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FY12/3 Q2 Financial Results

Renesas Electronics Corporation

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Thank you for joining Renesas Electronics' earnings briefing for the second quarter of the fiscal year ending March 2012.

Before we begin, please be sure to review the cautionary statement on page 23.

Executive Summary

I. FY12/3 Q2 Financial Results

- Sales in the second quarter ended September 30, 2011 recovered as the production/supply capabilities returned to normal. Overall Q2 results were in line with the company's original forecasts.

II. FY12/3 Financial Forecasts

- Forecast for the full-year net sales was lowered resulting from a decline in global economy and negative impact of the currency
- Despite the lowered sales forecast, the company still expects the full-year profits and losses to remain unchanged by conducting cost reductions

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

First, results for the second quarter ended September 30, 2011 recovered as the production and supply capabilities returned to normal. Overall the second quarter results were in line with the company's original forecasts.

Second, forecast for the full-year net sales was lowered resulting from a decline in global economy and negative impact of the currency. Despite the lowered sales forecast, the company still expects the full-year profits and losses to remain unchanged by conducting cost reductions.

I. FY12 / 3 Q2 Financial Results

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Now let us discuss our financial results for the second quarter of the fiscal year ending March 2012.

FY12/3 Q2 Financial Snapshot

- Semiconductor sales were 218.2 billion yen, increased by 19% QoQ. Although this result was slightly short of the original forecasts, semiconductor sales were still in line with the company's expectation taking into account the negative impact of the currency.
- Achieved significant improvement in operating and net income (loss), due to positive results generated from the 100-Day Project, such as streamlining of R&D expenses, in addition to increased sales

(B yen)	FY11/3 Q2	FY12/3 Q1	FY12/3 Q2	FY12/3 QoQ	FY12/3 YoY
Net Sales	295.4	207.2	243.3	+36.1 (+17%)	-52.1 (-18%)
Semiconductor Sales	263.5	184.0	218.2	+34.1 (+19%)	-45.3 (-17%)
Operating Income (Loss)	1.1	-19.1	-10.1	+9.0	-11.2
Ordinary Income (Loss)	-4.3	-20.3	-13.1	+7.2	-8.8
Net Income (Loss)	-8.2	-33.2	-8.8	+24.4	-0.6
1 US$=	88 yen	82 yen	79 yen	3 yen strong	9 yen strong
1 Euro=	111 yen	117 yen	113 yen	4 yen strong	2 yen weak

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*Original forecasts : The forecasts of FY12/3 Q1 announced on August 2, 2011

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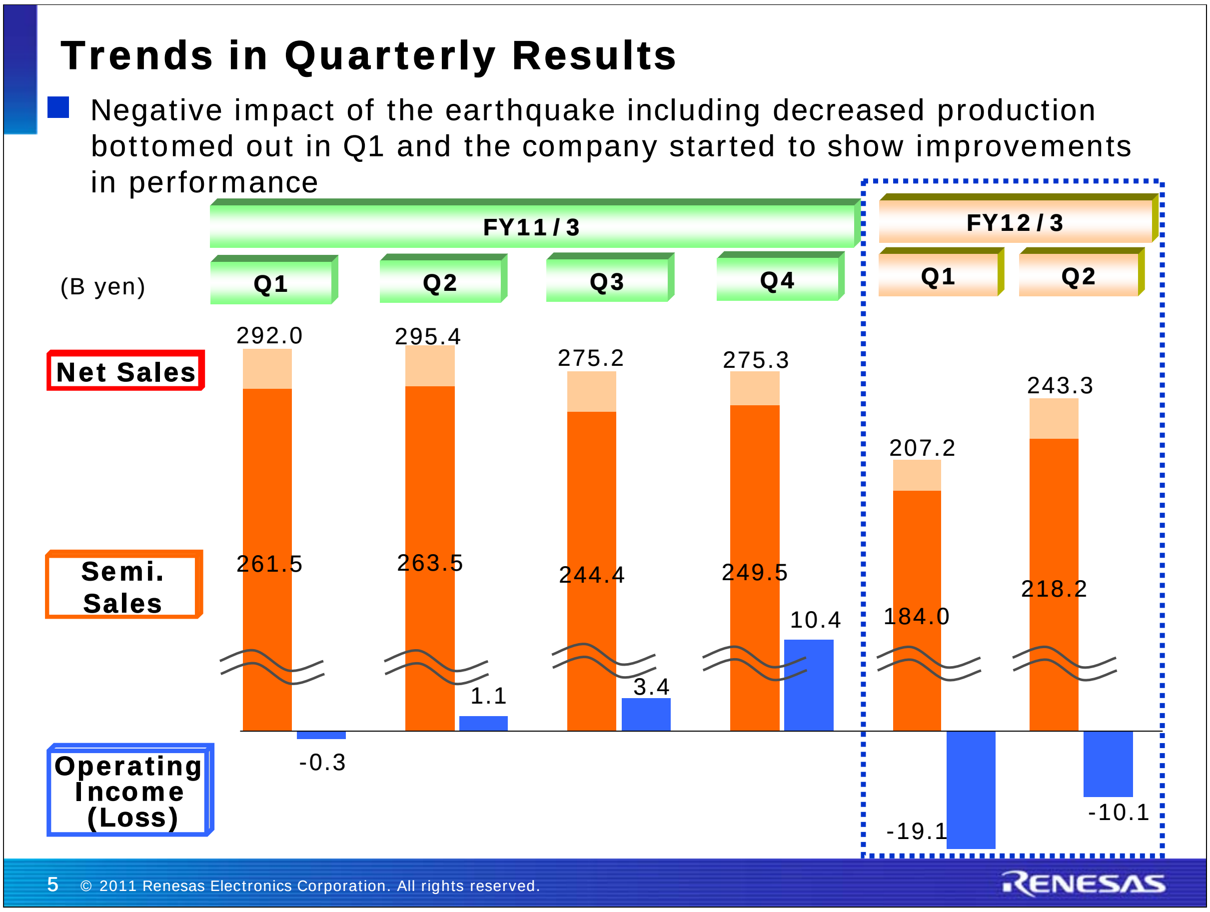
Slide 4 shows the summary of the second quarter results.

