

FY12/3 Financial Results

Renesas Electronics Corporation

May 9, 2012

Yasushi Akao, President

Executive Summary

I. FY12/3 Financial Results

- ❑ Operating loss was larger than expected mainly due to the lower profit caused by production decrease, although FY12/3 Q4 sales were in line with our expectations
- ❑ FY12/3 full-year sales significantly decreased YoY mainly due to the impact of earthquake and Thailand flood as well as worsened market conditions mainly in Europe and China. Posted operating loss due to lower profit margin caused by sales decline despite implementation of expense reduction measures including streamlining R&D expenses and SG&A*

II. Implementation of Business/Production Structural Measures and Enhancement of Core Competence

- ❑ Currently promoting selection and focus of businesses as well as optimizing production structure
- ❑ Established an unrivaled position in automotive segment leveraging the world's top-ranked MCU as our core competence

*SG&A: Selling, general and administrative expenses

I. FY12/3 Financial Results

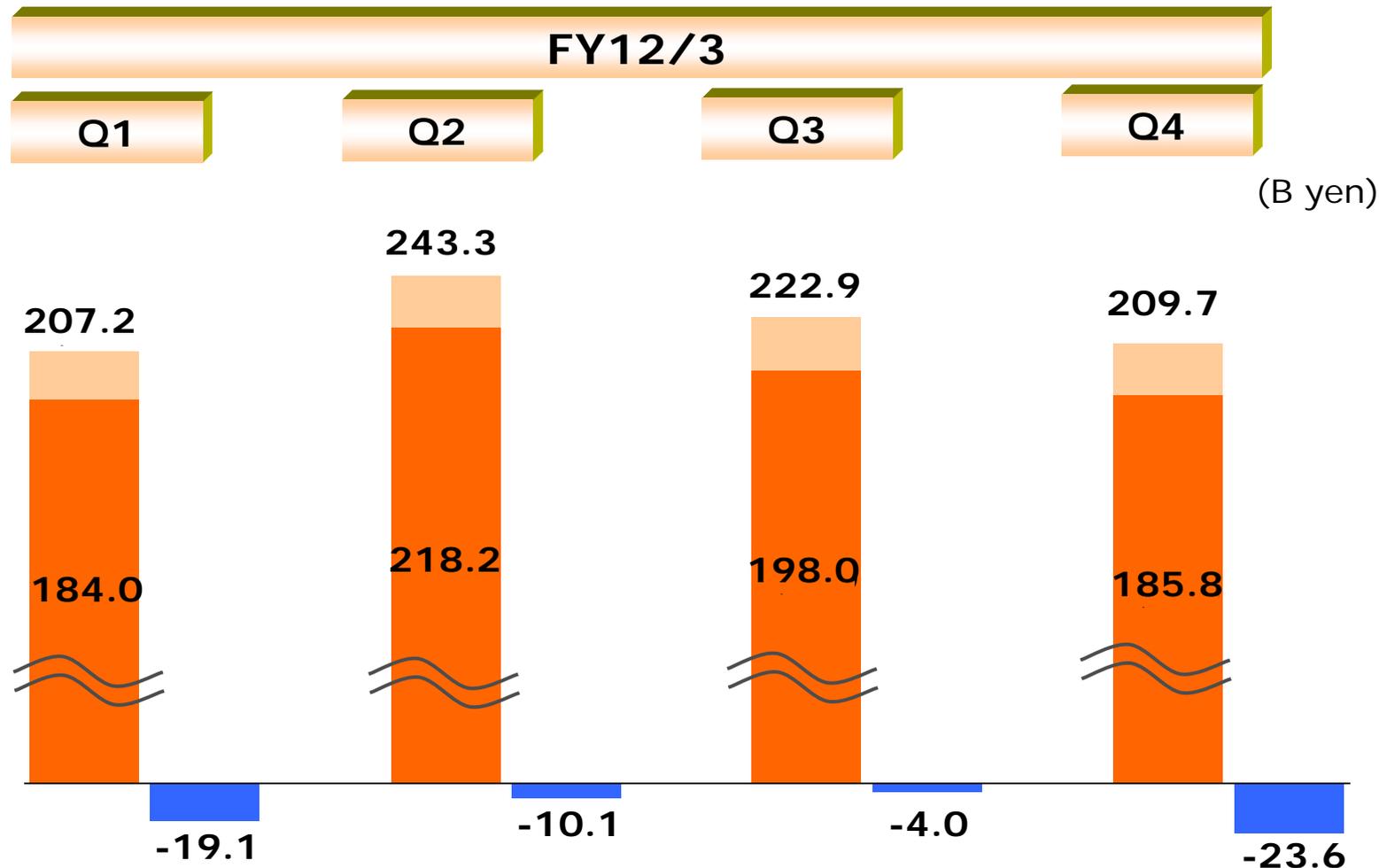
FY12/3 Financial Snapshot

- Semiconductor sales decreased by 232.9 B yen YoY due to the impact of earthquake, Thailand flood, and demand decrease from worsened market conditions mainly in Europe and China
- Posted operating loss due to lower profit margin caused by sales decline despite implementation of expense reduction measures including streamlining R&D expenses and SG&A

		FY12/3				
(B yen)		Q4	QoQ	Full-year	Difference from previous forecasts	YoY
Net Sales	209.7	-13.2	883.1	-1.9	-254.8	
Semiconductor Sales	185.8	-12.2	786.0	-2.0	-232.9	
Operating Income (Loss)	-23.6	-19.6	-56.8	-8.8	-71.3	
Ordinary Income (Loss)	-24.3	-20.7	-61.2	-7.2	-62.2	
Net Income (Loss)	-18.2	-15.7	-62.6	-5.6	52.4	
1 US\$=	78 yen	1 yen weak	79 yen	-	7 yen strong	
1 Euro=	102 yen	3 yen strong	109 yen	-	5 yen strong	

FY12/3 Quarterly Financial Results

- Although operating income (loss) improved quarterly from Q1 to Q3, it worsened in Q4 mainly due to production decrease



