FY11/3 Q3 Financial Results

Renesas Electronics Corporation

January 28, 2011

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Thank you for joining Renesas Electronics' earnings briefing for the third quarter of the fiscal year ending March 2011.

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

(FOREWARD-LOOKING STATEMENTS)
FY10/3 consolidated results are sum of respective results of the former NEC Electronics Corporation and the former Renesas Technology Corp. The amount of “Net sales” and “Sales from semiconductors” are presented by rearranging the former Renesas Technology’s sales account to adjust presentation to the former NEC Electronics’ presentation. The statements in this presentation with respect to the plans, strategies and forecasts of Renesas Electronics and its consolidated subsidiaries (collectively “we”) are forward-looking statements involving risks and uncertainties. We caution you in advance that actual results could differ materially from such forward-looking statements due to several factors. The important factors that could cause actual results to differ materially from such statements include, but are not limited to: general economic conditions in our markets, which are primarily Japan, North America, Asia and Europe; demand for, and competitive pricing pressure on, our products and services in the marketplace; our ability to continue to win acceptance of its products and services in these highly competitive markets; and movements in currency exchange rates, particularly the rate between the yen and the U.S. dollar. Among other factors, a worsening of the world economy; a worsening of financial conditions in the world markets, and a deterioration in the domestic and overseas stock markets, would cause actual results to differ from the projected results forecast.

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Executive Summary

- Operating profit in the three months ended December 31, 2010 increased due to improved cost of sales ratio and streamlining of R&D cost through merger synergies and product portfolio review.

- Aim to achieve full-year operating profit of 7.0 billion.

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

First, although the sales in the third quarter were lower than the second quarter, operating profit increased by improving the cost to sales ratio and by streamlining R&D cost through merger synergies and reviewing of product portfolio.

Second, we continue to target our initial forecast of achieving a full-year operating profit of 7.0 billion yen.

I. FY11/3 Q3 Financial Results

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

FY11/3 Q3 Financial Snapshot

- Q3 sales decreased by 7% QoQ
- Operating profit increased due to cost improvement and streamlining of R&D cost

(B Yen)	FY11/3		
	Q3	Q2	QoQ
Net Sales	275.2	295.4	-20.3
Semiconductor Sales	244.4	263.5	-19.1
Operating Income (Loss)	3.4	1.1	+2.3
Ordinary Income (Loss)	1.1	-4.3	+5.3
Net Income (Loss)	-17.6	-8.2	-9.4
1US$=	83 yen	88 yen	5 yen strong
1 Euro=	112 yen	111 yen	1 yen weak

Slide 5 shows the third quarter results.

Semiconductor sales were 244.4 billion yen, a 19.1 billion yen down from the second quarter.

Operating income was 3.4 billion yen, improved by 2.3 billion yen quarter on quarter,

Ordinary income was 1.1 billion yen.

Net loss was 17.6 billion yen mainly due to recording special loss of 17.0 billion yen.

Q3 Semiconductor Sales (QoQ)

- Despite strong sales in overseas market, sales of both Analog & Power devices and SoCs decreased due to a downturn in demand for consumer electronics in the Japanese market

(B Yen)	FY11/3		
	Q3	Q2	QoQ (%)
Sales from Semiconductors	244.4	263.5	-7%
MCU	93.9	95.9	-2%
Analog & Power	73.0	83.5	-13%
SoC	76.1	83.2	-9%
Other Semiconductors	1.5	0.9	