Semiconductor sales were 218.2 billion yen, increased by 19% quarter on quarter. This result was slightly short of the original forecasts as of the first quarter financial announcement on August 2, 2011. However, semiconductor sales were still in line with the company's expectation taking into account the negative impact of the currency.

Operating loss was 10.1 billion yen and net loss was 8.8 billion yen in the second quarter. We achieved significant improvement in these figures, due to positive results generated from the 100-Day Project, such as streamlining of R&D expenses, in addition to increased sales.



This slide shows the trend of quarterly financial results.

Semiconductor sales in the first quarter significantly reduced due to negative impact of the earthquake including decreased production. However, the negative impact bottomed out in the first quarter followed by the restoration of the disaster-affected factory. We expect improvements in performance after the second quarter.

FY12/3 Q2 Semiconductor Sales by Business (1)

- Production/supply capabilities that were affected by the earthquake showed great improvements in Q2 and sales in all three of the businesses increased QoQ

(B yen)	FY11/3 Q2	FY12/3 Q1	FY12/3 Q2	QoQ	YoY
Semiconductor Sales	263.5	184.0	218.2	+34.1 (+19%)	-45.3 (-17%)
MCU	95.9	77.2	87.5	+10.3 (+13%)	-8.5 (-9%)
Analog & Power	83.5	62.9	67.2	+4.3 (+7%)	-16.3 (-20%)
SoC	83.2	41.8	63.2	+21.4 (+51%)	-20.0 (-24%)
Other Semiconductors	0.9	2.2	0.3	-1.9 (-85%)	-0.5 (-62%)

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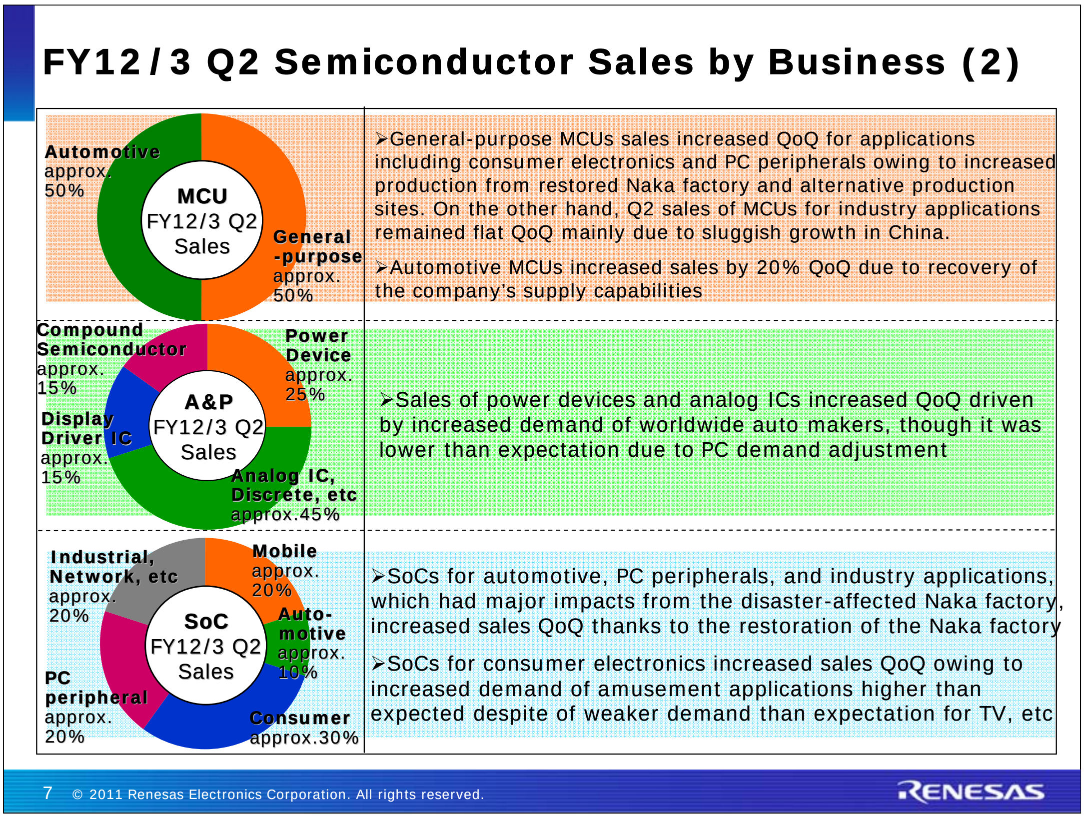
Next, we will explain the breakdown of the second quarter semiconductor sales by business unit.

The production and supply capabilities that were affected by the earthquake showed great improvement in the second quarter. As a result, sales in all three of the business increased quarter on quarter.

We will explain details in the next page.