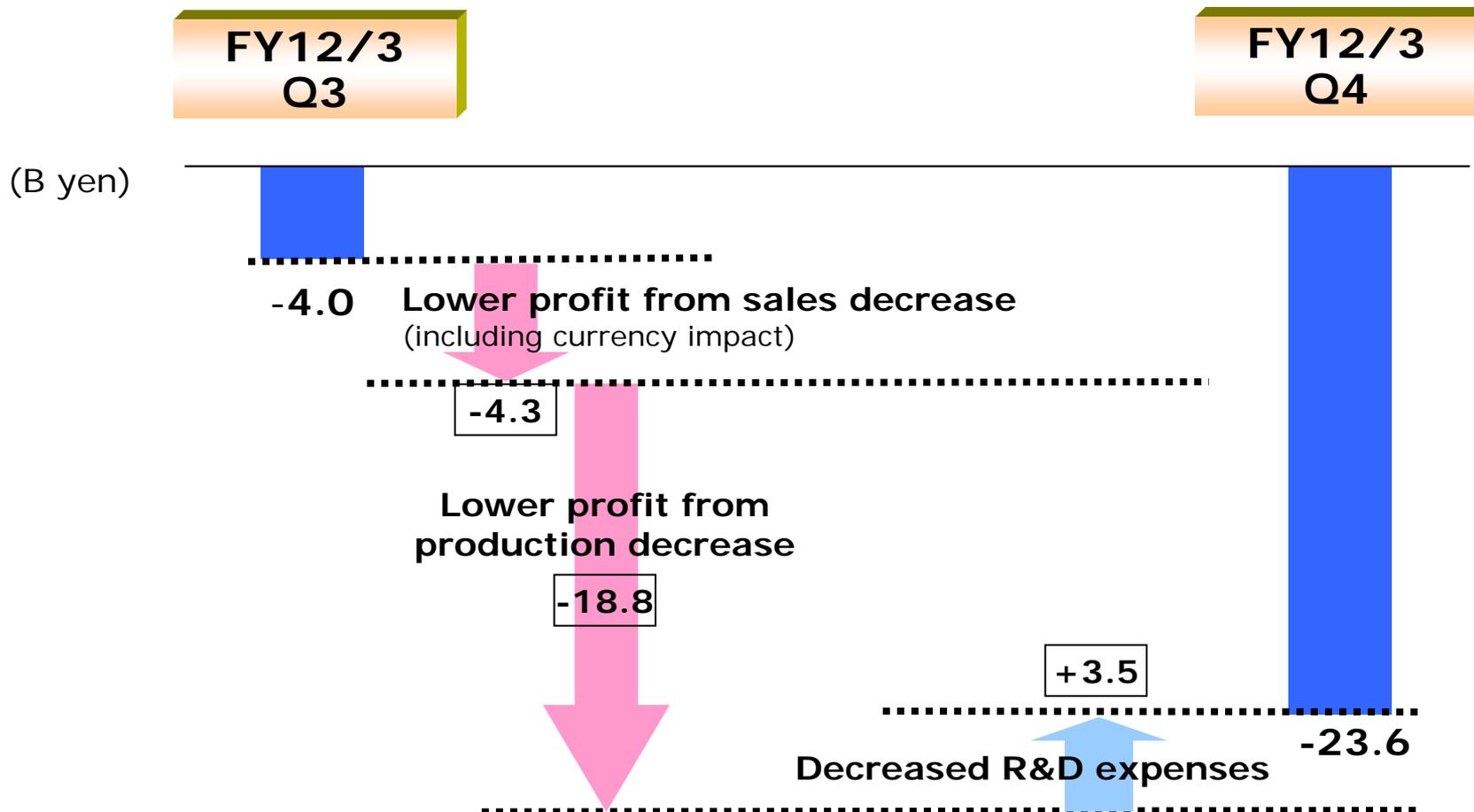
FY12/3 Semiconductor Sales by Business (1)

- Q4 Analog & Power sales recovered by 8.6% from the previous quarter when they dropped significantly. Q4 MCU maintained steady sales for automotive; however, SoC sales did not bottom out yet. This resulted in a decrease by 6.1% QoQ in Q4 semiconductor sales
- Full-year semiconductor sales significantly decreased YoY although MCU sales for automotive segment recovered to the same level as in the previous year along with production increase of Japanese automakers

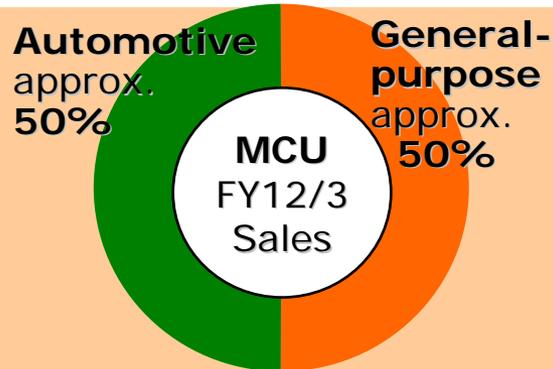
(B yen)	FY12/3			
	Q4	QoQ (%)	Full-year	YoY (%)
Semiconductor Sales (Total)	185.8	-6.1%	786.0	-22.9%
MCU	83.0	-6.3%	336.3	-12.4%
Analog & Power	59.2	+8.6%	243.8	-22.9%
SoC	42.8	-19.9%	201.2	-35.5%
Other Semiconductors	0.9		4.8	

FY12/3 Q4 Operating Income (Loss) QoQ

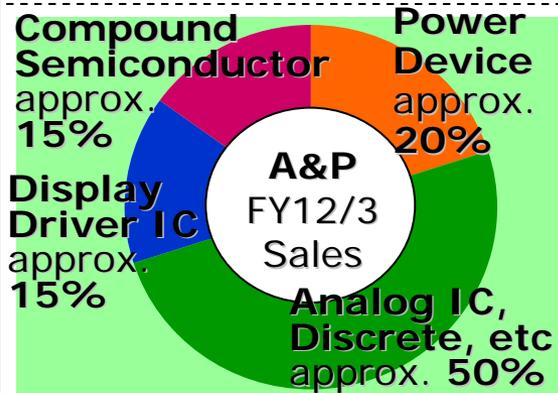
- Operating income (loss) worsened by 19.6 B yen due to lower profit from sales and production decrease



