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Renesas Electronics Reports Financial Results for the Year Ended March 31, 2010

KAWASAKI, Japan, May 11, 2010 — Renesas Electronics Corporation (TSE:6723) today announced consolidated financial results for the year ended March 31, 2010.

Consolidated Financial Results for the Year Ended March 31, 2010

English translation from the original Japanese-language document

May 11, 2010

Company name	: **Renesas Electronics Corporation**
Stock exchanges on which the shares are listed	: Tokyo Stock Exchange, First Section
Code number	: 6723
URL	: http://www.renesas.com
Representative	: Yasushi Akao, President and CEO
Contact person	: Taizo Endo, Executive Manager Corporate Communications Dept Tel. +81 (0)3-6756-5552
Date of the ordinary general shareholders' meeting (scheduled)	: June 25, 2010
Filing date of Yukashoken Hokokusho (scheduled)	: June 25, 2010

(Amounts are rounded to the nearest million yen)

1. Consolidated results for the year ended March 31, 2010

1.1 Consolidated financial results

(% of change from previous year)

	Net sales		Operating income (loss)		Ordinary income (loss)		Net income (loss)	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
Year ended March 31, 2010	471,034	(14.5)	(49,235)	---	(54,397)	---	(56,432)	---
Year ended March 31, 2009	550,679	---	(66,406)	---	(76,151)	---	(85,062)	---

	Net income (loss) per share: basic	Net income (loss) per share: diluted	Net income (loss) ratio per equity	Ordinary income (loss) ratio per total assets	Operating income (loss) ratio per sales
	Yen	Yen	%	%	%
Year ended March 31, 2010	(456.95)	---	(35.0)	(11.5)	(10.5)
Year ended March 31, 2009	(688.77)	---	(35.9)	(13.7)	(12.1)

1.2 Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million Yen	Million Yen	%	Yen
March 31, 2010	459,928	136,338	28.8	1,070.90
March 31, 2009	488,190	194,704	39.0	1,539.87

Reference: Equity at the end of the year ended March 31, 2010: 132,254 million yen
Equity at the end of the year ended March 31, 2009: 190,170 million yen

Equity = Net assets - Share subscription rights - Minority interests

1.3 Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the year
	Million Yen	Million Yen	Million Yen	Million Yen
Year ended March 31, 2010	6,260	(42,228)	26,637	91,234
Year ended March 31, 2009	(8,165)	(49,072)	(3,247)	101,279

2. Cash dividends

	Cash dividends per share					Total dividends during the year	Dividends payout ratio (consolidated)	Dividends ratio per net assets (consolidated)
	At the end of first quarter	At the end of second quarter	At the end of third quarter	At the end of year	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2009	---	0.00	---	0.00	0.00	---	---	---
March 31, 2010	---	0.00	---	0.00	0.00	---	---	---
March 31, 2011 (forecast)	---	---	---	---	---		---	

Note: Cash Dividends of fiscal year ending March 2011 have not been decided.

3. Forecast of consolidated results for the year ending March 31, 2011

(% of change from previous year)

	Net sales		Operating income (loss)		Ordinary income (loss)		Net income (loss)		Net incom (loss) per share	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
Six months ending September 30, 2010	---	---	---	---	---	---	---	---	---	---
Year ending March 31, 2011	1,170,000	---	---	---	---	---	---	---	---	---

Note: Please refer to “Consolidated Forecasts for the Fiscal Year Ending March 31, 2011” on page 10.

4. Other

4.1 Changes in significant subsidiaries for the year ended March 31, 2010

(Changes in specified subsidiaries resulting in changes in scope of consolidation): Yes

New ---

Excluded 3 companies (NEC Fabserve, Ltd., Kinki Bunseki Center, LTD
NEC Semiconductors Ireland, Limited)

Note: Please refer to “NEC Electronics Group Companies” on page 18.

4.2 Changes in accounting principles, procedures, and presentations, etc.

(Changes indicated to “Changes in Accounting Policies”)

1. Changes resulting from revisions in accounting principles, etc. : Yes

2. Other changes : Yes

Note: Please refer to “Changes in Accounting Policies” on page 40 for further information.

4.3 Number of shares issued and outstanding (common stock)

1. Number of shares issued and outstanding at the end of each fiscal year
   FY2010: 123,500,000 shares FY2009: 123,500,000 shares

2. Number of treasury stock at the end of each fiscal year
   FY2010: 2,448 shares FY2009: 2,306 shares

Note: Please refer to “Per Share Information” on page 49 for the number of shares of common stock used to calculate the amount of net income (loss) per share.

(Reference) Non-consolidated results for the year ended March 31, 2010

Non-consolidated financial results

(% of change from previous year)

	Net sales		Operating income (loss)		Ordinary income (loss)		Net income (loss)	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
Year ended March 31, 2010	406,480	(14.7)	(69,273)	---	(71,082)	---	(65,800)	---
Year ended March 31, 2009	476,516	(19.1)	(55,413)	---	(52,102)	---	(77,941)	---

	Net income (loss) per share: basic	Net income (loss) per share: diluted
	Yen	Yen
Year ended March 31, 2010	(532.80)	---
Year ended March 31, 2009	(631.12)	---

Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million Yen	Million Yen	%	Yen
March 31, 2010	350,355	94,013	26.8	760.82
March 31, 2009	391,604	159,843	40.8	1,293.75

Reference: Equity at the end of the year ended March 31, 2010: 93,960 million yen
Equity at the end of the year ended March 31, 2009: 159,775 million yen

Points to Consider with respect to the financial outlook

1. Completing a merger transaction between NEC Electronics Corporation and Renesas Technology Corp., the newly established Renesas Electronics Corporation commenced business operations on April 1, 2010.
2. The statements with respect to the financial outlook of Renesas Electronics and its consolidated subsidiaries are forward-looking statements involving risks and uncertainties. We caution you in advance that actual results may differ materially from such forward-looking statements due to changes in several important factors.
3. For the year ending March 31, 2011, whether the company provides interim and year-end dividend payments remain undecided. The company will announce its decision on interim and year-end dividend payments when the decisions are made.
4. NEC Electronics changed its accounting principles from accounting principles generally accepted in the United States (U.S. GAAP), to accounting principles generally accepted in Japan (Japanese GAAP) starting from the third quarter ending March 2010 (April 1, 2009 – December 31, 2009). Please note that all figures in this document are prepared in accordance with Japanese GAAP.

1. Business Results

1.1 Analysis of Business Results

1.1.1 Overview of the Fiscal Year Ended March 31, 2010

Although the fiscal year ended March 31, 2010 started out under seriously weak economy exerted by the financial crisis occurred in the fall of 2008, the plunging global economy bottomed out from the recession during the first half of the fiscal year ended March 31, 2010 and saw gradual and yet solid signs of recovery shored up by governments' economic stimulus measures.

On a regional basis, in the United States, inventory investment, consumer spending and capital investment, etc., all showed signs of recovery. In the European market, although the recovery was weaker than other regions, pickup in export owing to the increased foreign demand pumped up the economy. In China, expanding domestic investment shored up by economic measures strengthened the recovery trend. As for Japan, increase in export brought positive effects on the domestic demand, leading the market to enter gradual recovery. However, there was a significant difference in the pace of economic recovery between emerging countries and developed countries. For example, despite the double-digit economic growth in emerging countries, such as China, developed countries including US, Europe and Japan, still underwent deflationary trend and a harsh employment situation.

Amidst this economic condition, the semiconductor market in which NEC Electronics operates experienced gradual recovery of demand, mainly with the semiconductors for digital consumers, PCs, and automotives. Especially demand for semiconductors for low-end model that target emerging countries increased, while demand for semiconductors for high-end market mainly targeting developed countries remained sluggish.

Although NEC Electronics expects the overall semiconductor market to recover as a result of economic recovery in the developed countries, the company still forecasts the demand for low-end semiconductor products for emerging countries to continue to grow.

1.1.2 Summary of Consolidated Financial Results

	Year ended March 31, 2009	Year Ended March 31, 2010	Increase (Decrease)	
	Billion Yen	Billion Yen	Billion Yen	% Change
Net sales	550.7	471.0	(79.6)	(14.5)
Sales from semiconductors	525.9	451.9	(74.0)	(14.1)
Operating income (loss)	(66.4)	(49.2)	17.2	---
Ordinary income (loss)	(76.2)	(54.4)	21.8	---
Net income (loss)	(85.1)	(56.4)	28.6	---
	Yen	Yen		
Exchange rate (USD)	101	93		
Exchange rate (Euro)	146	132		

Consolidated net sales for the fiscal year ended March 31, 2010 were 471.0 billion yen, a decrease of 79.6 billion yen, or 14.5%, from the previous fiscal year.