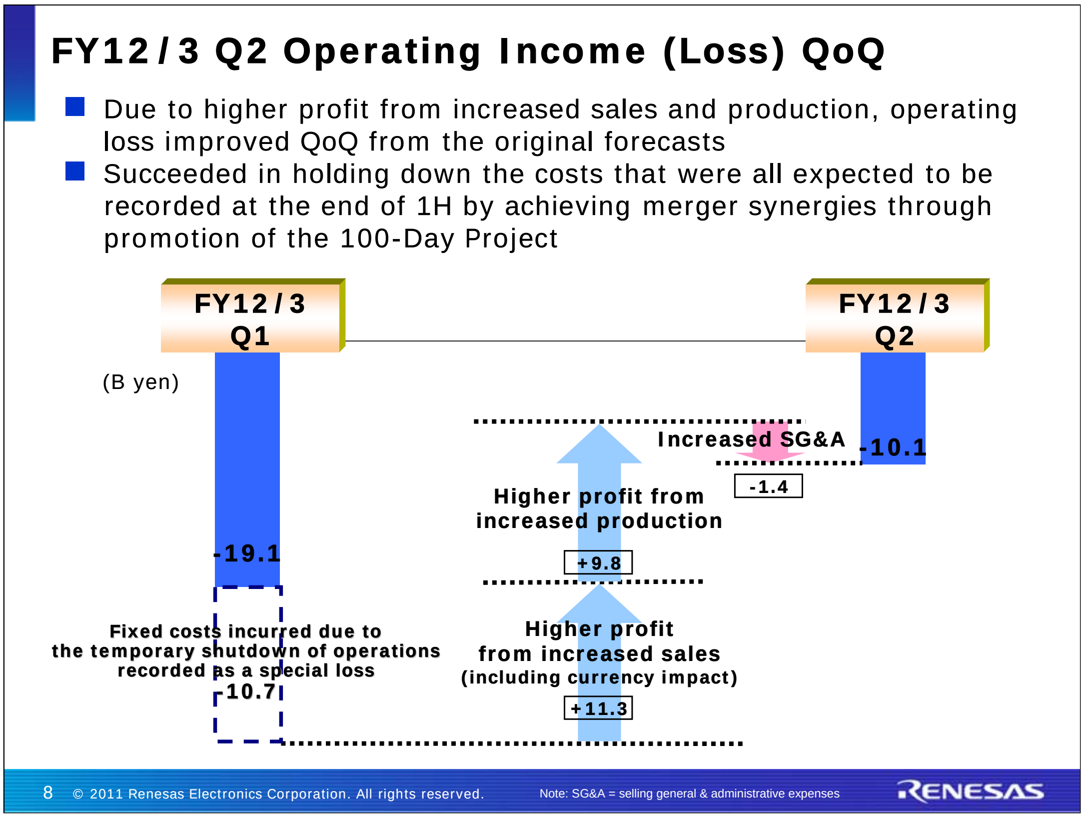


Slide 7 shows details on the second quarter sales of each business unit per application segment.

As for MCUs, sales of both general-purpose MCUs and automotive MCUs increased quarter on quarter with the recovery of the supply capabilities that were affected by the earthquake. Especially for automotive MCUs, the sales increased by 20% quarter on quarter.

As for analog & power semiconductors, sales of power devices and analog ICs increased quarter on quarter driven by increased demand of worldwide auto makers.

As for SoCs, sales of applications including automotive, which had major impacts from the disaster-affected Naka factory, increased sales quarter on quarter thanks to the restoration of the Naka factory. SoCs for consumer electronics increased sales quarter on quarter despite of weaker demand than expectation for TV, etc.



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

We gained higher profit from increased production followed by the production resumption of the Naka factory. In addition, with higher profit from increased sales at the same time, operating loss improved by 9 billion yen quarter on quarter.

Also, though usually the costs including R&D expenses were expected to be increased at the end of the first half, we succeeded in holding down this expected increase by achieving merger synergies through promotion of the 100-Day Project.

Balance Sheets

(B yen)	As of Mar. 31, 2011	As of Jun. 30, 2011	As of Sep. 30, 2011
Total Assets	1,145.0	937.4	917.7
Cash and Cash Equivalents	337.3	177.0	158.3
Inventories	123.4	134.5	138.6
Liabilities	854.0	681.6	679.9
Interest-Bearing Debt	378.2	266.5	265.6
Shareholder's Equity	306.0	272.8	264.0
Net Assets	291.1	255.8	237.9
D/E Ratio (Gross)	1.33	1.07	1.15
D/E Ratio (Net)	0.14	0.36	0.47
Equity Ratio	24.8%	26.5%	25.1%

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, Bonds with share subscription rights, Long-term borrowings
3. "Equity": Shareholders' equity, Other Comprehensive Income
4. "D/E ratio (gross)": Interest-bearing debt / Equity

Slide 9 shows the status of the company's balance sheet.

Cash and cash equivalents decreased by approximately 20 billion yen quarter on quarter. This is mainly due to payout of repair costs for the Naka factory incurred and negative impact caused by strong yen, in addition to recording net losses in the second quarter.

Cash Flows

(B yen)	FY11/3 Q2	FY11/3 1H	FY11/3 Full-year	FY12/3 Q1	FY12/3 Q2	FY12/3 1H
Cash Flows from Operating Activities	35.0	33.0	102.5	-29.2	8.0	-21.1
Cash Flows from Investing Activities	-18.4	-32.8	-95.8	-14.8	-17.8	-32.6
Free Cash Flows	16.6	0.2	6.7	-44.0	-9.7	-53.7

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Slide 10 shows the status of cash flows.

As for the second quarter of this fiscal year, cash flows from operating activities were positive 8.0 billion yen, a significant improve from the previous quarter due to better financial results.

Free cash flows were negative 9.7 billion yen after recording negative cash flows from investing activities, though improved by 34.2 billion yen from the previous quarter.

II. FY12/3 Financial Forecasts

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Next, we will explain financial forecasts of the fiscal year ending March, 2011.

FY12/3 Consolidated Financial Forecasts

- Lowered the forecast for full-year net sales addressing downturn in global economy and impact from the currency
- Continue to target net income in 2H by promoting cost efficiency through the 100-day Project and other additional cost reduction measures

(B yen)	FY11/3 1H	FY11/3 Full-year	FY12/3 1H Original Forecasts*	FY12/3 1H Actual	FY12/3 Full-year Original Forecasts	FY12/3 Full-year Forecasts	1H Difference between original forecasts YoY	Full-year Difference between original forecasts YoY
Net Sales	587.5	1,137.9	462.0	450.6	1,019.0	968.0	-11.4 -136.9	-51.0 -169.9
Semiconductor Sales	525.0	1,018.9	408.0	402.2	908.0	871.0	-5.8 -122.8	-37.0 -147.9
Operating Income (Loss)	0.7	14.5	-35.0	-29.2	-28.0	-28.0	+5.8 -29.9	0 -42.5
Ordinary Income (Loss)	-7.8	1.0	-40.0	-33.3	-37.0	-37.0	+6.7 -25.5	0 -38.0
Net Income (Loss)	-41.2	-115.0	-43.0	-42.0	-40.0	-40.0	+1.0 -0.8	0 +75.0
1US$=	90 yen	86 yen	82 yen	81 yen	82 yen	78 yen	1 yen strong 9 yen strong	4 yen strong 8 yen strong
1Euro=	116 yen	114 yen	110 yen	115 yen	110 yen	105 yen	5 yen weak 1 yen strong	5 yen strong 9 yen strong

