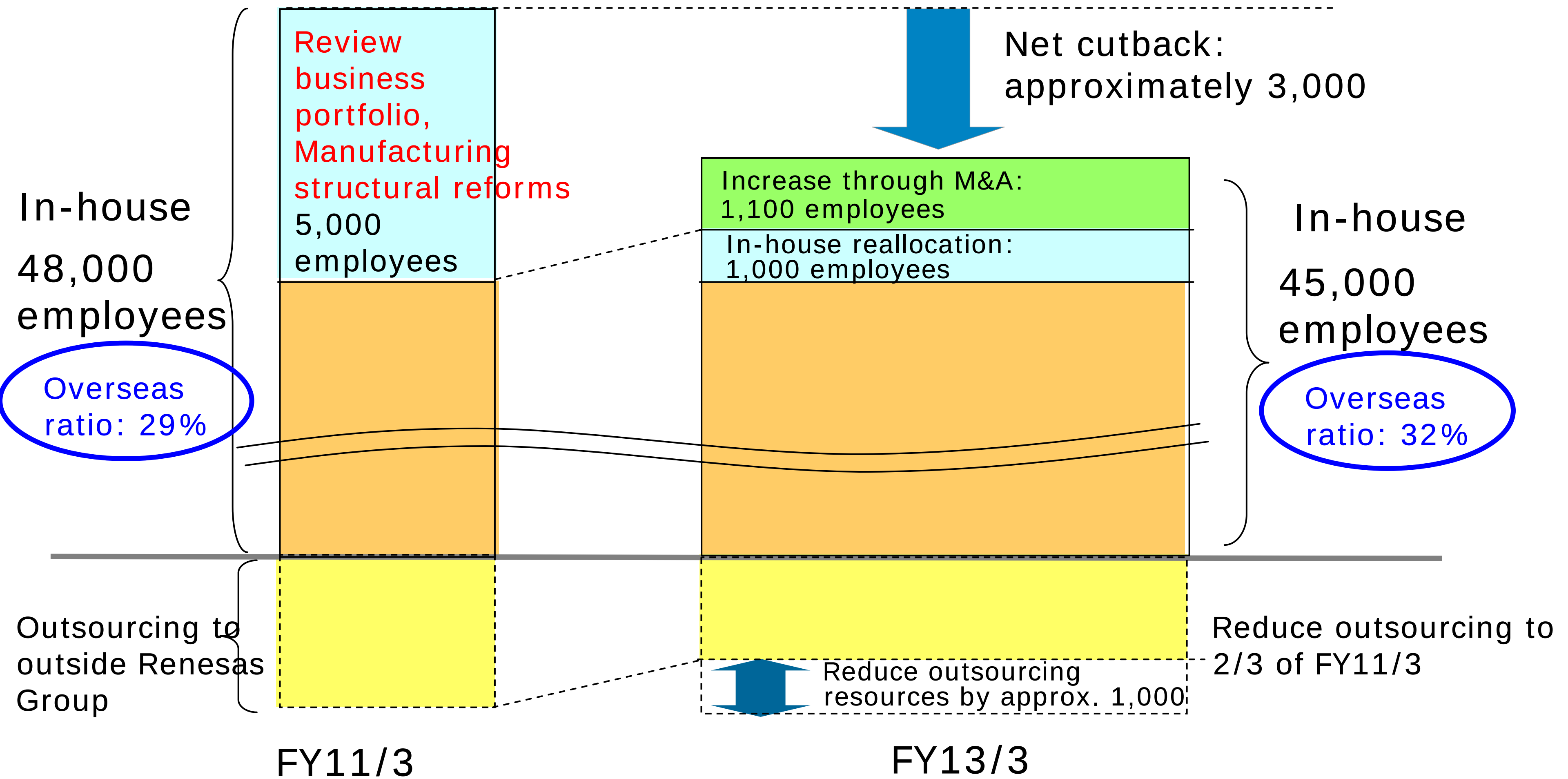
Thoroughly utilize outside foundries on manufacturing of advanced products at 28 nm node and beyond



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

Implement Structural Reforms: Optimize Human Resources

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



IV. Summary

Management Targets

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

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