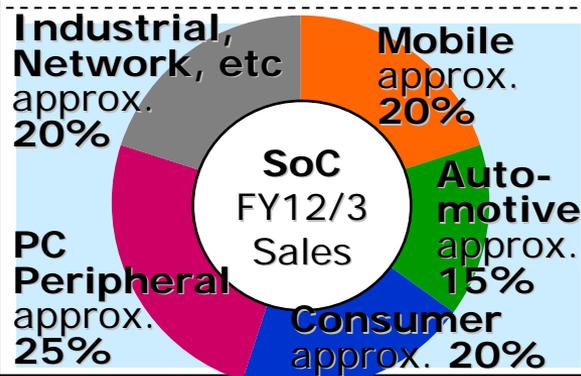
FY12/3 Semiconductor Sales by Business (2)



- General-purpose MCUs decreased by approx. 20% YoY due to a sharp decline from earthquake impact followed by Thailand flood and stagnant global economy. More specifically, all applications including industrial, consumer, and PC peripherals showed declines, and the slumping Chinese market, where the company increased market share as a target market, also caused a large impact on sales decrease.
- Automotive MCUs showed a sharp decline in Q1 with earthquake; however, they recovered to almost the same level as in the previous year following Japanese automakers' production increase.



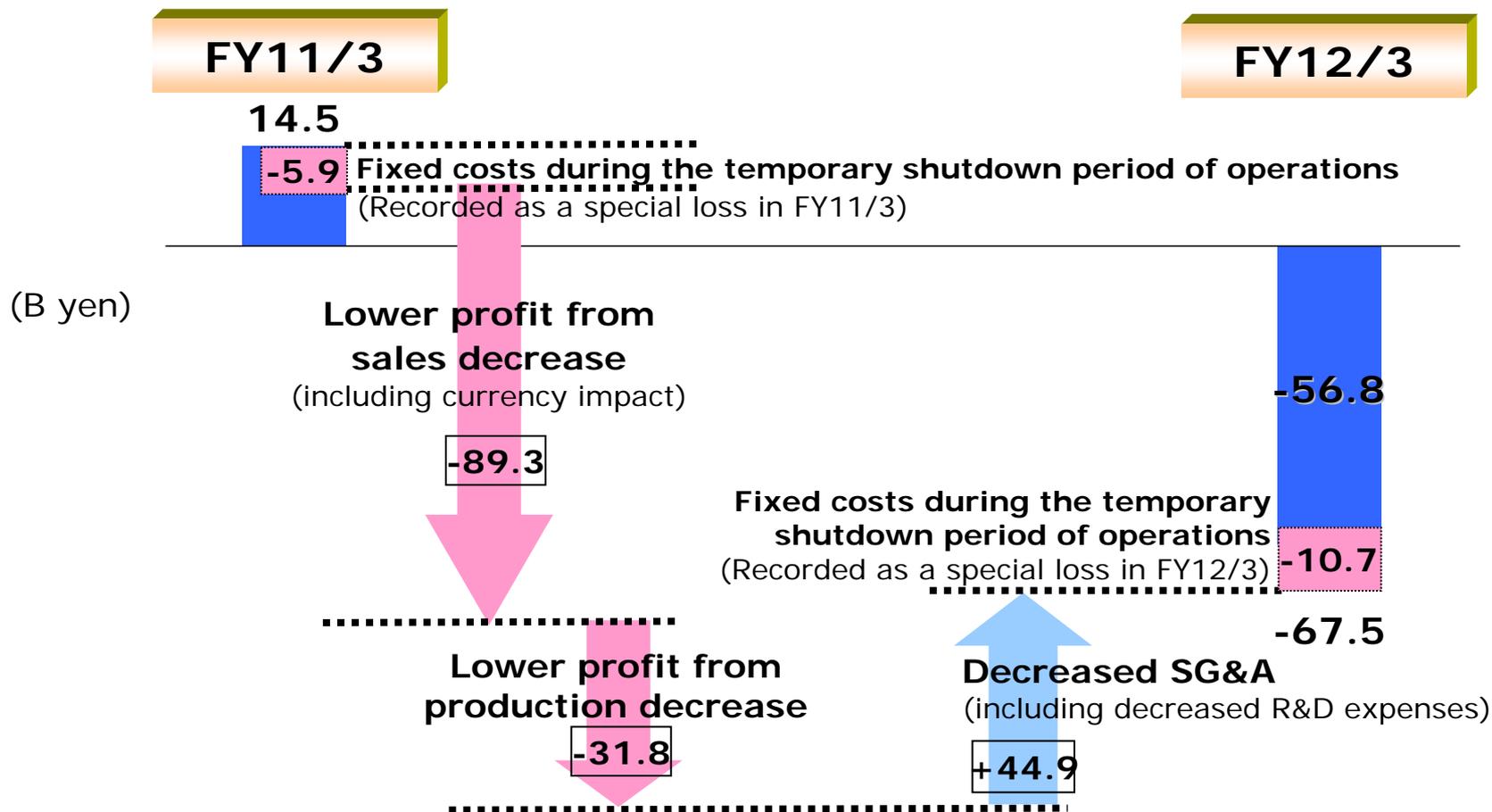
- Power devices and analog ICs for automotive increased YoY along with production recovery of Japanese automakers, while PC and other applications decreased over 20% YoY due to earthquake, Thailand flood, and worsened market conditions. However, signs of upturns are observed in PC and other applications from Q4.
- Display driver ICs decreased by approx. 30% YoY due to decline of large panels from which the company decided to withdraw, while small/mid-sized panels demonstrated an upward trend