Sales in all product areas except for automotive and industrial decreased. Especially computing and peripherals, and consumer electronics devices decreased by approximate of more than 25 percent year on year.

In addition, the yen became stronger compared to the corresponding period of the previous fiscal year, which contributed to the decrease in net sales.

Consolidated operating loss was 49.2 billion yen, 17.2 billion yen improvement year on year. This was due to significant reduction of fixed cost by streamlining manufacturing-related costs, R&D cost and personnel costs, etc., despite the sharp decline in consolidated net sales year on year.

Consolidated ordinary loss was 54.4 billion yen, 21.8 billion yen improvement year on year. This was due to an improvement in consolidated operating loss year on year.

Consolidated net loss was 56.4 billion yen, 28.6 billion yen improvement year on year.

1.1.3 Breakdown of Net Sales by Market Application

	Year ended March 31, 2009	Year ended March 31, 2010	Increase (Decrease)	
	Billion Yen	Billion Yen	Billion Yen	% Change
Communications	60.5	51.7	(8.8)	(14.5)
Computing and peripherals	87.8	64.9	(22.9)	(26.0)
Consumer electronics	120.8	83.9	(36.9)	(30.5)
Automotive and industrial	92.2	93.4	1.2	1.2
Multi-market ICs	70.9	66.5	(4.4)	(6.1)
Discrete, optical, and microwave devices	93.8	91.5	(2.3)	(2.5)
Semiconductor total	525.9	451.9	(74.0)	(14.1)
Other	24.7	19.1	(5.6)	(22.7)
Total	550.7	471.0	(79.6)	(14.5)

Communications

Products Semiconductors for broadband networking equipment including routers and mobile-phone base stations; semiconductors for mobile handsets.

Net sales 51.7 billion yen (Down 8.8 billion yen, 14.5% year on year)

Sales of semiconductors for broadband networking equipment, ICs for camera-equipped mobile phones and digital baseband ICs all decreased year on year.

Computing and Peripherals

Products Semiconductors for servers, workstations, personal computers, and PC peripherals.

Net sales 64.9 billion yen (Down 22.9 billion yen, 26.0% year on year)

Sales of LCD driver ICs for computer monitors and televisions, and LSI chips for DVD drives and Blu-ray disc drives decreased year on year.

Consumer Electronics

Products Semiconductors for consumer electronics and game consoles.

Net sales 83.9 billion yen (Down 36.9 billion yen, 30.5% year on year)

Semiconductors for game consoles dropped significantly and sales of home appliances declined year on year.

Automotive and Industrial

Products Semiconductors used in automobiles and industrial systems, including factory automation equipment.

Net sales 93.4 billion yen (Up 1.2 billion yen, 1.2% year on year)

Sales of automotive microcontrollers increased year on year due to the recovery of automotive market in the second half of the fiscal year.

Multi-market ICs

Products General purpose microcontrollers, gate arrays and multi-purpose SRAM.

Net sales 66.5 billion yen (Down 4.4 billion yen, 6.1% year on year)

Although Sales of general-purpose microcontrollers increased year on year as a result of an increase in demand due to the market recovery, sales of gate arrays declined year on year.

Discrete, Optical and Microwave Devices

Products Discrete devices such as diodes and transistors; optical semiconductors for optical communications equipment and DVD devices; and microwave semiconductors for mobile handsets and other applications.

Net sales 91.5 billion yen (Down 2.3 billion yen, 2.5% year on year)

Sales of discrete semiconductors declined year on year.

Other

Products Non-semiconductor products such as color LCDs, sold on a resale basis by NEC Electronics' sales subsidiaries.

Net sales 19.1 billion yen (Down 5.6 billion yen, 22.7% year on year)

1.1.4 Geographical Segment Analysis

	Year ended March 31, 2009	Year ended March 31, 2010	Increase (Decrease)	
	Billion Yen	Billion Yen	Billion Yen	% Change
Japan	305.8	254.6	(51.3)	(16.8)
Asia	131.7	120.4	(11.3)	(8.6)
Europe	74.5	64.2	(10.2)	(13.7)
North America	38.6	31.8	(6.8)	(17.7)
Total	550.7	471.0	(79.6)	(14.5)

Note: 1. Countries and regions are segmented based on their geographical proximity.
2. Major countries and regions other than Japan are as follows:
Asia : China, Indonesia, Malaysia, Republic of Korea, Republic of Singapore and Taiwan
Europe : England, Germany and Ireland
North America : The United States of America

Japan

Net sales 254.6 billion yen (Down 51.3 billion yen, 16.8% year on year)
Although sales of automotive microcontrollers increased, sales of semiconductors for game consoles and mobile handsets decreased year on year.

Asia

Net sales 120.4 billion yen (Down 11.3 billion yen, 8.6% year on year)
Overall sales of LCD driver ICs for LCD televisions and PC monitors, as well as semiconductors for mobile handsets decreased.

Europe

Net sales 64.2 billion yen (Down 10.2 billion yen, 13.7% year on year)
Sales of general-purpose microcontrollers and semiconductors for broadband networking equipment decreased.

North America

Net sales 31.8 billion yen (Down 6.8 billion yen, 17.7% year on year)
Sales of automotive microcontrollers and semiconductors for mobile handsets decreased.

1.1.5 Consolidated Forecasts for the Fiscal Year Ending March 31, 2011

Completing a merger transaction between NEC Electronics Corporation and Renesas Technology Corp., the newly established Renesas Electronics Corporation commenced business operations on April 1, 2010.

Renesas Electronics is currently implementing a “100-day project” in which the company deliberates and decides on its new policies and plans within the first hundred days after the merger. In the meantime, the mark-to-market estimates of Renesas Technology’s (the acquiree company’s) fair value of assets and liabilities remain undefined as of May 11, 2010.

For these reasons, due to difficulty in specifying the forecasts, Renesas Electronics today only announced its consolidated net sales for the fiscal year ending March 31, 2011.

Renesas Electronics plans to announce its consolidated forecasts for the fiscal year ending March 31, 2011 with the financial results of for the three month ending June 30, 2010.

The statements in this press release are forward-looking statements involving risks and uncertainties. We caution you in advance that actual results may vary materially from such forward-looking statements due to several important factors.

1.2 Financial Condition

1.2.1 Total Assets and Shareholders’ Equity

	March 31, 2009	March 31, 2010	Increase (Decrease)
	Billion Yen	Billion Yen	Billion Yen
Total assets	488.2	459.9	(28.3)
Net assets	194.7	136.3	(58.4)
Equity	190.2	132.3	(57.9)
Equity ratio	39.0%	28.8%	(10.2)%
Interest-bearing debt	111.3	140.9	29.5
Debt/equity ratio	0.59	1.07	0.48

Total assets at March 31, 2010 totaled 459.9 billion yen, a 28.3 billion yen decrease from March 31, 2009. This was mainly due to 30.6 billion yen decrease in fixed assets, such as buildings and structures, machinery and equipment, and software.

Compared to March 31, 2009, net assets were 136.3 billion yen lower at 58.4 billion yen, due to posting net loss of 56.4 billion yen for the year ended March 31, 2010.

Equity was 57.9 billion yen lower, due to posting consolidated net loss, and equity ratio decreased by 10.2 points from March 31, 2009.

Interest-bearing debt increased by 29.5 billion yen from March 31, 2009, mainly due to increase in borrowings. Consequently, debt to equity ratio worsened by 1.07 times, 0.48 points worse year on year.

1.2.2 Cash Flows

	Year ended March 31, 2009	Year ended March 31, 2010	Increase (Decrease)
	Billion Yen	Billion Yen	Billion Yen
Net cash provided by (used in) operating activities	(8.2)	6.3	14.4
Net cash used in investing activities	(49.1)	(42.2)	6.8
Free cash flows	(57.2)	(36.0)	21.3
Net cash provided by (used in) financing activities	(3.2)	26.6	29.9
Effect of exchange rate changes on cash and cash equivalents	(3.7)	(0.7)	3.0
Net decrease in cash and cash equivalents	(64.2)	(10.0)	54.1
Cash and cash equivalents at beginning of year	165.5	101.3	(64.2)
Cash and cash equivalents at end of year	101.3	91.2	(10.0)

Despite recording a net loss, net cash provided by operating activities was 6.3 billion yen, due to depreciation and amortization in the amount of 53.0 billion yen and increase in notes and accounts payable-trade.