2H assumed exchange rate

*Original forecasts : The forecasts of FY12/3 Q1 announced on August 2, 2011

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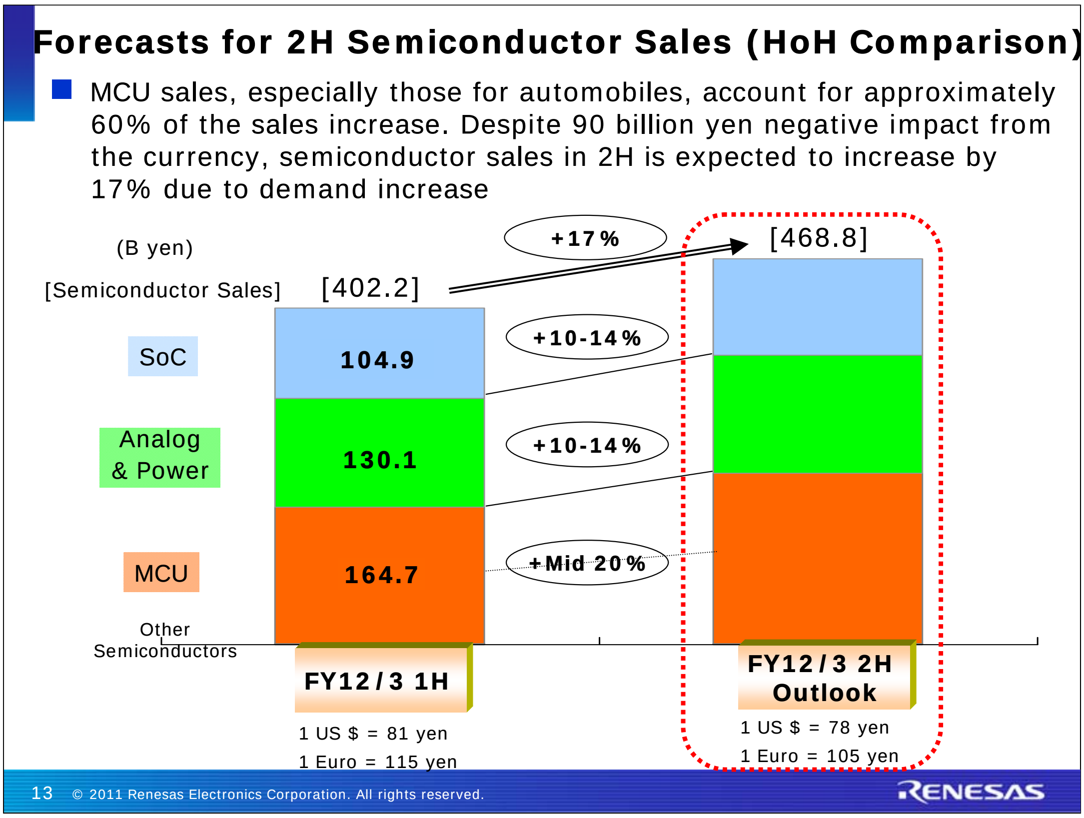
Taking into account the global economy downturn and impact from the currency, we lowered the forecasts for full-year net sales to 968.0 billion yen from the original forecasts we released in August.

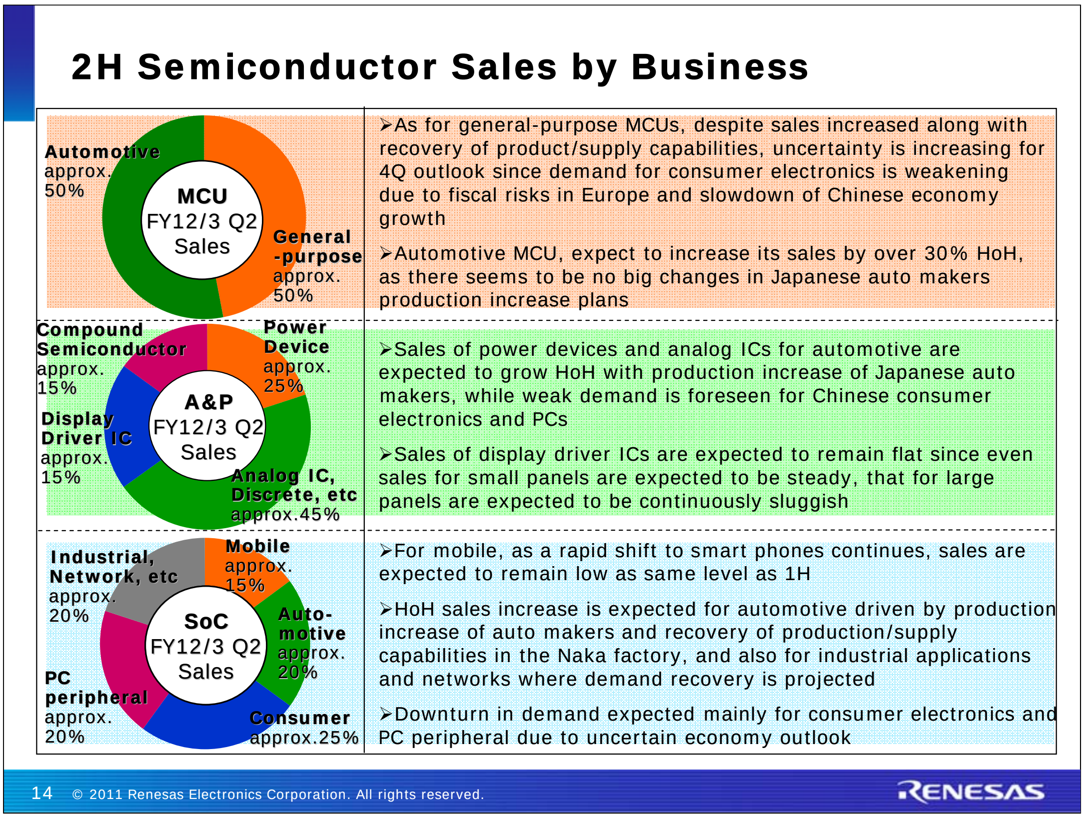
Despite of sales decrease, full-year forecasts for operating income (loss), ordinary income (loss) and net income (loss) remained unchanged from the previous forecasts. We target to achieve a net profit for the second half of this fiscal year as explained in August, by streamlining production and R&D expenses through the 100-Day Project and conducting additional cost reduction measures.