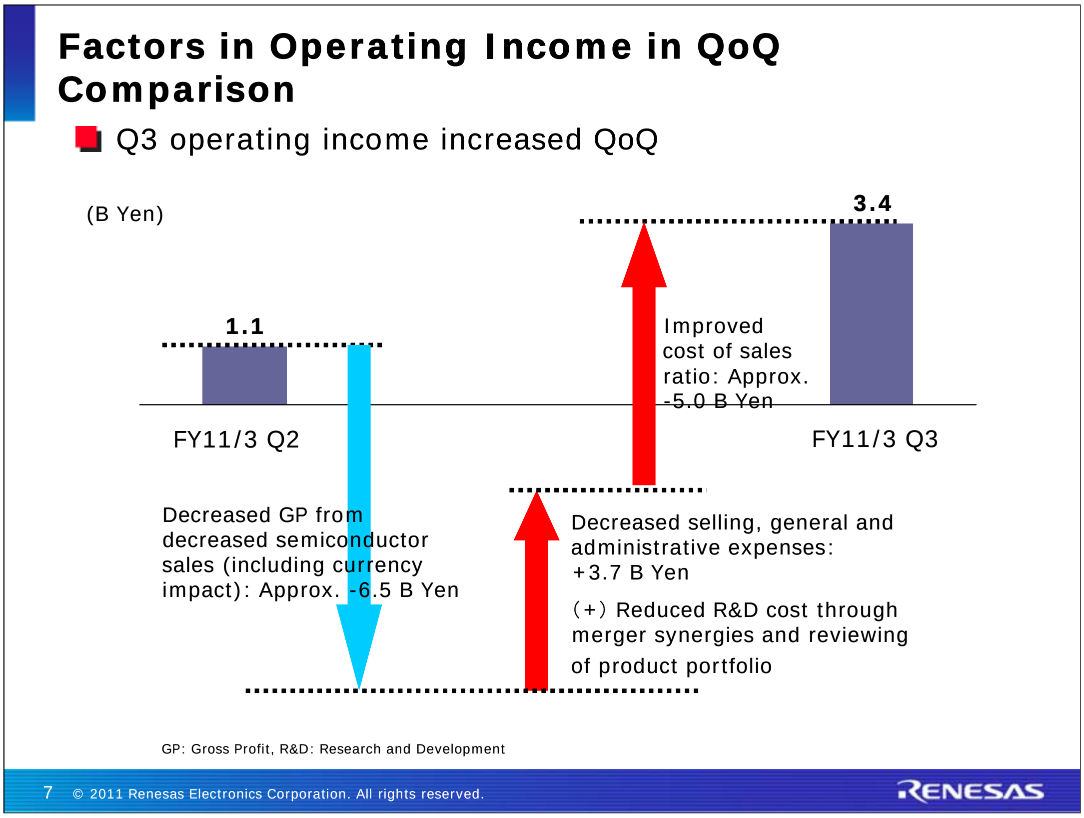
Slide 6 shows the breakdown of the third quarter sales by business unit.

Semiconductor sales decreased by 7 percent quarter on quarter.

Sales of both automotive MCUs and general-purpose MCUs decreased by small amount.

Sales of overall Analog and Power devices including power devices, analog ICs, display drivers and compound semiconductors, decreased due to the stagnant market condition.

Of SoCs, although image processing SoCs for smartphones were strong, sales of SoCs for consumer electronics and PC peripherals decreased.



The next slide shows the third quarter operating income in a quarterly comparison.

Operating income in the third quarter was 3.4 billion yen, increased by 2.3 billion yen quarter on quarter.

Despite a decrease in semiconductor sales, we succeeded in increasing our gross profit during the third quarter ended December 31, 2010 through merger synergies and reduced R&D cost by reviewing the company’s product portfolio, and improved cost of sales ratio.

Balance Sheets

(B yen)

	As of Apr. 1, 2010 (After the capital injection)	As of Sep. 30, 2010	As of Dec. 31, 2010
Total Assets	1,215.4	1,162.7	1,151.3
Cash and Cash Equivalents	337.7	331.8	334.3
Inventories	126.6	135.9	144.0
Liabilities	801.7	799.2	808.4
Interest-Bearing Debt	372.0	374.4	366.7
Shareholders' Equity	421.0	379.8	362.2
Net Assets	413.6	363.5	342.9
D/E Ratio (Gross)	0.91	1.05	1.09
D/E Ratio (Net)	0.08	0.12	0.09
Equity Ratio	33.5%	30.7 %	29.2%

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, Current portion of lease obligations, Current portion of bonds with share subscription rights and Current portion of 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 of 2.2 billion yen.

Note 2) Figures for "As of Apr.1, 2010 (After the capital injection)" reflect accounting treatment relating to the corporate merger on April 1, 2010 of figures at the start of fiscal 2011 and approximately 134.6 billion yen capital injection by way of third-party allotments on the same date.

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Slide 8 shows the company's balance sheets.

As for the results as of December 31, 2010, net debt to equity ratio was 0.09 due to decrease in interest-bearing debt from September 30, 2010.

On the other hand, due to recording of net loss, shareholders' equity decreased and equity ratio was 29.2 percent.