Purchase of property, plant, and equipment in the amount of 59.5 billion yen, together with proceeds from sales of property, plant and equipment of 20.3 billion yen, brought the total net cash used in investing activities to 42.2 billion yen.

The foregoing resulted in negative free cash flows of 36.0 billion yen.

Financing activities provided by net cash in the amount of 26.6 billion yen from the proceeds from long-term borrowings.

As a result of the above, combined with the impact from currency fluctuations, cash and cash equivalents totaled 91.2 billion yen, a net decrease of 10.0 billion yen.

1.3 Policy on Profit Distribution and Dividend Payments

Renesas Electronics distributes part of its earnings to shareholders in the form of dividends, while appropriating retained earnings for the research and development of new products and capital expenditures, and maintaining a durable financial structure capable of generating high earnings to maximize enterprise value. For each dividend period, payment determinations are made with consideration of conditions for consolidated and non-consolidated retained earnings, consolidated income, forecast for income for the next period, and cash flow status.

Renesas Electronics' policy is to distribute surpluses twice a year in the form of interim and year-end dividends. The amount of year-end dividends is decided by the general meeting of shareholders; the amount of interim dividends is decided by the board of directors. In addition, the company's article of incorporation states that, "Based on the decision by the board of directors, September 30 of each year has been set as the date of record and interim dividends may be provided."

For the year ended March 31, 2010, the company posted net losses on both consolidated and non-consolidated bases, and accumulated deficits. Accordingly, it suspended payment of dividends for this period.

For the year ending March 31, 2011, whether the company provides interim and year-end dividend payments remain undecided. The company will announce its decision on interim and year-end dividend payments when the decisions are made.

1.4 Risk Factors

NEC Electronics Group's operations and financial results are subject to various risks and uncertainties, including those described below, that could adversely affect the investors' judgements. The Group recognizes the following as some of the most significant risk factors faced in its business operations as of March 31, 2010.

1.4.1 Impact of Market Fluctuations

Although the NEC Electronics Group carefully monitors changes in market conditions, it is difficult to completely avoid the impact of market fluctuations due to economic cycles in countries around the world and changes in the demand for end products. Market downturns, therefore, could lead to sales declines for the Group, as well as lower fab utilization rates, which may in turn result in diminished cost ratios, ultimately leading to a significant deterioration in profits.

1.4.2 Foreign Currency Fluctuations

The operating results and financial position of the NEC Electronics Group are affected by fluctuations in foreign currency exchange markets. The Group takes various measures to reduce risks relating to fluctuations in the foreign currency exchange markets, such as forward exchange contracts. However, significant fluctuations in the exchange rate may impact the yen values of foreign currency-denominated product sales, materials costs, and production costs in factories overseas. In addition, conversion of NEC Electronics' foreign currency-denominated assets and liabilities, and the foreign currency-denominated financial statements of NEC Electronics' overseas subsidiaries into Japanese yen for disclosure may also affect the Group's assets and liabilities, as well as earnings and expenses.

1.4.3 Impact of Countries' Legal Systems and Related Compliance

The NEC Electronics Group conducts development, production and sales activities all over the world. Consequently, the Group may encounter risks associated with the countries and regions where it operates. Such risks include political and social instability, changes in legal regulations and social policies pertaining to areas such as trade, employment and the environment that impact business development, as well as deterioration in underlying economic conditions.

1.4.4 Natural Disasters

Natural disasters such as earthquakes, typhoons, and floods, as well as accidents, acts of terror and other factors beyond the control of the NEC Electronics Group could severely damage semiconductor manufacturing facilities and other Group-owned facilities. The NEC Electronics Group owns facilities in areas where earthquakes occur at a frequency higher than the global average. Consequently, the effects of earthquakes and other events could force a halt to manufacturing and other operations. The NEC Electronics Group is insured against losses and damages relating to earthquakes; however, the insurance may be unable to cover all the losses and damages if the earthquake is extraordinarily severe.

1.4.5 Competition

The semiconductor industry is extremely competitive, and the NEC Electronics Group is exposed to fierce competition from rival companies around the world in areas such as product performance, structure, pricing and quality. To maintain competitiveness, the NEC Electronics Group takes various measures including development of leading edge technologies, standardizing design, and cost reduction, but in the event that the Group is not competitive, the Group's market share may decline, which may negatively impact the Group's financial results. Price competition for the purpose of maintaining market share may also lead to sharp declines in the market price of Group company products. When this cannot be offset by cost reductions, the Group's gross profit margin ratio may decline.

1.4.6 Risks Associated with Products from Orders to Final Shipment

The NEC Electronics Group receives orders from specific customers for the development of semiconductor products. There are cases where, after the Group has started product design work based on their unique specifications, customers decide to postpone or cancel the launch of the end products in which the ordered product is scheduled to be embedded. There is also the possibility that customer dissatisfaction with product function and/or performance, could result in cancelled purchases. Further, the lackluster sale of end products in which products developed by the Group are embedded may prompt customers to reduce the volume of products ordered, or to postpone delivery dates. Such changes in product plans, order reductions, postponements and other actions on the part of the customer for products developed for specific customers may cause declines in the Group sales and profitability.

1.4.7. Risks Associated with Product Production

a. Production process risk

Semiconductor products require extremely complex production processes. In an effort to increase yields from the materials used, the NEC Electronics Group takes steps to properly control production processes and seeks ongoing improvements. However, the emergence of problems in these production processes could lead to worsening yields. This problem, in turn, could trigger shipment delays, reductions in shipment volume, or, at worst, the halting of shipments altogether.

b. Procurement of Raw Materials, Components, and Production Facilities

The timely procurement of necessary raw materials, components and production facilities is critical to semiconductor production. To avoid supply problems related to these essential raw materials, components and production facilities, the NEC Electronics Group works diligently to develop close relationships with multiple suppliers. Some necessary materials, however, are available only from specific suppliers. Consequently, insufficient supply capacity amid tight demand for these materials could preclude their timely procurement, or may result in sharply higher prices for these essential materials upon procurement.

c. Product Defects, Anomalies and Malfunctions

Although the NEC Electronics Group makes an effort to improve the quality of semiconductor products and related software, they may contain defects, anomalies or malfunctions that are undetectable at the time of shipment due to increased sophistication of technologies and the diversity of ways in which the Group's products are used by customers. These defects, anomalies or malfunctions could be discovered after NEC Electronics Group products are embedded in customers' end products, resulting in the return or exchange of NEC Electronics' products, claims for compensatory damages, or discontinuation of the use of NEC Electronics' products, which could negatively impact the profits and operating results of the Group. To prepare for such events, the NEC Electronics Group has product liability insurance and recall insurance, but it is not guaranteed that the full costs of reimbursements would be covered by these.

d. Risks Associated with Outsourced Production

The NEC Electronics Group outsources the manufacture of certain semiconductor products to external foundries and other entities. In doing so, the Group selects its trusted outsourcers, rigorously screened in advance based on their technological capabilities, supply capacity, and other relevant traits. This screening notwithstanding, the possibility of delivery delays, product defects and other production-side risks stemming from outsourcers cannot be ruled out completely. In particular, inadequate production capacity among outsourcers could result in the Group being unable to supply enough products amid periods of high product demand.

1.4.8 Risks Associated with Product Sales

a. Reliance on Key Customers

The NEC Electronics Group relies on certain key customers for the bulk of its product sales to end customers. During the fiscal year under review, sales to the Group's top 10 end customers accounted for approximately half of consolidated net sales.
The decision by these key customers to cease adoption of the Group's products, or to dramatically reduce order volume, could negatively impact the Group's operating results.

b. Reliance on Authorized Sales Agents

In Japan and Asia, the NEC Electronics Group sells the majority of its products via independent authorized sales agents, and relies on certain major authorized sales agents for the bulk of these sales. The inability of the Group to provide these authorized sales agents with competitive sales incentives or margins, or to secure sales volumes that the authorized sales agents consider appropriate, could result in a decision by such agents to replace the Group products handled with those of a competitor, which could cause a downturn in the Group sales.

1.4.9 Retaining Human Resources

There is fierce competition in the semiconductor industry for talented human resources such as managers, technicians, researchers, and developers. For this reason, there is a risk that the Group may be unable to indefinitely retain talented human resources with adequate backgrounds in science, technology or engineering, particularly in the fields of LSI design and semiconductor manufacturing process technology.

1.4.10 Risks related to retirement benefit obligations

Retirement benefit obligations and prepaid pension cost recognized by the NEC Electronics Group are calculated based on the premise of actuarial calculation such as discount rate and expected return on plan assets. It could negatively affect the Group's business, earnings and financial conditions that retirement benefit obligations will increase if there is a discrepancy between the premise and result on actuarial calculation due to lower interest rates or declines of stock market.