Slide 13 shows semiconductor sales forecasts for the second half of this fiscal year by business unit.

Semiconductor sales for the second half are expected to be 468.8 billion yen, increased by 17% from the first half.

By business unit, we expect 10-14% growth for Analog & Power semiconductor and SoC, whereas we expect mid 20% growth for MCU especially those for automobiles, which growth accounts for approximately 60% of the sales increase from the first half.



Slide 14 shows details on the forecasts for semiconductor sales for the second half of this fiscal year of each business per application segment.

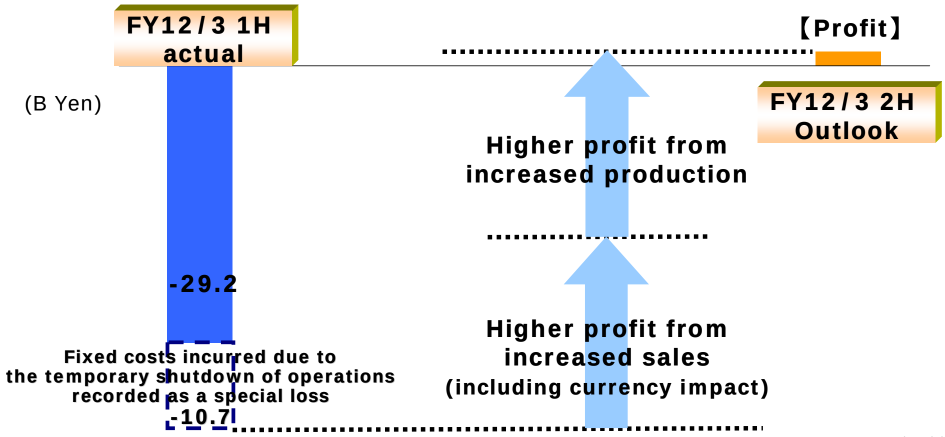
As for MCUs, sales for general-purpose MCUs are expected to increase from the first half owing to the recovery of product and supply capabilities. However, uncertainty is increasing for the fourth quarter outlook since demand is weakening in some areas due to fiscal risks in Europe and slowdown of Chinese economy growth. On the other hand, automotive MCUs are expected to increase its sales by over 30 % from the first half, as there seems to be no big changes in Japanese auto makers production increase plans.

As for Analog & Power semiconductors, sales of power devices and analog ICs for automotive are expected to grow from the first half with production increase of Japanese auto makers, as same as MCU.

As for SoCs, sales for mobile are expected to remain low as same level as the first half as a rapid shift to smart phones continues. Sales for automotive are expected to increase from the first half driven by production increase of auto makers and recovery of product and supply capabilities in Naka factory. However, downturn in demand is expected mainly for consumer electronics and PC peripherals due to uncertain economy outlook.

FY12/3 2H Operating Income (Loss) Forecasts (HoH Comparison)

- Attain higher profit from increased semiconductor sales by 66.6 billion yen HoH
- Improve operation ratio after Q2 by achieving quick recovery from the earthquake
- Reduced SG&A and R&D expense by continuously achieving merger synergies



Note: R&D = research and development

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Slide 15 shows the increase and decrease of operating income and loss from the first half to the second half of the fiscal year ending March 2012.

We expect to attain higher profit for the second half as sales from semiconductor are expected to increase by 66.6 billion yen from the first half.

Also, we expect profit increase along with improvement of operation ratio after the second quarter thanks to quick recovery from the earthquake. In addition, we expect to achieve operating profit for the second half of this fiscal year owing to declining trend of SG&A and R&D expenses by realizing merger synergies continuously.

2H Initiatives

- **Promote to capture demand and improve production efficiency**
  -Secure to capture recovery demand from the earthquake together with improving efficiency of production
  - •Steadily increase production mainly for MCU in 2H
  - •Flexibly hold down costs (semi fixed costs) according to production operation rate
- **Promote to streamline R&D expenses**
  -Promote to improve efficiency with synergy effects from the 100-Day Project
  - •Already reduced approx. 7 billion yen in 1H from the original plan
  - •Suppress R&D expenses from the original plan to the same level as 1H result by ongoing efforts in earlier realization of synergy effects
- **Implement measures to reduce expenses**
  -Strive to reduce every expense and implement an urgent personnel expenses measure