Cash Flow

(B Yen)	FY11/3			
	Q1	Q2	Q3	9 months Cumulative
Cash Flows from Operating Activities	-2.0	35.0	53.9	86.9
Cash Flows from Investing Activities	-14.4	-18.4	-39.0	-71.8
Free Cash Flows	-16.4	16.6	15.0	15.1

Slide 9 shows cash flows.

Despite the payments from purchasing of Nokia's wireless modem division, free cash flows for the third quarter were positive 15.0 billion yen, due to great improvement in cash flow from profit increase.

II. FY11/3 2H and Full-Year Forecasts

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

FY11/3 Financial Forecasts

- Revised full-year and second-half sales due to lower-than-expected recovery of domestic demand.
- Due to realization of merger synergies and cost of sales reduction, operating income remain unchanged from the original forecast.

(B Yen)	FY11/3					
	1H Actual	Q3 Actual	Q4 Forecasts	2H Forecasts	Full-Year Forecasts	Difference from October 27, 2010
Net Sales	587.5	275.2	287.3	562.5	1,150.0	-20.0
Semiconductor Sales	525.0	244.4	260.6	505.0	1,030.0	-20.0
Operating Income (Loss)	0.7	3.4	2.9	6.3	7.0	-
Ordinary Income (Loss)	-7.8	1.1	1.7	2.8	-5.0	-
Net Income (Loss)	-41.2	-17.6	-21.2	-38.8	-80.0	-
1US$=	90 yen	83 yen	82 yen			
1 Euro=	116 yen	112 yen	110 yen			

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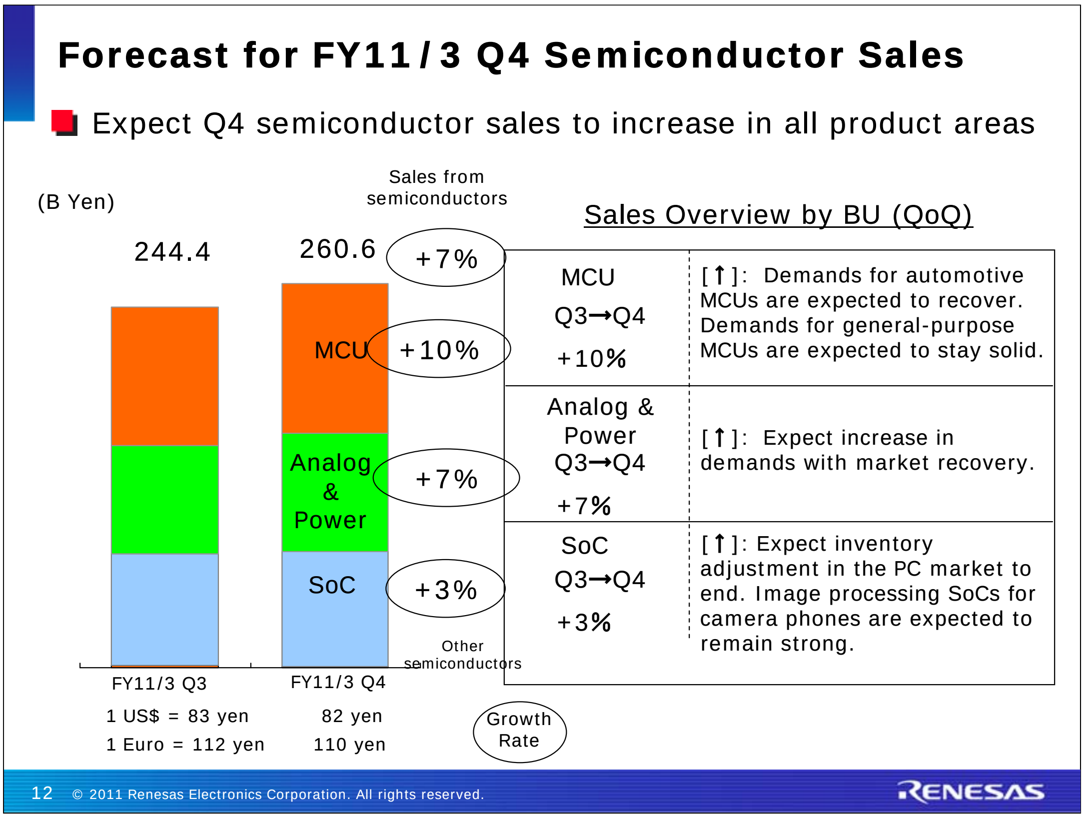
Slide 11 shows the company's financial forecasts for the fiscal year ending March, 2011.