1.4.11 Impairment Loss on Fixed Assets

The NEC Electronics Group has recorded tangible fixed assets and many other long-lived assets in its consolidated balance sheet, and when there is an indicator of impairment loss, the Group reviews whether it will be able to recover the recorded residual value of these assets in the form of future cash flows. If these assets do not generate sufficient cash flows, NEC Electronics and the NEC Electronics Group may be forced to recognize impairment loss in their value.

1.4.12 Information Management

The NEC Electronics Group has in its possession a great deal of confidential information relating to its business activities. While such confidential information is managed according to internal regulations specifically designed for that purpose, there is always the risk that information may leak due to unforeseen circumstances. Should such an event occur, there is a likelihood that customer confidence and social trust would deteriorate, resulting in a negative effect on the Group's performance.

1.4.13 Environmental Factors

The NEC Electronics Group strives to decrease its environmental impact with respect to diversified and complex environmental issues such as global warming, air pollution, industrial waste, tightening of hazardous substance regulation, and soil pollution. There is the possibility that, regardless of whether there is negligence in its pursuit of business activities, NEC Electronics Group could bear legal or social responsibility for environmental problems. Should such an event occur, the burden of expenses for resolution could potentially be high, and the Group could suffer erosion in social trust.

1.4.14 Legal Issues

The NEC Electronics Group conducts business operations on a global scale. As a consequence, there is a risk that the Group may become the subject of lawsuits, be requested to pay compensation for damages, or be named in other legal disputes. While a number of unresolved cases of this kind are typically pending at any particular time, with the exception of those discussed below, such cases are considered to have no major impact on the Group's financial condition and operating results as of March 31, 2010.

Although NEC Electronics America, Inc., a subsidiary in U.S., has resolved by settlement of class action civil antitrust lawsuits from direct purchasers (customers who had directly purchased DRAM from the NEC Electronics Group in the past), it is still in settlement negotiations with several customers who have opted out of such class action lawsuits.

NEC Electronics America, Inc. has also been named as one of the defendants in numerous class action civil lawsuits from indirect purchasers (customers who had purchased products containing DRAM), as well as a number of antitrust lawsuits filed by the Attorneys General of numerous states in the U.S.

Additionally, the NEC Electronics Group is fully cooperating with and providing information to the European Commission in its investigation of potential violation of the competition laws in the DRAM industry. If the Company is found to be in violation of the competition laws, fines may be imposed by the European Commission.

The Group is also subject to investigations by the U.S. Department of Justice, the European Commission, the Korea Fair Trade Commission, and the Competition Bureau of Canada in connection with potential antitrust violations in the thin-film transistor liquid crystal display (TFT-LCD) industry. In May 2009, the European Commission has issued a statement of objections against the parties concerned and has entered into formal investigation process. The Group has not received this statement of objections.

NEC Electronics America, Inc. and NEC Electronics Corporation remain defendants in numerous class action civil antitrust lawsuits in the United States and Canada seeking damages for alleged antitrust violations in the SRAM industry. Among these cases, class action civil antitrust lawsuits in the U.S. are expected to be resolved by settlement.

Although the outcome of the aforementioned investigations, antitrust lawsuits and settlement negotiations is not known at this time, the NEC Electronics Group has recorded probable and reasonably estimable losses in the amount of 2,253 million yen in provision for contingent loss related to the DRAM civil lawsuits and settlements in the U.S. and investigations by the European Commission. It is possible that such estimated amount may increase or decrease with the progress of such cases in the futures. No other expenses pertaining to other civil lawsuits and official investigations have been recorded, since the Group's liability for compensation pertaining to such lawsuits and its alleged behavior under such investigations remain undetermined. Consequently, any reasonable estimate of related expenses and losses is not feasible at this time.

2. NEC Electronics Group Companies

The NEC Electronics Group comprises 18 consolidated subsidiaries, listed below according to primary business activity.

Manufacturing Companies

NEC Semiconductors Yamagata, Ltd. [1]
NEC Semiconductors Kansai, Ltd. [2]
NEC Semiconductors Kyushu Yamaguchi, Ltd.[3]
NEC Electronics America, Inc. [4, 5]
NEC Semiconductors (Malaysia) Sdn. Bhd. [6]
NEC Semiconductors Singapore Pte. Ltd. [7]
Shougang NEC Electronics Co., Ltd. [8]
P.T. NEC Semiconductors Indonesia [18]

Sales Companies

NEC Electronics (Europe) GmbH[9]
NEC Electronics Singapore Pte. Ltd [10]
NEC Electronics (China) Co., Ltd.[11, 12]
NEC Electronics Hong Kong Limited[13]
NEC Electronics Taiwan, Ltd. [14]
NEC Electronics Korea Limited[15]
NEC Electronics Shanghai, Ltd. [17]
NEC Electronics (UK) Limited [19]

Design Companies

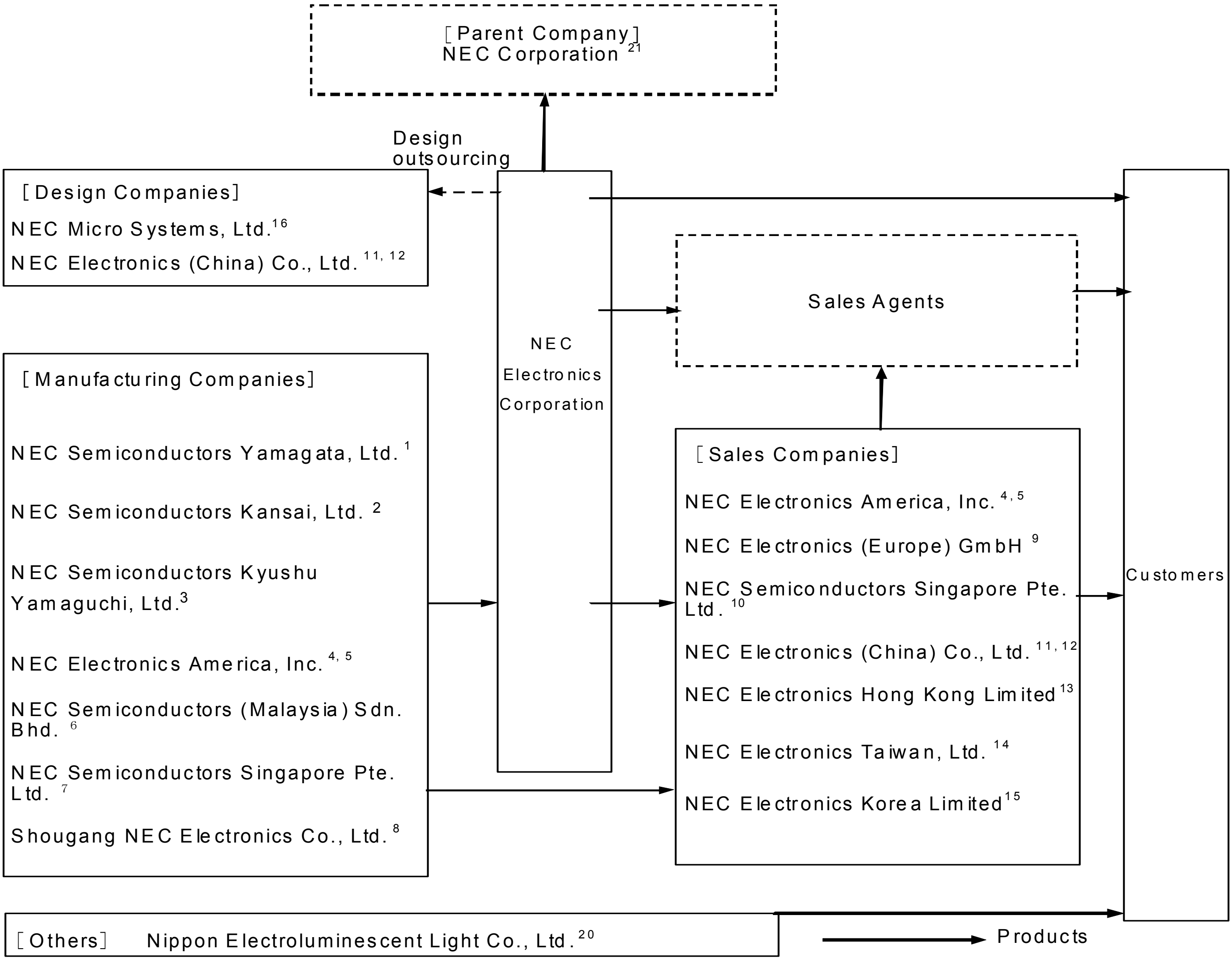
NEC Micro Systems, Ltd. [16]

Others

Nippon Electroluminescent Light Co., Ltd.