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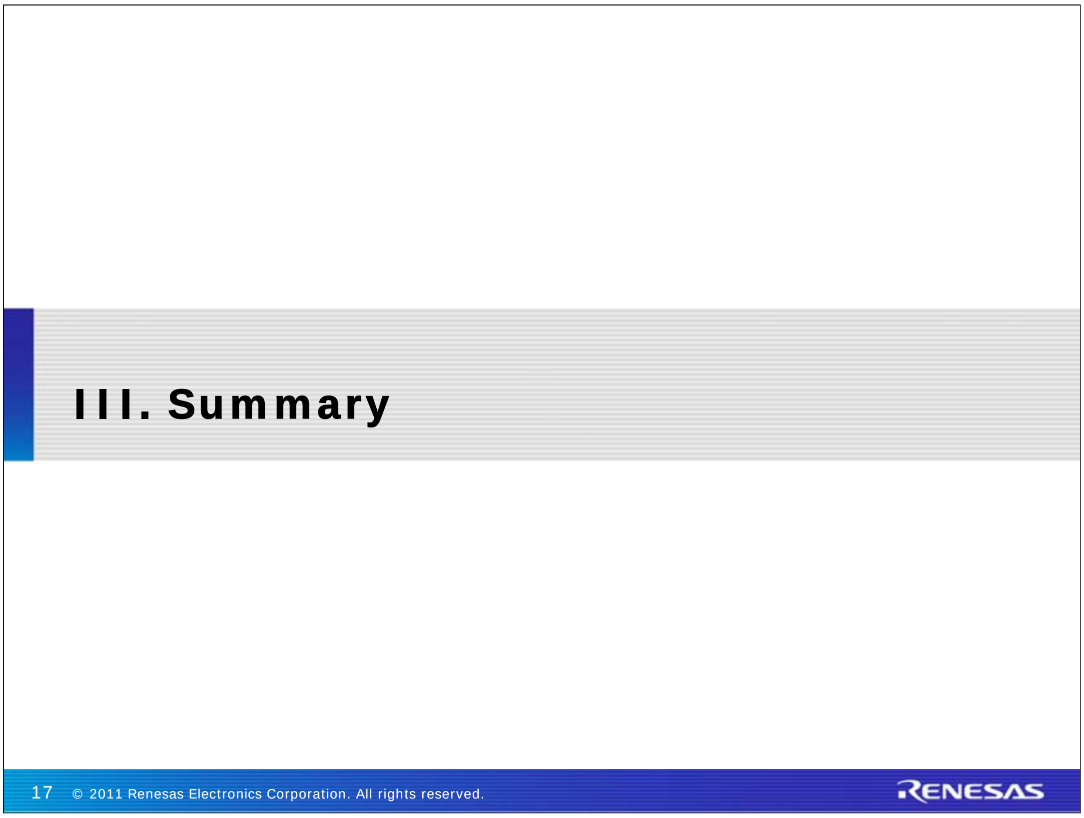
Next, I will specifically explain initiatives of second half of this fiscal year as for efficiency improvements from the 100-Day Project and additional cost reduction measures.

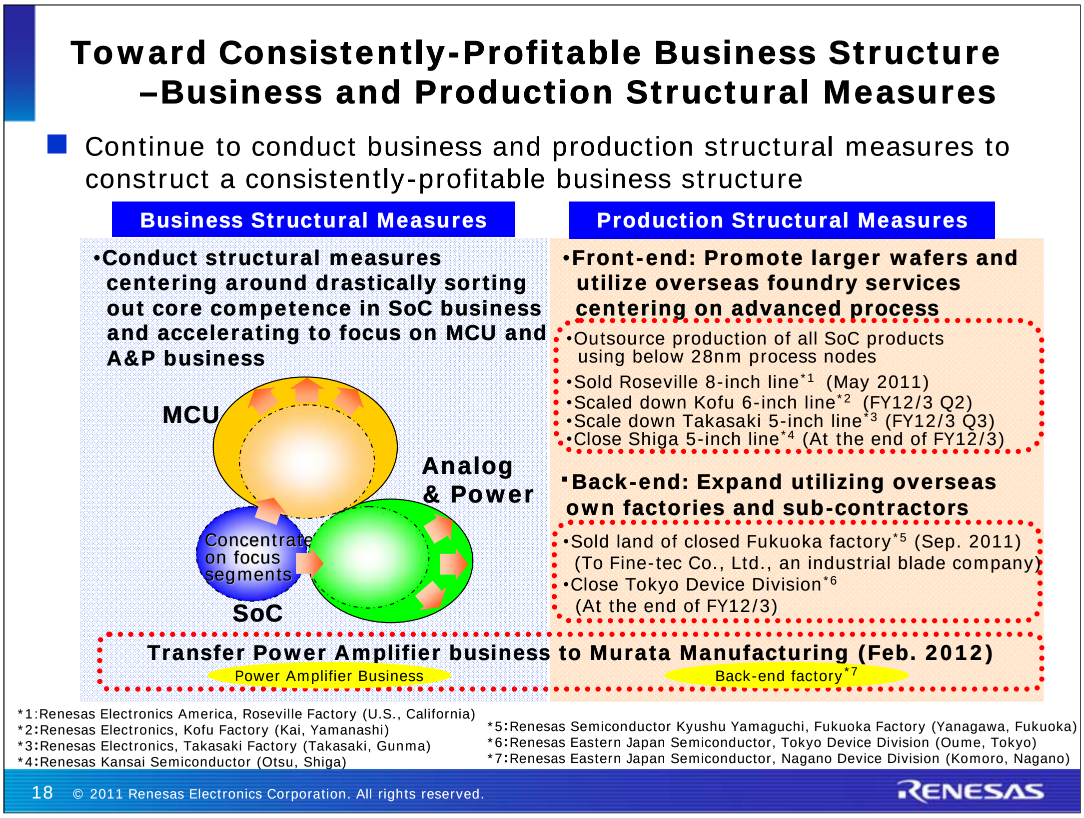
First of all, regarding production efficiency, we will secure to capture recovery demand from the earthquake together with improving production efficiency. As for the second half of this fiscal year, increase of production mainly for MCU is required. We will steadily increase its production and on the other hand flexibly hold down costs according to production operation rate.

Regarding streamlining R&D expenses, we achieved in reducing R&D expenses by approximately 7 billion yen in the first half of this fiscal year from originally planned as a synergy effect. We will make ongoing efforts in earlier realization of synergy effects for the second half of this fiscal year as well, and reduce R&D expenses less than originally planned to suppress it to the same level as the first half of this fiscal year.

Furthermore, we will conduct additional cost reduction measures. We strive to reduce every expense with implementation of an urgent personnel expenses measure.



Finally, let us explain today’s summary.