Due to lower-than-estimated recovery of demand in the Japanese market, we lowered our forecast for net sales to 1,150.0 billion yen, a 20.0 billion yen than the previous forecast disclosed on October 27, 2010.

Operating income, ordinary loss and net loss remain unchanged from the previous forecasts.



Slide 12 shows the forecast for semiconductor sales in the fourth quarter.

We expect the semiconductor sales to total 260.6 billion yen in the fourth quarter, increased by 7 percent from the third quarter .

Based on the expected recovery of demand for automotive MCUs and general-purpose MCUs that are expected to remain solid, overall MCU sales are expected to increase quarter on quarter.

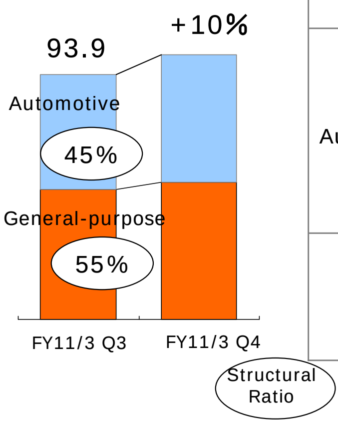
As for analog & power devices, we expect the sales in the fourth quarter to increase quarter on quarter with the recovery in demand that slowed down during the third quarter.

We expect sales of SoCs in the fourth quarter to increase quarter on quarter. This increase is mainly due to recovery in demand from the PC related markets and steadily growing image processing SoCs for smartphones.

FY11/3 Q4 MCU Sales Forecast

(B Yen)

Breakdown of MCU Business



Sales Overview by business segment (QoQ)

	Market Trend	Company's Outlook	
	Q4	Q4	
Automotive			Continue to expect steady demand from China and other emerging markets. Expect recovery in demand from Japanese market.
General-purpose			Expect steady demand especially for inverter equipment.

Now let us explain more about our forecasts for MCU sales in the fourth quarter.

Our MCU sales consist of approximately 45 percent for automotive MCUs and approximately 55 percent for general-purpose MCUs.

Sales of automotive MCUs are expected to increase during the fourth quarter with strong demand in China and other emerging markets and recovery in demand in the Japanese market.

The market of general-purpose MCUs are expected to show steady growth, with MCUs for inverter equipment that boast high market share.

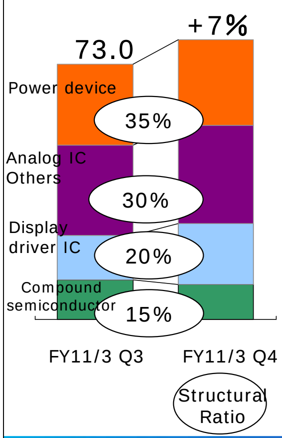
We also expect demand for MCUs for industrial equipment to show steady performance.

Therefore, we estimated the overall general-purpose MCUs in the fourth quarter to increase from the third quarter.

FY11/3 Q4 Analog & Power Device Sales Forecast

(B Yen)

Breakdown of Analog & Power Devices Business



Sales Overview by business segment (QoQ)

	Market Trend	Company's Outlook	
	Q4	Q4	
Power device			Expect demands from consumer electronics and automobiles to recover after completion of inventory adjustments. Expect inventory adjustment in the PC market to end.
Analog IC			Continue to expect strong demand especially from Europe. Expect inventory adjustment in the PC market to end.
Display driver IC			Expect recovery in demand with completion of inventory adjustments.
Compound semiconductor			Expect the demand to hit the bottom.

In slide 14, we will explain our forecasts for sales of Analog & Power devices in the fourth quarter more in detail.

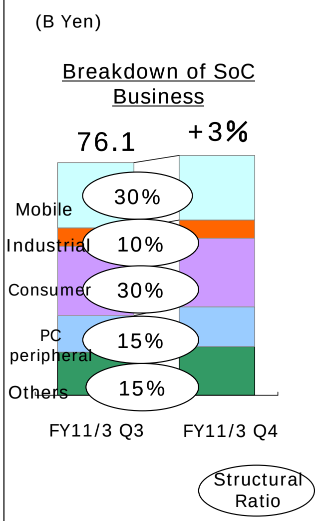
Our Analog and Power device sales consist of approximately 35 percent for power devices and approximately 30 percent for analog ICs, approximately 20 percent for display drivers and approximately 15 percent for compound semiconductors.