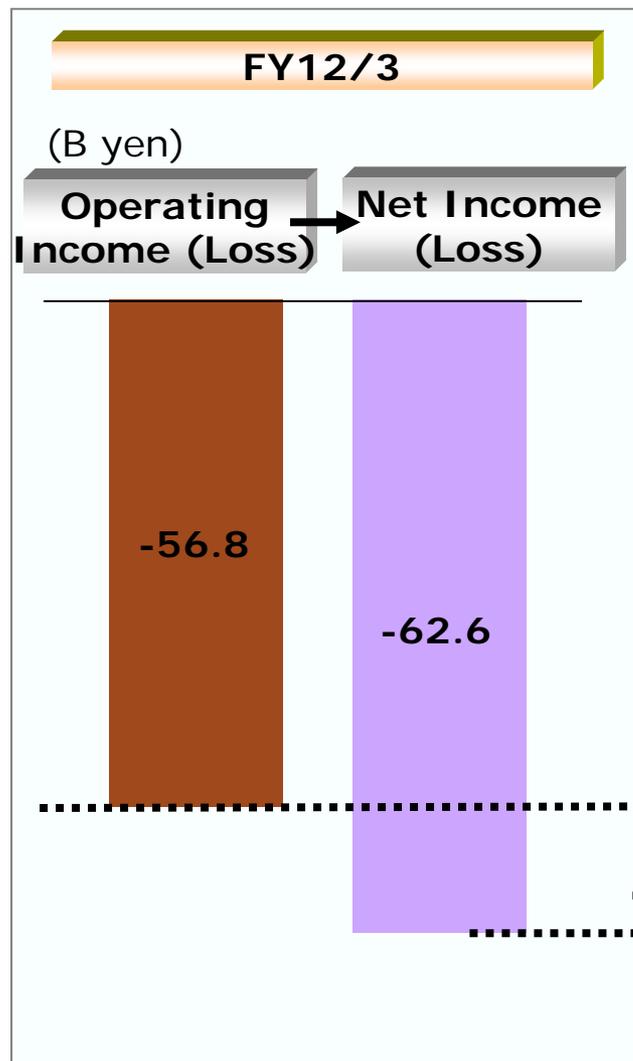
- Mobile decreased by almost half of the previous year due to a significant drop in conventional mobile phones
- Automotive SoCs increased YoY with increasing demand, dispelling negative impact from earthquake
- Consumer and PC peripherals decreased over 30% YoY due to partial business downsizing including TV in addition to worsened market conditions

FY12/3 Operating Income (Loss) YoY

- Posted operating loss due to lower profit margin caused by sales and production decrease despite decreased SG&A including streamlining R&D expenses



Factors Affecting FY12/3 Net Income (Loss)



- Recorded special income of 21.3 B yen including a reversal of provision for loss on disaster and the transfer of power amplifier business
- Recorded special loss of 19.7 B yen including fixed costs during the temporary shutdown period of operations

<Breakdown of special income>

- Reversal of provision for loss on disaster: approx. 13.5 B yen
- Gain on transfer business: approx. 5.0 B yen
- Others: approx. 2.8 B yen
- TOTAL: approx. 21.3 B yen

<Breakdown of special loss>

- Loss on disaster: approx. 12.8 B yen
- Others: approx. 6.9 B yen
- TOTAL: approx. 19.7 B yen

Special income (loss):
+1.6 B yen

Non-operating
income (loss):
-4.5 B yen

Income taxes, minority interests
in income (loss) of consolidated
subsidiaries: -3.0 B yen

FY12/3 Balance Sheets

(B yen)	As of Apr. 1, 2011	As of Dec. 31, 2011	As of Mar. 31, 2012
Total Assets	1,145.0	901.7	858.2
Cash and Cash Equivalents	337.3	157.8	131.9
Inventories	123.4	157.7	151.8
Liabilities	854.0	665.4	631.7
Interest-Bearing Debt	378.2	263.3	258.3
Shareholders' Equity	306.0	261.6	243.4
Net Assets	291.1	236.3	226.5
D/E Ratio (Gross)	1.33	1.15	1.19
D/E Ratio (Net)	0.14	0.46	0.58
Equity Ratio	24.8%	25.3%	25.4%

Note)

1. "Cash and Cash Equivalents": Sum of cash and deposits, and short-term investment securities minus the Time deposits with maturities of more than three months
2. "Interest-bearing debt": Short-term borrowings, Current portion of long-term borrowings, Current portion of bonds with share subscription rights, lease obligations, Long-term borrowings
3. "Equity": Shareholders' equity, Other Comprehensive Income
4. "D/E ratio (gross)": Interest-bearing debt / Equity

FY12/3 Cash Flows

- Posted negative free cash flows of 64.8 B yen in FY12/3 full-year due to a record of net loss before income taxes and the purchase of property, plant and equipment, etc