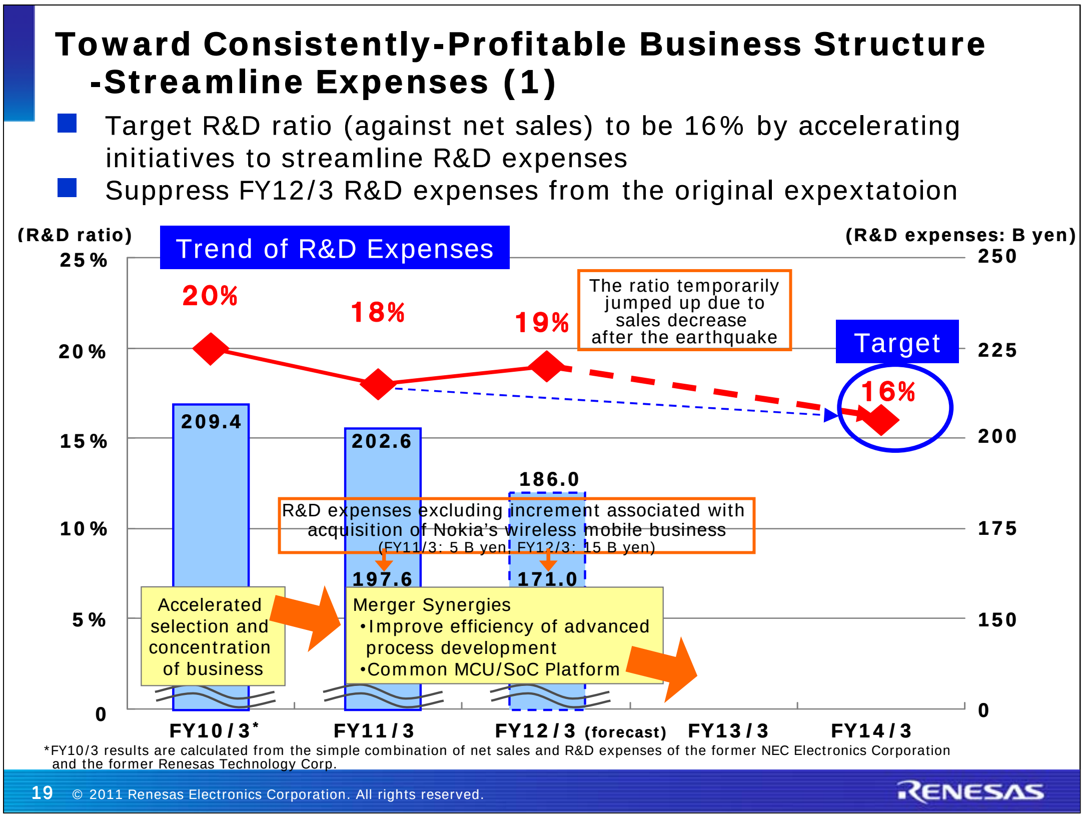


We will target to construct a consistently-profitable business structure, and continue to conduct business and production structural measures as explained when we released the first quarter financial results in August.

As for business structural measures, we will drastically sort out core competence in SoC business as well as accelerate to further focus on MCU and Analog & Power semiconductor businesses.

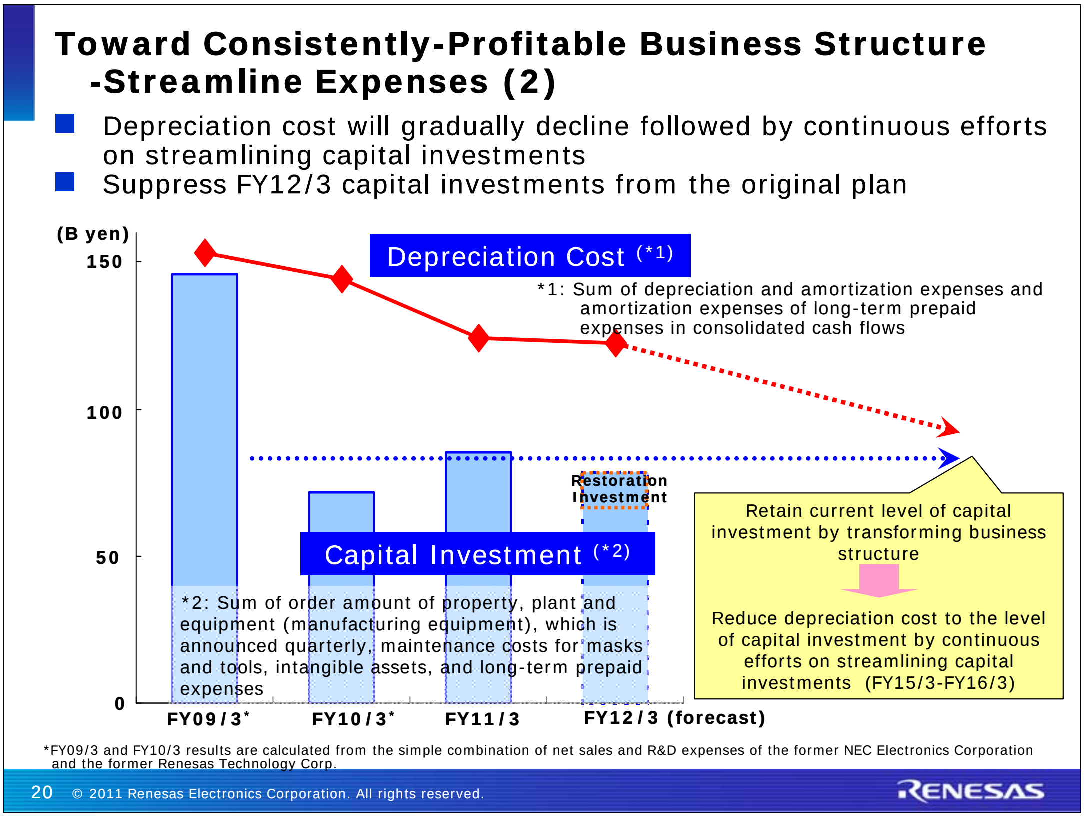
As for production structural measures, we promote larger wafers in front-end lines and increase outsourcing production to overseas foundry services centering on advanced process. For back-end lines, we expand utilizing overseas own factories and sub-contractors. Some of the actual cases for structural measures for front-end and back-end lines for this fiscal year are listed in dotted-frame on this slide.