[NEC Electronics Organizational Chart]

The NEC Electronics Group has the following major subsidiaries as listed in below chart.



Completing a merger transaction with Renesas Technology Corp., NEC Electronics Corporation changed its company name to Renesas Electronics Corporation as of April 1, 2010. In accordance with this change, NEC Electronics Group companies changed (will change) their company names on or after April 1, 2010 as follows:

Note 1: NEC Semiconductors Yamagata, Ltd. changed its company name to Renesas Semiconductors Yamagata, Ltd. on April 1, 2010.

Note 2: NEC Semiconductors Kansai, Ltd. changed its company name to Renesas Semiconductors Kansai, Ltd on April 1, 2010.

Note 3: NEC Semiconductors Kyushu Yamaguchi, Ltd. changed its company name to Renesas Semiconductors Kyushu Yamaguchi, Ltd on April 1, 2010.

Note 4: NEC Electronics invested all shares of NEC Electronics America. Inc to Renesas Technology America, Inc, a newly owned subsidiary in accordance with the merger with Renesas Technology Corp. on April 1, 2010, and received allotment of shares. Subsequently, NEC Electronics America, Inc merged with Renesas Technology America Inc. and changed its company name to Renesas Electronics America, Inc.

Note 5: NEC Electronics America, Inc. conducts both manufacturing and sales.

Note 6: NEC Semiconductors (Malaysia) Sdn. Bhd. changed its company name to Renesas Semiconductors KL. Sdn. Bhd.

Note 7: NEC Semiconductors Singapore Pte. Ltd. changed its company name to Renesas Semiconductors Singapore Pte. Ltd.

Note 8: Shougang NEC Electronics Co., Ltd. is in a process of changing its company name to Shougang Renesas Electronics Co., Ltd.

Note 9: NEC Electronics invested all shares of NEC Electronics (Europe) GmbH to Renesas Technology (UK) Limited, a newly owned subsidiary in accordance with the merger with Renesas Technology Corp. on April 1, 2010, and received allotment of shares. Renesas Technology (UK) Limited changed its company name to Renesas Electronics (UK) Limited on April 1, 2010. As a result, NEC Electronics (Europe) GmbH became the indirect subsidiary of Renesas Electronics Corporation. In addition, NEC Electronics (Europe) GmbH changed its company name to Renesas Electronics (Europe) GmbH on April 1, 2010. Renesas Electronics (Europe) GmbH is in a process of merger with Renesas Technology (Europe) GmbH, a subsidiary of Renesas Technology (UK) Limited.

Note 10: NEC Electronics Singapore Pte. Ltd. merged with Renesas Technology Singapore Pte. Ltd, a newly owned subsidiary in accordance with the merger with Renesas Technology Corp. on April 1, 2010, and changed its company name to Renesas Electronics Singapore Pte. Ltd.

Note 11: NEC Electronics (China) Co., Ltd is in a process of changing its company name to Renesas Electronics (China) Co., Ltd.

Note 12: NEC Electronics (China) Co., Ltd. conducts sales and design activities.

Note 13: NEC Electronics Hong Kong Limited transferred its business operations to Renesas Technology Hong Kong Limited, a newly owned subsidiary in accordance with the merger with Renesas Technology Corp. on April 1, 2010 and ceased its operation. Renesas Technology Hong Kong Limited changed its company name to Renesas Electronics Hong Kong Limited on April 1, 2010.

Note 14: NEC Electronics Taiwan, Ltd. merged with Renesas Technology Taiwan, Ltd., a newly owned subsidiary in accordance with the merger with Renesas Technology Corp. on April 1, 2010, and changed its company name to Renesas Electronics Taiwan, Ltd.

Note 15: NEC Electronics Korea Limited changed its company name to Renesas Electronics Korea, Limited on April 1, 2010.

Note 16: NEC Micro Systems, Ltd. changed its company name to Renesas Micro Systems, Ltd. on April 1, 2010.

Note 17: NEC Electronics Shanghai, Ltd. is an inactive company.

Note 18: P.T. NEC Semiconductors Indonesia is an inactive company.

Note 19: NEC Electronics (UK) Limited is an inactive company.

Note 20: Sales of Nippon Electroluminescent Light Co., Ltd. includes products that are distributed through NEC Semiconductors Kansai., Ltd.

Note 21: As of April 1, 2010, NEC Corporation is no longer the parent company of NEC Electronics, as it is no longer the majority stockholder.

3. Management Policies

3.1 Management policies

Renesas Electronics Group sets up the following corporate philosophy, which expresses the Group's identity and mission, and corporate vision that shows the Group's target direction. Under these philosophy and vision, Renesas Electronics Group is aiming to increase its business value and shareholders value as the world's leading semiconductor company by focusing on three areas of technology expertise, including MCUs, SoC solutions, and Analog & Power devices.

[Corporate Philosophy]
Harnessing its collective expertise in new technologies, Renesas Electronics Group 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.

3.2 Management Targets

Renesas Electronics Group will integrate their operations and realize merger synergies at an early date and conduct its business operations to achieve the following business targets.

- Renesas Electronics Group will aim to attain consolidated operating income in the fiscal year ending March 2011.
- By executing structural reform plans at an early stage of the integration process, Renesas Electronics Group aim to attain consolidated net income in the fiscal year ending March 2012.
- In the medium-term, Renesas Electronics Group aims to achieve consolidated two-digit operating profit ratio.

3.3 Mid-term Corporate Strategies

To realize the management targets based on above-mentioned Renesas Electronics Group's corporate philosophy and vision, the Group is adopting the following measures as mid-term corporate strategies.

3.3.1 Three focused business operations: Core MCU business, SoC solution, and Analog & Power devices

With the core-competent MCU business that boasts the world's No. 1 market share, Renesas Electronics Group strengthens its SoC solution business by offering system solutions and technical support to the customers worldwide. The Group also reinforces its Analog & Power business with integrated product lineups and extensive kit solution offerings to create business opportunities in MCU peripherals market.

3.3.2 Pursue growth in the global market

To further strengthen its core-competent MCU business, the Renesas Electronics Group aims to attain growth in the global market. The Group will market optimum MCU products to China and other emerging markets at an early stage and establish business platforms in such high-growth markets. In the medium-term, Renesas Electronics Group will pursue growth opportunities in the global market to raise its foreign semiconductor sales ratio to over 60 percent. In addition, the Group will focus on Green Economy area including Smart Grid, low-power home electronics and green cars, and pursue global marketing and strengthen product lineups in such area.

3.3.3 Reinforce operating foundations to achieve stable growth

To realize steady growth, Renesas Electronics Group will continue to construct business structures and operating foundations that best suit the Group's business strategies. With MCU as the core competence, the Group will engage in zero-based review of its cost structure and reallocation of its management resources at an appropriate timing to strengthen its SoC solution business and Analog & Power business, as well as the core-competent MCU business itself, and to achieve further growth in the global market and Green Economy area. As a result, the Group aims to reinforce its operating foundations and realize stable growth. The Group will also increase corporate value as a strong global semiconductor company by dedicating itself to serve as a reliable partner for the customers.

3.4 Issues to Address

With intensifying global-scale competition and changes in the market structures, the semiconductor market in which Renesas Electronics Group operates is expected to continue to be in a severe situation.

Amidst this business condition, it is essential for the Group, under the corporate philosophy and vision explained in 3-1, to achieve growth on a global-scale by attaining merger synergies at an early stage and leveraging resources generated from increased management efficiency for the global businesses. To achieve this goal, the Renesas Electronics Group recognizes the following three issues as tasks the Group needs to address. As an efficient approach to these tasks, the Renesas Electronics Group will construct common corporate plans within the first hundred days after the merger. In this plan, the Group will decide on the focused business area, complete review of the businesses, and study and decide policies and plans including the fixed-cost reduction measures, respectively for the Group's overall business areas, such as development, manufacturing, sales, information systems, and material procurement. The Renesas Electronics Group will proactively promote this "100-day project" and ensure steady implementation of these policies to address the following significant issues.