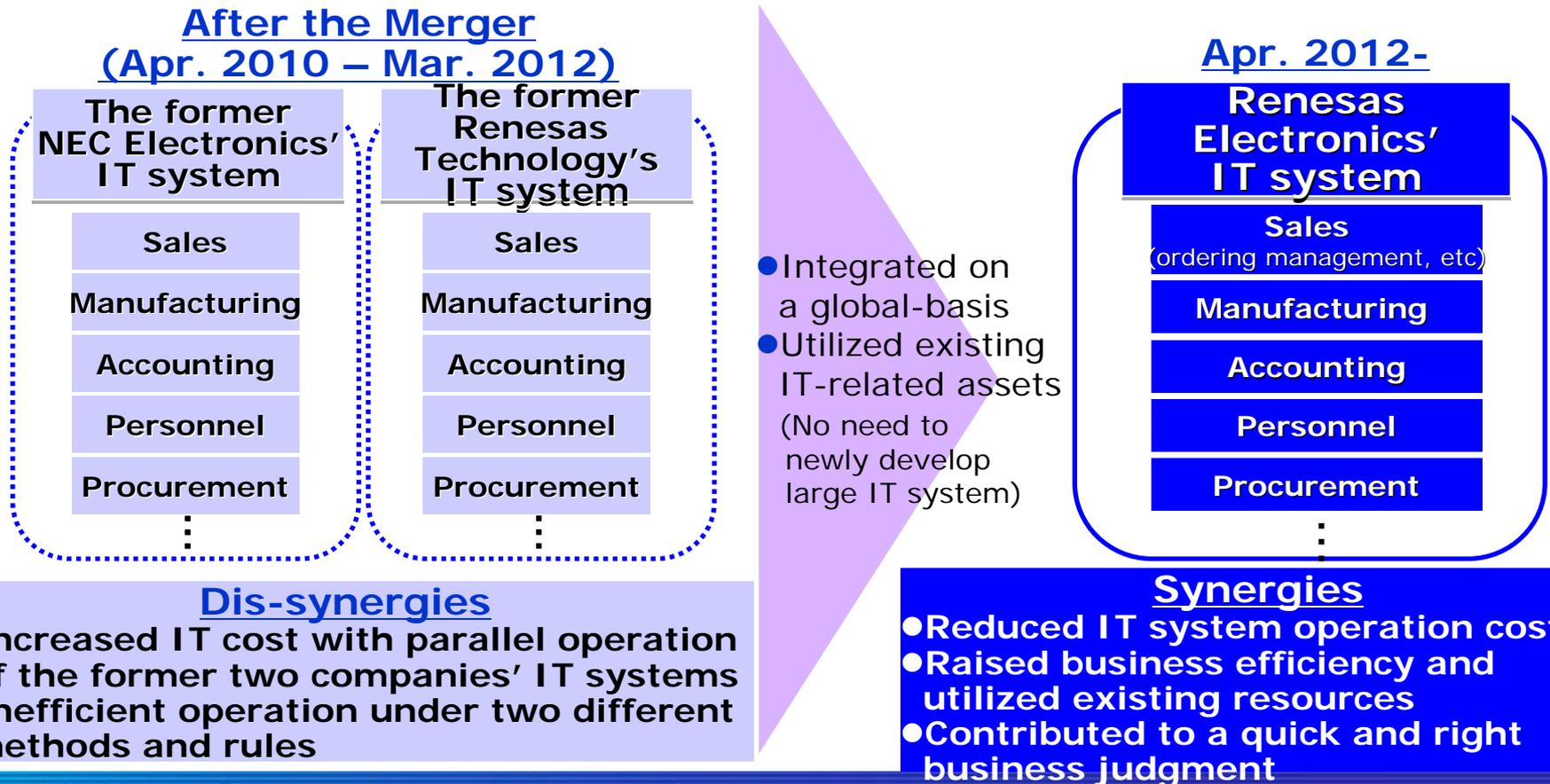
	FY12/3				
(B yen)	Q1	Q2	Q3	Q4	Full-year
Cash Flows from Operating Activities	-29.2	8.0	18.0	-6.6	-9.7
Cash Flows from Investing Activities	-14.8	-17.8	-15.2	-7.3	-55.1
Free Cash Flows	-44.0	-9.7	2.9	-14.0	-64.8

II. Implementation of Business/Production Structural Measures and Enhancement of Core Competence

Third Year Since the Merger

-Start of Newly Integrated IT System

- Completed integration of corporate-wide systems including sales, manufacturing, accounting, and personnel as the final phase of business integration
- Started new IT system from April, integrating existing IT systems
- Enabled cost-effective operations by expedited integration



Implementation of Business/Production Structural Measures

- Promoting selection and focus of businesses as well as optimizing production structure

	Business/Production Structural Measures Announced or Conducted during FY12/3
Business	<ul style="list-style-type: none"> • Transferred power amplifier business to Murata Manufacturing (Completed in Mar. 2012) • Withdraw from large-sized display driver IC business (Ceased new product development in Mar. 2012) • Shrink SoC products for short life-cycle consumer products
Production (Front-end)	<ul style="list-style-type: none"> • Transferred Roseville 8-inch line*¹ to Telefunken (Completed in May 2011) • Scaled down Kofu 6-inch line*² (Completed in Sep. 2011) • Scaled down Takasaki 5-inch line*³ (Completed in Dec. 2011) • Closed Shiga 5-inch line*⁴ (Completed in Mar. 2012) • Transfer Tsugaru 6-inch line*⁵ to Fuji Electric (Scheduled in Jul. 2012)
Production (Back-end)	<ul style="list-style-type: none"> • Sold land of closed Fukuoka factory*⁶ (Completed in Sep. 2011) • Transferred Nagano factory*⁷ producing power amplifiers to Murata Manufacturing (Completed in Mar. 2012) • Closed Oume factory*⁸ (Completed in Mar. 2012)

*1) Renesas Electronics America, Roseville Factory (California, U.S.)

*2) Renesas Electronics, Kofu Factory (Kai, Yamanashi)

*3) Renesas Electronics, Takasaki Factory (Takasaki, Gunma)

*4) Renesas Kansai Semiconductor, Shiga Factory (Otsu, Shiga)

*5) Renesas Northern Japan Semiconductor, Tsugaru Factory (Goshogawara, Aomori)

*6) Renesas Semiconductor Kyushu Yamaguchi, Fukuoka Factory (Yanagawa, Fukuoka)

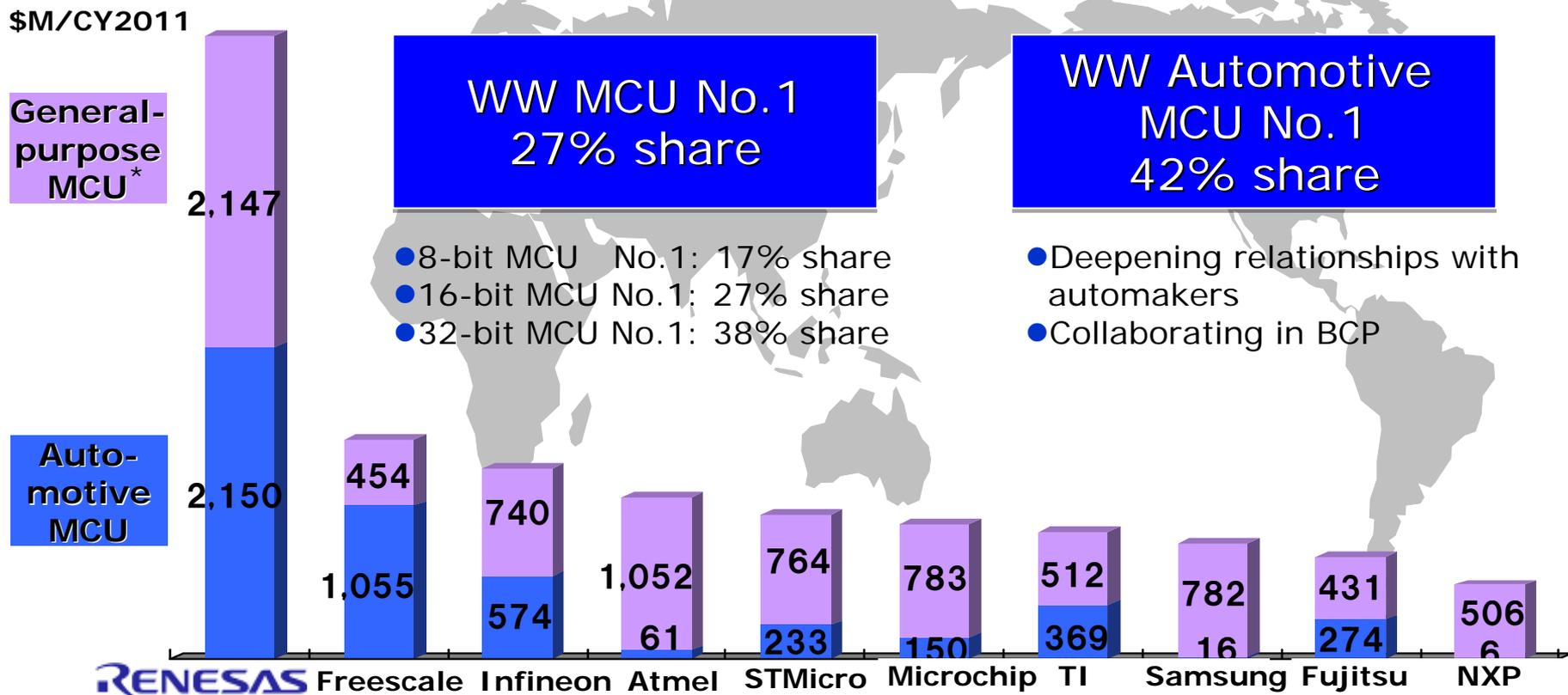
*7) Renesas Eastern Japan Semiconductor, Nagano Device Division (Komoro, Nagano)