Sales of power devices in the fourth quarter are expected to increase from the third quarter. This is due to completion of inventory adjustment of markets of consumer electronics, automobiles and PC peripherals.

As for market of analog ICs, it is expected to see a recovery in demand with continuous growth in the automotive area especially in Europe, in addition to completion of inventory adjustment in the PC peripheral area.

Demands in the market of display drivers are expected to recover, on the other hand, we expect demands in the market of compound semiconductors will hit the bottom during the fourth quarter.

FY11/3 Q4 SoC Sales Forecast



Sales Overview by business segment (QoQ)

	Market Trend	Company's Outlook	
	Q4	Q4	
Mobile		→	Expect low demand for communication SoCs in Japan. Expect solid demand for image processing SoCs with increasing demand for smartphones.
Industrial		→	Expect stagnant demand due to inventory adjustments.
Consumer		→	Expect overall decrease in demand due to continuous inventory adjustment, yet expect recovery in demand for STBs.
PC peripheral		→	Expect inventory adjustment to end for PC market. Expect steady demand for SoCs for USB 3.0.
Others	—	↗	Expect recovery in demand from memory devices for network equipment.

In slide 15, we will explain our forecasts for the SoC sales in the fourth quarter.

Our SoC sales consist of approximately 30 percent for mobile handsets, 10 percent for industrial, 30 percent for consumer electronics, 15 percent for PC peripherals and 15 percent for others.

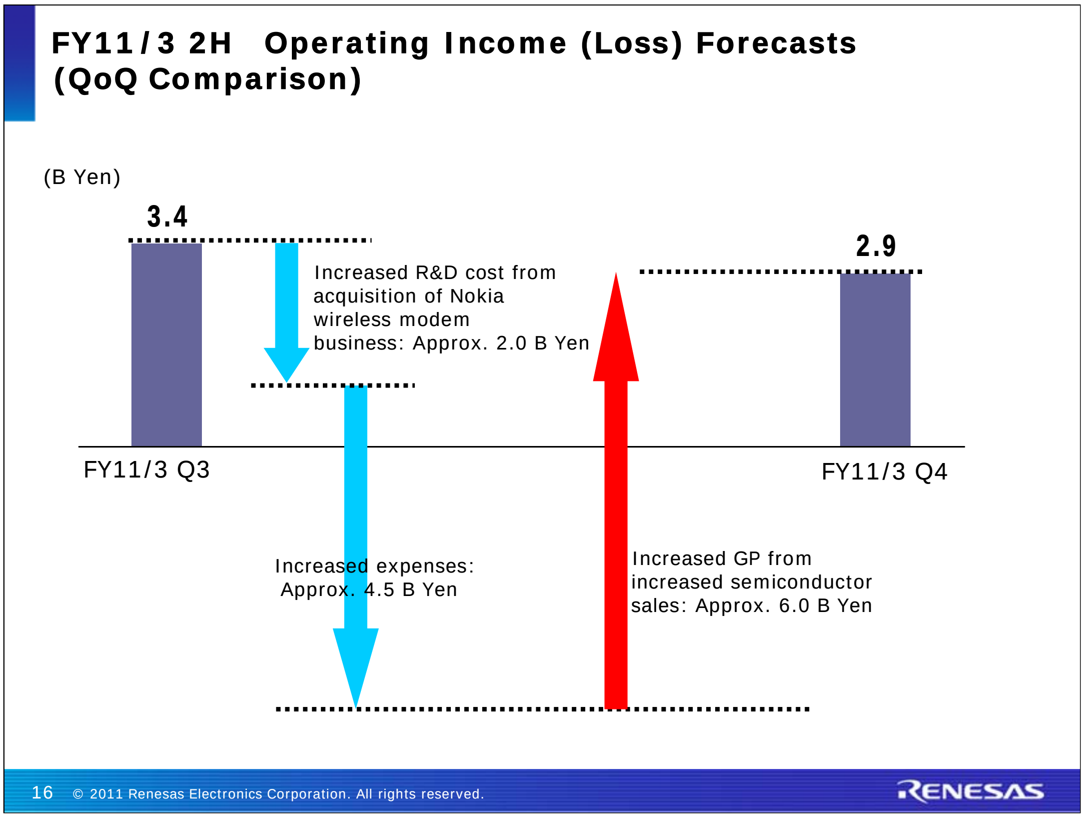
Although we expect demands for SoCs for mobile devices in Japan to remain stagnant, overall sales of SoCs for mobile devices are expected to remain flat quarter on quarter due to steady demand for image processing SoCs for camera-equipped smartphones.