3.4.1 Business expansion and strengthening of product competitiveness

Through the merger, the Renesas Electronics Group retains approximately 30 percent of share and is the world's leading supplier in the global MCU market. The Group will utilize this strong competitiveness in the MCU market for the growing Analog & Power businesses to expand sales of Analog & Power devices at an early stage. Specifically, since analog & power devices are used together with MCUs, Renesas Electronics Group expects analog & power devices to generate great business opportunities in connection with its customers for MCUs. The Group will therefore proactively market its Analog & Power devices by utilizing the extensive merged product lineups, and in the mid-term, plans to efficiently utilize its development resources for product development and strengthen product competitiveness to secure unexplored business chances to expand the Group's sales and profitability.

As for SoC solutions, the Group will concentrate on expanding sales and profit by redefining the Group's focused areas and product lineups based on market scales, growth potential, and competitiveness, and by reconstructing the business portfolio, and strengthening the product competitiveness.

3.4.2 Improve cost competitiveness

To improve its cost-competitiveness, the Renesas Electronics Group has been promoting structural reforms, such as closing of its manufacturing lines and business integration. However, with the structural changes of the world's economy including rapid progress of globalization and expansion of emerging markets, it is essential for the Group to further reinforce its cost competitiveness. To address this task, Renesas Electronics Group will proactively promote management efficiency and thorough cost reductions by utilizing merger synergies for the Group's overall business areas, such as design, development, manufacturing, sales, and material procurement. For example, the Group will standardize its design and development platforms, improve fab utilization rates by mutually exploiting the Group's manufacturing facilities, integrate material assets, consolidate infrastructure systems, and integrate duplicate operations.

3.4.3 Expand global businesses

The Renesas Electronics Group holds approximately 30 percent world- leading share in the MCU market. However, most of its share comes from Japan, and the Group only has approximately 20 percent share in the global MCU market. To rapidly raise its MCU share in the global market to 30 percent, the Renesas Electronics Group will engage in various measures on sales, development and manufacturing, etc.

Recently, in the global semiconductor market, expansion of Chinese and other emerging markets have been accelerating rapidly. It is Renesas Electronics Group's key for growth to expand sales and shares, and secure profitability particularly in China and Asian regions that are becoming the world's manufacturing plants. The Group will increasingly focus its management resources on marketing, sales and development in China and Asian regions to expand sales of existing products and to develop products that best suit the local customers demand.

With these measures, the Renesas Electronics Group will increase its global semiconductor sales ratio to over 60 percent and expand its sales and profit through global business growth.

3.5 Corporate Social Responsibility

As a responsible corporate citizen, Renesas Electronics recognizes that meeting social responsibility is directly linked to sustainable growth in both enterprise and shareholder value.

CSR Charter

Established on April 1, 2010

Renesas Electronics Group will contribute to furthering the sustainable advancement of society as an enterprise which conducts business that helps build a better future for people around the world by supplying superior semiconductor products powered with advanced technologies and providing customer service that is honest and sincere.
We pledge to conduct our business with integrity beyond legal compliance by acting responsibly as a corporate citizen with high moral values and we will work together with and for the benefit of our stakeholders based on the following guiding principles:

Customer focus

We will provide optimized and high-quality solutions in quick response to customer needs to maximize customer satisfaction and to earn customer 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.

Friendly working environment

We will respect the personality of individuals. We will promote to create rewarding, safe, and flexible working environment where each person is able to demonstrate his/her best talents and capabilities.

As a global company

We will respect history, culture, custom, and human rights of each country and region and will not practice any forced or child labor. In addition, as a member of the global community, we will implement activities that contribute to the global society.

Environment friendly

We pledge to develop, manufacture and sell semiconductor products respecting the environment and will try to minimize the environmental impact throughout entire product life cycles. We will also participate in harmonizing human and environment with global issues such as climate change and biodiversity through our business activities.

4. Consolidated Financial Statements

4.1 Consolidated Balance Sheets

As of March 31, 2009 and 2010

(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	*1	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)	*2	(160,424)
Buildings and structures, net		74,167		68,008
Machinery and equipment		730,835		702,430
Accumulated depreciation	*2	(640,242)	*2	(617,057)
Machinery and equipment, net		90,593		85,373
Vehicles, tools, furniture and fixtures		115,946		110,068
Accumulated depreciation	*2	(97,343)	*2	(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	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		—	*3	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	*3	12,603	*3	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

4.2 Consolidated Statements of Operations

For the Years Ended March 31, 2009 and 2010

(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 subsidiaries	—	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)

4.3 Consolidated Statements of Changes in Net Assets

For the Years Ended March 31, 2009 and 2010

(In millions of yen)

	The year ended March 31, 2009	The year ended March 31, 2010
Shareholders' equity		
Common stock		
Balance at end of previous year	85,955	85,955
Changes of items during the period		
Total changes of items during the period	—	—
Balance at end of year	85,955	85,955
Capital surplus		
Balance at end of previous year	242,586	242,586
Changes of items during the period		
Total changes of items during the period	—	—
Balance at end of year	242,586	242,586
Retained earnings		
Balance at end of previous year	(41,117)	(126,179)
Changes of items during the period		
Net income (loss)	(85,062)	(56,432)
Total changes of items during the period	(85,062)	(56,432)
Balance at end of year	(126,179)	(182,611)
Treasury stock		
Balance at end of previous year	(10)	(11)
Changes of items during the period		
Purchase of treasury stock	(1)	0
Total changes of items during the period	(1)	0
Balance at end of year	(11)	(11)
Total shareholders' equity		
Balance at end of previous year	287,414	202,351
Changes of items during the period		
Net income (loss)	(85,062)	(56,432)
Purchase of treasury stock	(1)	0
Total changes of items during the period	(85,063)	(56,432)
Balance at end of year	202,351	145,919

(In millions of yen)

	The year ended March 31, 2009	The year ended March 31, 2010
Valuation and translation adjustments		
Unrealized gains (losses) on securities		
Balance at end of previous year	4	2
Changes of items during the period		
Net changes of items other than shareholders' equity	(2)	(18)
Total changes of items during the period	(2)	(18)
Balance at end of year	2	(16)
Foreign currency translation adjustments		
Balance at end of previous year	(3,900)	(12,183)
Changes of items during the period		
Net changes of items other than shareholders' equity	(8,283)	(1,466)
Total changes of items during the period	(8,283)	(1,466)
Balance at end of year	(12,183)	(13,649)
Total valuation and translation adjustments		
Balance at end of previous year	(3,896)	(12,181)
Changes of items during the period		
Net changes of items other than shareholders' equity	(8,285)	(1,484)
Total changes of items during the period	(8,285)	(1,484)
Balance at end of year	(12,181)	(13,665)
Share subscription rights		
Balance at end of previous year	59	67
Changes of items during the period		
Net changes of items other than shareholders' equity	8	(15)
Total changes of items during the period	8	(15)
Balance at end of year	67	52
Minority interests		
Balance at end of previous year	5,353	4,467
Changes of items during the period		
Net changes of items other than shareholders' equity	(886)	(435)
Total changes of items during the period	(886)	(435)
Balance at end of year	4,467	4,032
Total net assets		
Balance at end of previous year	288,930	194,704
Changes of items during the period		
Net income (loss)	(85,062)	(56,432)
Purchase of treasury stock	(1)	0
Net changes of items other than shareholders' equity	(9,163)	(1,934)
Total changes of items during the period	(94,226)	(58,366)
Balance at end of year	194,704	136,338

4.4 Consolidated Statements of Cash Flows

For the Years Ended March 31, 2009 and 2010

(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 subsidiaries	—	(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
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)

(In millions of yen)

	The year ended March 31, 2009	The year ended March 31, 2010
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

Notes about Going Concern Assumption

The year ended March 31, 2009	The year ended March 31, 2010
None	Same as the previous fiscal year