Also, as a case of both business and production structural measure, today we have entered into the final agreement to transfer power amplifier business to Murata Manufacturing. We plan to transfer power amplifier business as well as factory in Nagano prefecture which is a back-end factory for those products to Murata Manufacturing in February 2012.



Also, we will streamline expenses targeting a consistently-profitable business structure.

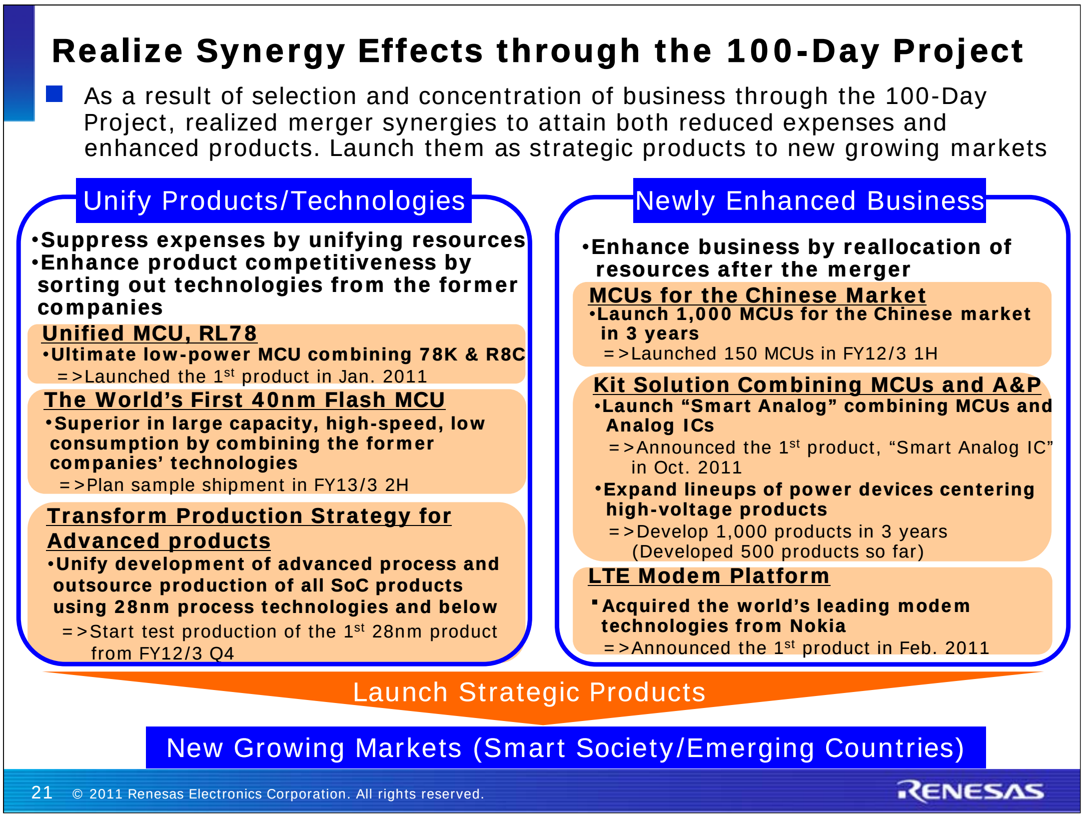
We target R&D ratio against net sales to be 16% by not only accelerating selection and concentration of business, but also further streamlining R&D expenses such as realizing merger synergy effects. Though R&D ratio declined from fiscal year ended March 2010, it is expected to rise temporarily for the fiscal year ending March 2012 due to sales decrease after the earthquake. However, we expect to suppress R&D expenses for the fiscal year ending March 2012 to 186.0 billion yen from 200.0 billion yen originally expected



Moreover, depreciation cost is declining gradually by continuously streamlining capital investments.

For the fiscal year ending March 2012, we will suppress capital investments including investment for restoration from the earthquake to 42.5 billion yen from the original plan 48.5 billion yen.

Going forward, capital investment is expected to retain current level by transforming business structure as mentioned already. By continuously streamlining capital investments, depreciation cost is expected to be reduced to the same level of capital investment by the fiscal year ending March 2015 to 2016.



Slide 21 shows merger synergy effects realized on products through the 100-Day Project.

As a result of promoting selection and concentration of business since last year, we realized cost reduction by unifying products and technologies as well as overlapped resources of the former two companies. Moreover, product competitiveness was enhanced by sorting out technologies from the former companies. To be specific, unified MCU RL78, the world's first 40nm flash MCU, and transformation of production strategy for advances products are the examples for the results of synergy effects. Each cases are now in phase of achieving outcomes such as launches of new products.

Also, we have enhanced new businesses by reallocating resources. For example, MCUs for the Chinese market, kit solutions combining MCUs and Analog & Power semiconductors, and LTE modem platform are the new businesses. These cases also are doing well respectively and releasing new products one after another.

We will launch these strategic products into new growing markets such as smart society and emerging countries, which we have explained as target markets when we released the first quarter financial results in August.

Summary

- FY12/3 Q2 results were in line with the original forecasts thanks to recovery in production
- Revised full-year semiconductor sales forecast due to weakening in demand from negative impact of the currency and deteriorating global economy. Continue to expect increasingly unclear outlook for Q4.
- Achieve operating profit for FY12/3 2H by promoting out-and-out efficiency and executing cost-reduction measures
- Conduct structural reform measures to construct a consistently-profitable business structure, and launch strategic products generated through synergy effects into new growing markets

Lastly, this slide summarizes today's presentation.

Financial results for the second quarter of the fiscal year ending March 2012 were in line with the original forecasts thanks to the recovery in production.

For full-year semiconductor sales forecast, we made downward revision due to weakening in demand from negative impact of the currency and deteriorating global economy. Above all, uncertainty remains high for outlook for the fourth quarter.

Also, we target to achieve operating profit for the second half by promoting out-and-out efficiency and executing cost-reduction measures.

We will conduct structural reform measures to construct a consistently-profitable business structure, as well as launch strategic products generated through synergy effects into new growing markets.

(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.

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

This concludes our presentation today.