As for industrial equipment, we expect the market to slowdown due to the inventory adjustment.

Market of consumer electronics is expected to calm down with continuous inventory adjustment for custom SoCs, though we expect recovery in demand for SoCs for set-top-boxes.

We expect the sales of SoCs for PC peripheral area to remain flat with completion of inventory adjustment and steady demand for SoCs supporting USB 3.0.

Others include SoCs for network equipment and car navigation systems. We expect demand for network equipment to recover during the fourth quarter.



Slide 16 shows our operating income from the third quarter to the fourth quarter .

Despite an increase in R&D cost from acquisition of Nokia's wireless modem business as well as increased expenses, we expect the operating income to total 2.9 billion yen due to increased semiconductor sales.

Progress on the 100-Day Project

Implementing plans formulated through the 100-Day Project as scheduled

	Major Plans	Progress
Measures to streamline human resources	◆Early retirement program	➢Application from Jan 17 to Feb 15 **Under way**
	◆Transfer resources to dealerships and others	➢Sales related measures (Oct 1) **Complete,** Others **under way**
	◆Shift resources to focused business	➢Training program **being carried out as planned** for early launch
	◆Streamlining of human resources with manufacturing structural reform	➢**Under way** in line with plans below. Results to be announced at an appropriate timing.
Business and manufacturing structure reforms	◆Manufacturing structural reform (Advanced processes/"Fab network")	➢Booked impairment loss for the Tsuruoka and Roseville plants **Complete** ➢Implementation cross mass production among the lines including foundries **being carried out as planned**
	◆Realignment of factories	➢Realignment of manufacturing lines in Shiga, Kochi, Fukuoka and others **under way**
Realize merger synergies	◆Improve sales efficiency	➢Optimization of distributors (30 to 16) **under way** ➢Consolidation of sales sites Japan: Reduce from 17 to 6 **Complete** Overseas: Reduce from 21 to 10 **Complete**
	◆Other measures	➢Integrate products and improve design technology as well as manufacturing efficiency **under way**

Implementing various measures as scheduled to construct optimized business portfolio.

No change in plan to post special loss of 77.0 billion yen during FY11/3.

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In the next slide, we will explain our progress on the 100-day project.

As for the measures to streamline our human resources, application for the early retirement program is currently open from January 17th and will close on February 15th.

We have already finished the transferring of resources to dealerships. As for our plans to shift resources to focused business, we are currently executing training programs for an early launch.

As for the manufacturing structure reform, we are in line with our schedule to streamline human resources through business and manufacturing structural reforms. Further results will be disclosed at an appropriate timing.

In addition to the ongoing cross-production system implemented among the manufacturing lines including foundries, we have booked impairment loss for the Tsuruoka and Roseville plants during the first quarter.

The plans to realign our factories are, such as the ones located in Shiga, Kochi and Fukuoka, are all in line with our schedule.

To realize merger synergies, we are currently working to enhance our sales efficiency by realigning our sales channels and by consolidating our sales sites.

Other measures are also in line with our schedule.

To realize merger synergies, we are currently working to enhance our sales efficiency by realigning our distributor channels and consolidating sales sites.

Other measures are also under way as scheduled.

We have been implementing various measures as scheduled to construct optimized business portfolio.

Finally, there is no change in plan to post special loss of 77.0 billion yen during the fiscal year ending March 2011.

Summary

- Q4 sales are expected to increase QoQ despite the uncertain market condition
- Target full-year operating profit of 7.0 billion yen
- Continue to promote structural reform plans formulated through the 100-Day Project

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To summarize, we expect the fourth quarter sales to increase quarter on quarter.

We aim to achieve our target of achieving 7.0 billion yen operating profit for the full-year.

In the meantime, we aim to steadily implementing plans decided through our 100-day Project. We intend to execute various measures as scheduled to construct a solid business foundation.

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

This concludes our presentation today.