Basis of Consolidated Financial Statements

Items	The year ended March 31, 2009	The year ended March 31, 2010
1. Scope of Consolidation	All subsidiaries were consolidated. The number of consolidated companies of NEC Electronics Group ("the Group") : 21 Name of the substantial consolidated subsidiaries : NEC Semiconductors Yamagata, Ltd. NEC Semiconductors Kansai, Ltd. NEC Semiconductors Kyusyu Yamaguchi, Ltd. NEC Micro Systems., Ltd. NEC Fabserve, Ltd. NEC Electronics America, Inc. NEC Electronics (Europe) GmbH NEC Semiconductors (Malaysia) Sdn. Bhd. NEC Semiconductors Singapore Pte. Ltd. NEC Electronics Singapore Pte. Ltd. Shougang NEC Electronics Co. Ltd. NEC Electronics (China) Co., Ltd. NEC Electronics Hong Kong Limited NEC Electronics Taiwan Ltd. NEC Electronics Korea Limited	All subsidiaries were consolidated. The number of consolidated companies of Renesas Electronics (former NEC Electronics) Group ("the Group") : 18 Name of the substantial consolidated subsidiaries : NEC Semiconductors Yamagata, Ltd. NEC Semiconductors Kansai, Ltd. NEC Semiconductors Kyusyu Yamaguchi, Ltd. NEC Micro Systems, Ltd. NEC Electronics America, Inc. NEC Electronics (Europe) GmbH NEC Semiconductors (Malaysia) Sdn. Bhd. NEC Semiconductors Singapore Pte. Ltd. NEC Electronics Singapore Pte. Ltd. Shougang NEC Electronics Co. Ltd. NEC Electronics (China) Co., Ltd. NEC Electronics Hong Kong Limited NEC Electronics Taiwan Ltd. NEC Electronics Korea Limited NEC Electronics Corporation ("NEC Electronics") merged with Renesas Technology Corporation ("Renesas") on April 1, 2010, and the trade name was changed to Renesas Electronics Corporation. Accordingly, the subsidiaries above changed their trade names too. Concerning to the details of the business combination, please refer to "Significant Subsequent Events" Renesas Yamagata Semiconductor Co., Ltd. (former: NEC Semiconductors Yamagata, Ltd.) Renesas Kansai Semiconductor Co., Ltd. (former: NEC Semiconductors Kansai, Ltd.) Renesas Semiconductor Kyusyu Yamaguchi Co., Ltd. (former: NEC Semiconductors Kyusyu Yamaguchi, Ltd.) Renesas Micro Systems Co., Ltd. (former: NEC Micro Systems., Ltd) Renesas Electronics America Inc. (former: NEC Electronics America, Inc) Renesas Electronics Europe GmbH (former: NEC Electronics (Europe) GmbH) Renesas Semiconductor KL Sdn. Bhd. (former: NEC Semiconductors (Malaysia) Sdn. Bhd.) Renesas Semiconductor Singapore Pte. Ltd. (former: NEC Semiconductors Singapore Pte. Ltd.) Renesas Electronics Singapore Pte. Ltd. (former: NEC Electronics Singapore Pte. Ltd.)

<table>
<tr><th>Items</th><th>The year ended
March 31, 2009</th><th>The year ended
March 31, 2010</th></tr>
<tr><td>1. Scope of Consolidation</td><td>The number of the Group's consolidated subsidiaries had decreased by four. The details were as follows :

Decreased by merger : 3<table><tr><th>(Former)</th><th>(After)</th></tr><tr><td>NEC Fukui, Ltd.</td><td>Absorbed into NEC Semiconductors Kansai, Ltd.</td></tr><tr><td>NEC Yamaguchi, Ltd</td><td rowspan="2">Absorbed into NEC Semiconductors Kyusyu Yamaguchi, Ltd.</td></tr><tr><td>NEC Semicon Package Solutions, Ltd</td></tr></table>
Decreased by liquidation : 1
NEC Compound Semiconductor Devices Hong Kong Limited</td><td>Renesas Electronics Taiwan Co., Ltd. (former: NEC Electronics Taiwan Ltd.)
Renesas Electronics Korea Co., Ltd. (former: NEC Electronics Korea Limited)

The number of the Group's consolidated subsidiaries had decreased by three. The details were as follows :
Decreased by liquidation : 2
NEC Fabserve, Ltd.
NEC Semiconductors Ireland Limited

Decreased by sales : 1
Kinki Bunseki Center, LTD.</td></tr>
<tr><td>2. Application of Equity Method</td><td>None</td><td>Same as the previous fiscal year</td></tr>
</table>

Items	The year ended March 31, 2009	The year ended March 31, 2010
3. Significant Accounting Policies (1)Valuation methods for significant assets	1) Securities Other securities : Marketable securities : Marketable securities classified as other securities were valued at the fair value at the fiscal year-end, with unrealized gains and losses included in a component of net assets. The cost of securities sold was determined based on the moving-average method. Non-marketable securities : Non-marketable securities classified as other securities were carried at cost or amortized cost determined by the moving-average method. 2) Derivatives Derivative financial instruments were stated at fair value. 3) Inventories Inventories were stated at the lower of cost or market. The costs were stated as follows; Merchandise and finished goods : Custom-made products : Specific identification method Mass products : First-in, first-out method Work in process : Custom-made products : Specific identification method Mass products : Average method Raw materials and supplies : Raw materials : First-in, first-out method Supplies : Specific identification method	1) Securities Other securities : Marketable securities : Same as the previous fiscal year Non-marketable securities : Same as the previous fiscal year 2) Derivatives Same as the previous fiscal year 3) Inventories Same as the previous fiscal year

Items	The year ended March 31, 2009	The year ended March 31, 2010
3. Significant Accounting Policies (2)Depreciation of property, plant and equipment	1) Property, plant and equipment other than lease transactions Depreciated principally by the declining-balance method. 2) Intangible assets other than lease transactions Amortized by the straight-line method. Software for internal use Amortized by the straight-line method over the estimated useful life of 5 years which was available term for internal use. 3) Lease assets Leases assets of finance leases other than those under which ownership of the assets would be transferred to the lessee Depreciated / amortized by the straight-line method over the periods of the leases, assuming no residual value. The finance leases other than those under which ownership of the assets would be transferred to the lessee contracted before March 31, 2008 were accounted for as operating lease transactions. 4) Long-term prepaid expenses Amortized by straight-line method.	1) Property, plant and equipment other than lease transactions Same as the previous fiscal year 2) Intangible assets other than lease transactions Same as the previous fiscal year 3) Lease assets Same as the previous fiscal year 4) Long-term prepaid expenses Same as the previous fiscal year

Items	The year ended March 31, 2009	The year ended March 31, 2010
3. Significant Accounting Policies (3) Basis of significant reserves	1) Allowance for doubtful accounts Allowance for doubtful accounts was provided based on past experience for normal receivables and on an estimate of the collectability of receivables from companies in financial difficulty.	1) Allowance for doubtful accounts Same as the previous fiscal year
	2) Accrued retirement benefits Accrued retirement benefits or prepaid pension cost were recorded for employees' pension and severance payments based on the projected benefit obligation and the estimated fair value of plan assets as of the fiscal year-end. The transitional obligation was amortized on a straight-line basis mainly over 15 years. Actuarial gains and losses were amortized on a straight-line basis over the employees' estimated average remaining service periods, mainly, 14 years, starting in the following year after incurrence. Prior service costs were amortized on a straight-line basis over the employees' estimated average remaining service periods, mainly over 14 years.	2) Accrued retirement benefits Same as the previous fiscal year
	3) Provision for contingent loss In relation to matters such as legal proceedings and litigations, a provision for the amount of expected losses and expenses had been made when they were reasonably estimated considering individual risks associated with each contingency.	3) Provision for contingent loss Same as the previous fiscal year
	4) Provision for products warranties The Group accrued product warranty liabilities for estimated future warranty costs using the individual estimates for the specific matters or historical ratio of warranty costs to net sales.	4) Provision for products warranties Same as the previous fiscal year

Items	The year ended March 31, 2009	The year ended March 31, 2010
3. Significant Accounting Policies (4)Foreign currency translation	Assets and liabilities denominated in foreign currencies at the balance sheet date were translated into Japanese yen at the applicable rates of exchange prevailing at the fiscal year-end, and differences arising from the translation were included in the statement of operations. Assets and liabilities of foreign subsidiaries were translated into Japanese yen at applicable year-end rates of exchange, and all revenue and expense accounts were translated at average rates of exchange prevailing during the period. Differences arising from the translation were presented as foreign currency translation adjustments and minority interests in net assets.	Same as the previous fiscal year
(5)Hedge accounting	1) Hedge accounting Deferral hedge accounting was adopted for derivatives instruments to hedge the risks arising from interest fluctuation. 2) Derivative instruments and items Hedging instruments : The interest rate swap Hedging items : Borrowings 3) Hedging policies The Group, conforming to internal rules for management of risks, had entered into interest rate swap agreements in order to manage certain risks arising from adverse fluctuation in interest rate of long-term fixed rate debt. 4) Assessment of hedge effectiveness Hedge effectiveness was assessed when judgment of certain criteria for the specific method was met.	---------- ---------- ---------- ----------
(6)Others	1) Accounting for consumption tax Transactions subject to consumption taxes were recorded at amounts exclusive consumption taxes. 2) Adoption of consolidated taxation system The Group adopted the consolidated taxation system.	1) Accounting for consumption tax Same as the previous fiscal year 2) Adoption of consolidated taxation system Same as the previous fiscal year
4. Valuation of assets and liabilities of consolidated subsidiaries	Assets and liabilities of subsidiaries were carried at fair value at the time of acquisition.	Same as the previous fiscal year