*8) Renesas Eastern Japan Semiconductor, Tokyo Device Division (Oume, Tokyo)

Enhancement of Core Competence

-MCU: Firmly Maintain the World's No.1

- Firmly maintained the world's No.1 MCU market share of 27% in CY2011
- Dominant position in automotive MCU unchanged, maintaining the world's No.1 share as well as strengthening relationships with automakers through restoration from earthquake



*General-purpose MCU: MCU market for applications excluding automotive

Source: IHS iSuppli, Annual 2011 Semiconductor Market Share

Enhancement of Core Competence

-Sources of Competitiveness for No.1 MCU: 3 Cores Best Suited for Growing Markets

- Consolidated MCU cores to 3 and focused resources on them
- Covered wide range of applications for growing markets and leveraged 3 core's strength best suited for each application

Low-end
(8/16 bit)



Target
Growing
Market

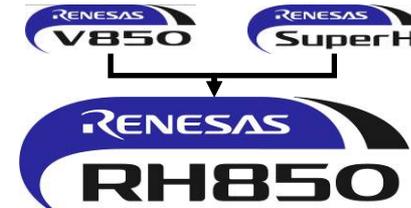
Emerging
Countries
-for small-sized system

Mid-range
(32bit CISC*1)



Smart Society
related Market
-for inverter devices, etc

High-end
(32bit RISC*2)



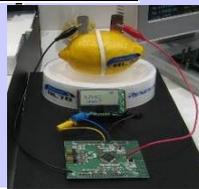
Automotive
Market
-for engine control, etc

Advantage

Full lineup -Provide various memory size and packages (pin count) for each application

Low power consumption -Demonstrated ultra-low power MCU with a single lemon

-Realized industry's lowest power in each RL78, RX, and RH850



-Realized 0.4ppm (a defective part per 25 million parts) in percent defective
-Received awards from auto/electric component makers for products with high reliability and thorough support

High reliability

*1)CISC:Complex Instruction Set Computer, *2)RISC: Reduced Instruction Set Computer

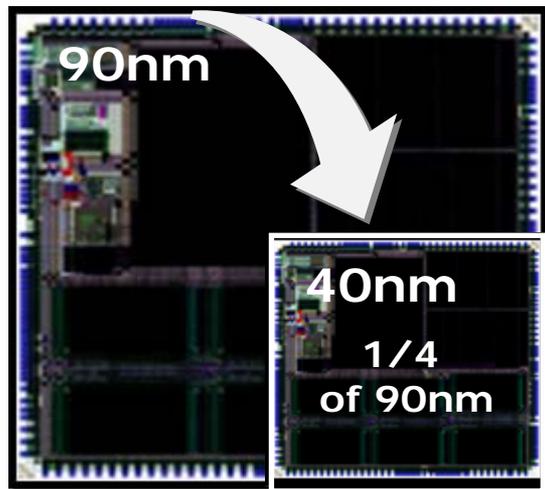
Enhancement of Core Competence

–RH850:

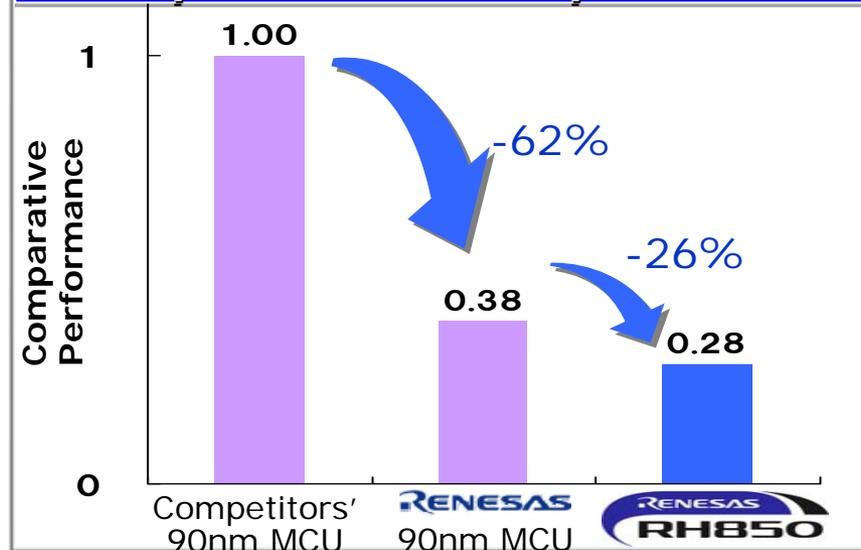
World's First 40nm MCU Unrivaled in Automotive

- Lead the world by developing flash MCU with cutting-edge 40nm process
- Embed flash memory using originally developed "MONOS*" - type memory cell to realize high reliability, high speed, low power consumption, in addition to storing high-capacity program

The world's smallest memory cell



The world's lowest power consumption



Will apply to automotive requiring high reliability, high speed and low power consumption,

Currently expanding customers' adoptions

(Scheduled to ship sample products in 1H of FY13/3 and to conduct mass production at multiple fabs)



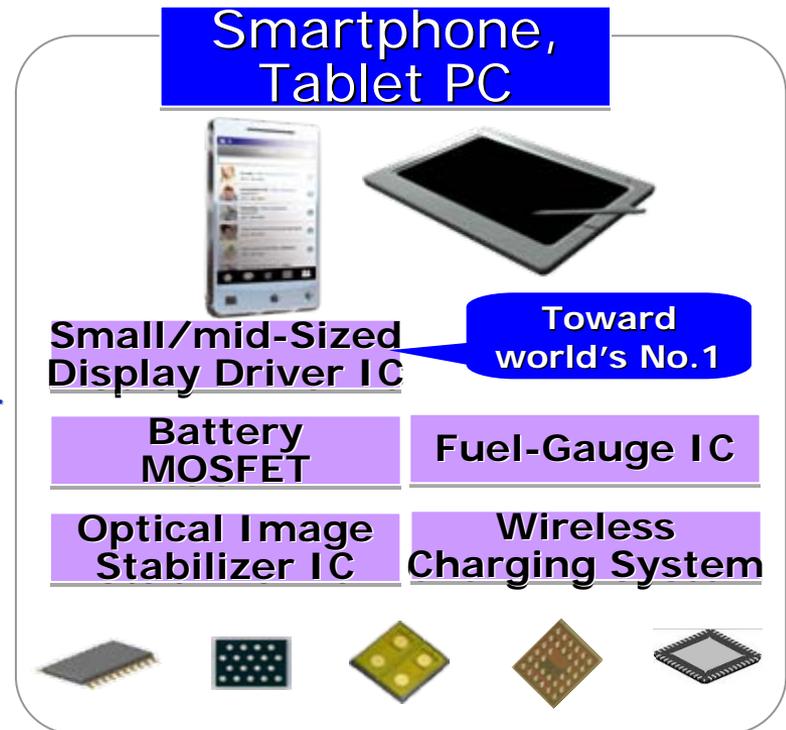
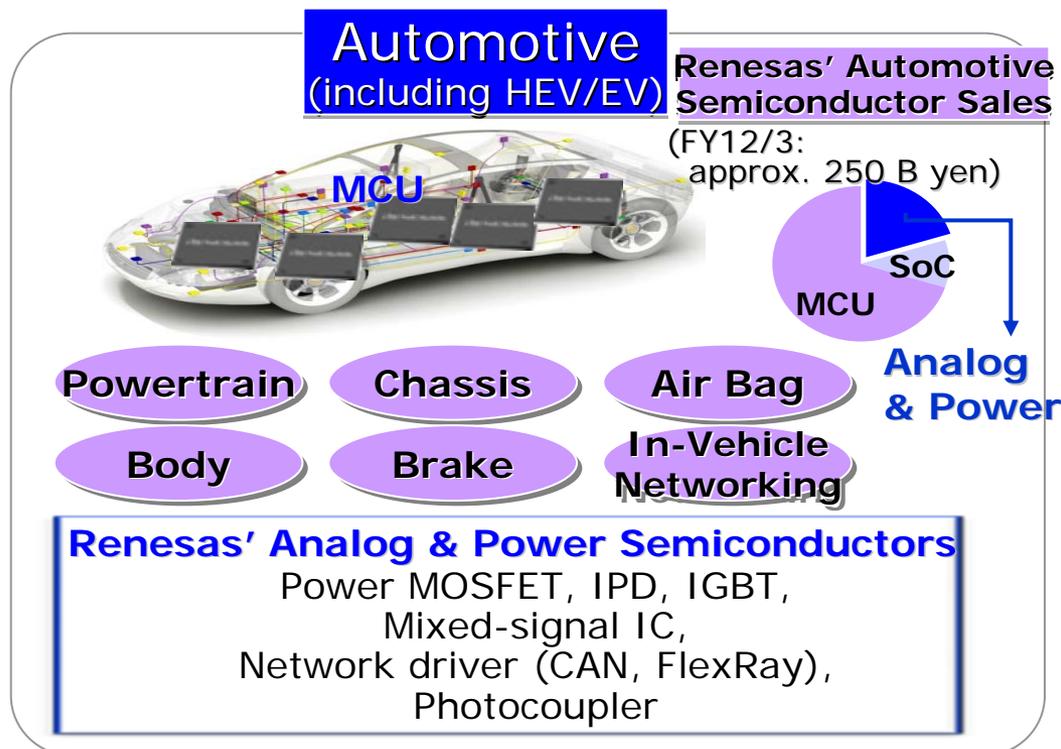
*)MONOS: Metal-Oxide-Nitride-Oxide-Silicon

Enhancement of Core Competence

-Analog & Power:

Focus on Growing Markets including Automotive

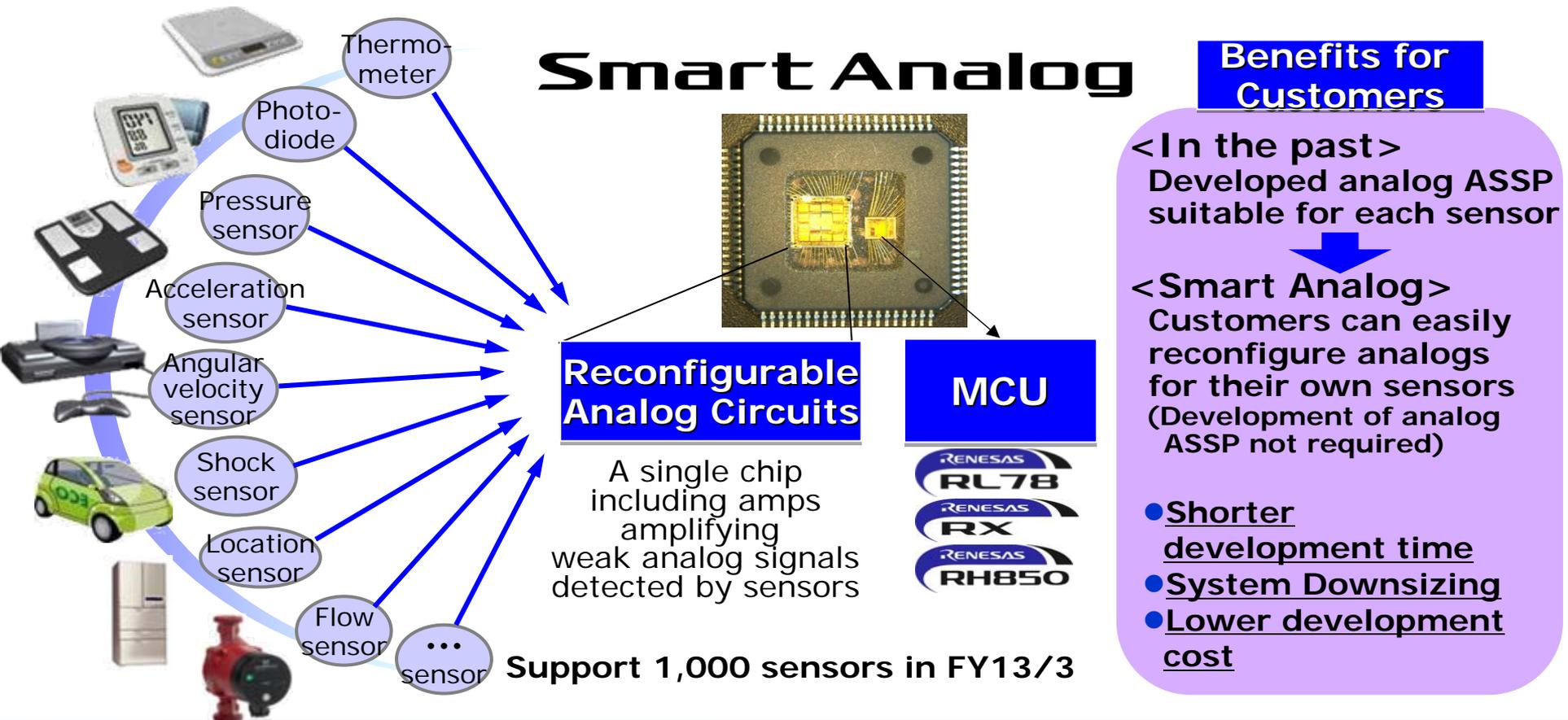
- Maximize Analog & Power sales by combining with the world's No.1 MCUs and leveraging expanded business opportunities in automotive
- Focus development resources on increasing power device lineups, targeting to develop 1,000 products from low-voltage to high-voltage in 3 years (Completed Development of 650 products)
- Capture and stimulate demand of smartphones and tablet PCs in growing markets



Enhancement of Core Competence

-Smart Analog: Combination of MCU and Analog

- Developed "Smart Analog", combining MCU and reconfigurable analog circuits
- Enabled to support multi-sensors equipped with various devices realizing Smart Society by a single chip, and contribute to customers by shortening development time and downsizing

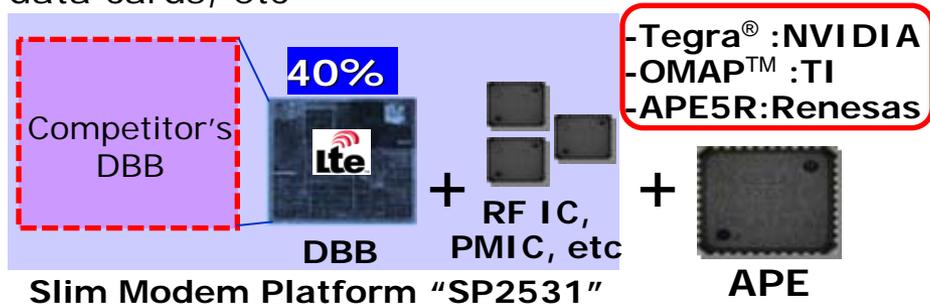


LTE Modem: Challenges toward Further Growth

- Capture smartphone market with a chipset combining the world's smallest/fastest LTE modem and most suitable application processors, or with a single SoC integrating those chips

Modem Platform

- Realized LTE modem (DBB) of the world's smallest (40% size* of competitor's), the fastest throughput, and the lowest power consumption
- Customers can choose application processors (APE) from NVIDIA®, Texas Instruments, etc in addition to Renesas'
- Target high-end smartphones, tablet PCs, data cards, etc



Mobile Platform

- Integrated an LTE modem (DBB) and an application processor (APE) into a single chip
- Scheduled to start mass production for volume-zone smartphones in Q3 FY13/3 as Renesas' first 28nm product



Expanding platforms to various mobile devices installing communication functions

- Achieved design-ins from 14 companies (incl. 9 non-Japanese companies) so far

*) Compared with competitor's LTE multi-mode modem manufactured in 45nm CMOS process which Renesas applied

NVIDIA and Tegra are trademarks or registered trademarks of NVIDIA Corporation in the United States and/or other countries. OMAP is a trademark of Texas Instruments.

FY13/3 Forecasts

- We posted 62.6 billion yen net loss as consolidated net sales dropped significantly by approximately 22% YoY for FY12/3, mainly owing to the impact of earthquake and Thailand flood as well as worsened economic conditions mainly in Europe and China, and continuous trend of strong yen.
- With respect to the recent semiconductor market, overall market is still sluggish and uncertainties remain even though some signs of upturns are seen.
- Under these circumstances, we consider it necessary to more closely examine the trends of semiconductor market conditions for a little while, as well as to take into account the impact of the business portfolio review for generation of stable profits which we have been steadily advancing since the announcement of the business strategy in August 2011.
- Therefore, we do not present the forecast of consolidated results for FY13/3 at this point of time. We will publicly announce the forecast as soon as it becomes ready for disclosure.

(FOREWARD-LOOKING STATEMENTS)

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.