Changes in Accounting Policies

The year ended March 31, 2009	The year ended March 31, 2010
(Accounting Standard for Measurement of Inventories) Effective April 1, 2008, the Group adopted the “Accounting Standard for Measurement of Inventories” (ASBJ Statement No.9 issued on July 5, 2006). The effect of this adoption on operating results was immaterial.	----------
(Accounting Standard for Lease Transaction) Effective April 1, 2008, the Group adopted the “Accounting Standard for Lease Transactions” (ASBJ Statement No.13 originally issued by the First Committee of the Business Accounting Council on June 17, 1993 and revised by ASBJ on March 30, 2007) and “Implementation Guidance for Accounting Standards for Lease Transactions” (ASBJ Guidance No.16 originally issued by the Accounting System Committee of the Japanese Institute of Certified Public Accountants on January 18, 1994 and revised by ASBJ on March 30, 2007). The effect of this adoption on operating results was immaterial.	----------
(Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements) Effective April 1, 2008, the Group adopted the “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (ASBJ Practical Issues Task Force (PITF) No.18 issued on May 17, 2006). The effect of this adoption on operating results was immaterial.	----------
----------	**(Accounting Standard for Retirement Benefit)** On March 31, 2010, the Group adopted the “Partial Amendments to Accounting Standard for Retirement Benefit (Part3)” (ASBJ Statement No.19 issued on July 31, 2008). There was no effect on operating results.

Changes in Presentation

The year ended March 31, 2009	The year ended March 31, 2010
----------	**(Consolidated Statements of Operation)** “Subsidy income” used to be included in “Other” in non-operating income in the previous fiscal year. Its amount exceeded 10 percents of total amounts of non-operating income in this year, so that it was presented independently. The amount of “Subsidy income” included in “Other” in non-operating income in the previous fiscal year was 61 million yen.

Notes

(Consolidated Balance Sheets)

As of March 31, 2009	As of March 31, 2010
*1 Assets pledged as collateral (In millions of yen) Notes receivable-trade 185 The asset above was pledged as collateral for short-term borrowings of 185 million yen.	----------
*2 Accumulated impairment loss was included in accumulated depreciation.	*2 Accumulated impairment loss was included in accumulated depreciation.
*3 Contingent liabilities (in millions of yen) Residual value guarantees under operating leases transactions 19,963 Others NEC Electronics America, Inc., a subsidiary in U.S, has resolved by settlement of class action civil antitrust lawsuits from direct purchasers (customers who had directly purchased DRAM from the Group in the past), but it is still in litigation, or in settlement negotiations, with several customers who have opted out of such class action lawsuits. NEC Electronics America, Inc. has also been named as one of the defendants in numerous class action civil lawsuits from indirect purchasers (customers who had purchased products containing DRAM), as well as a number of antitrust lawsuits filed by the Attorneys General of numerous states in the U.S. Additionally, the Group is fully cooperating with and providing information to the European Commission in its investigation of potential violation of the competition laws in the DRAM industry. If the Group is found to be in violation of competition laws, fines may be imposed by the European Commission. The Group is also subject to investigations by the U.S. Department of Justice, the European Commission, the Korea Fair Trade Commission, and the Competition Bureau of Canada in connection with potential antitrust violations in the thin-film transistor liquid crystal display (TFT-LCD) industry. In Canada, NEC Electronics America, Inc. is a defendant in numerous class action civil antitrust lawsuits seeking damages for alleged antitrust violations in the TFT-LCD industry. While investigations in connection with potential antitrust violations in the SRAM industry conducted by the U.S. Department of Justice, the European Commission, and the Korea Fair Trade Commission have been closed, NEC Electronics America, Inc. and NEC Electronics Corporation remain defendants in numerous class action civil antitrust lawsuits in the United States and Canada seeking damages for alleged antitrust violations in the SRAM industry.	*3 Contingent liabilities (In millions of yen) Residual value guarantees under operating leases transactions 8,945 Others Although NEC Electronics America, Inc., a subsidiary in U.S., has resolved by settlement of class action civil antitrust lawsuits from direct purchasers (customers who had directly purchased DRAM from the Group in the past), it is still in settlement negotiations with several customers who have opted out of such class action lawsuits. NEC Electronics America, Inc. has also been named as one of the defendants in numerous class action civil lawsuits from indirect purchasers (customers who had purchased products containing DRAM), as well as a number of antitrust lawsuits filed by the Attorneys General of numerous states in the U.S. Additionally, the Group is fully cooperating with and providing information to the European Commission in its investigation of potential violation of the competition laws in the DRAM industry. If the Group is found to be in violation of the competition laws, fines may be imposed by the European Commission. The Group is also subject to investigations by the U.S. Department of Justice, the European Commission, the Korea Fair Trade Commission, and the Competition Bureau of Canada in connection with potential antitrust violations in the thin-film transistor liquid crystal display (TFT-LCD) industry. In May 2009, the European Commission has issued a statement of objections against the parties concerned and has entered into formal investigation process. The Group has not received this statement of objections. NEC Electronics America, Inc. and NEC Electronics remain defendants in numerous class action civil antitrust lawsuits in the United States and Canada seeking damages for alleged antitrust violations in the SRAM industry. Among these cases, class action civil antitrust lawsuits in the U.S. are expected to be resolved by settlement.

As of March 31, 2009	As of March 31, 2010
Although the outcome of the aforementioned investigations, antitrust lawsuits and settlement negotiations is not known at this time, the Group has recorded probable and reasonably estimable losses in the amount of 11,911 million yen in provision for contingent loss for the DRAM civil lawsuits and settlements in the U.S. and investigations by the European Commission. It is possible that such estimated amount may increase or decrease with the progress of such cases in the future. No other expenses pertaining to other civil lawsuits and official investigations have been recorded, since the Group's liability for compensation pertaining to such lawsuits and its alleged behavior under such investigations remain undetermined. Consequently, any reasonable estimate of related expenses and losses is not feasible at this time.	Although the outcome of the aforementioned investigations, antitrust lawsuits and settlement negotiations is not known at this time, the Group has recorded probable and reasonably estimable losses in the amount of 2,253 million yen in provision for contingent loss related to the DRAM civil lawsuits and settlements in the U.S. and investigations by the European Commission. It is possible that such estimated amount may increase or decrease with the progress of such cases in the futures. No other expenses pertaining to other civil lawsuits and official investigations have been recorded, since the Group's liability for compensation pertaining to such lawsuits and its alleged behavior under such investigations remain undetermined. Consequently, any reasonable estimate of related expenses and losses is not feasible at this time.

(Consolidated Statements of Changes in Net Assets)

For the year ended March 31, 2009

1. Shares issued and outstanding / Treasury stock

	Numbers of shares as of March 31, 2008	Increase	Decrease	Numbers of shares as of March 31, 2009
Shares issued:				
Common stock	123,500,000	—	—	123,500,000
Total	123,500,000	—	—	123,500,000
Treasury stock:				
Common stock *(Note)*	2,039	267	—	2,306
Total	2,039	267	—	2,306

Note: Increase in the number of treasury stock of 267 common stocks was due to purchase of less-than-one-unit shares.

2. Share subscription rights

	Breakdown of share subscription rights	Type of shares	Number of shares to be issued				Balance of shares as of March 31, 2009 (in millions of yen)
			Number of shares as of March 31, 2008	Increase	Decrease	Number of shares as of March 31, 2009	
Issuing company	Zero Coupon Unsecured Euro Yen Convertible Bonds due 2011	Common Stock	11,156,100	—	—	11,156,100	—
	Share subscription rights as stock option	—	—	—	—	—	67
Total		—	—	—	—	—	67

For the year ended March 31, 2010

1. Shares issued and outstanding / Treasury stock

	Numbers of shares as of March 31, 2009	Increase	Decrease	Numbers of shares as of March 31, 2010
Shares issued:				
Common stock	123,500,000	—	—	123,500,000
Total	123,500,000	—	—	123,500,000
Treasury stock:				
Common stock *(Note)*	2,306	142	—	2,448
Total	2,306	142	—	2,448

Note: Increase in the number of treasury stock of 142 common stocks was due to purchase of less-than-one-unit shares.

2. Share subscription rights

	Breakdown of share subscription rights	Type of shares	Number of shares to be issued				Balance of shares as of March 31, 2010 (in millions of yen)
			Number of shares as of March 31, 2009	Increase	Decrease	Number of shares as of March 31, 2010	
Issuing company	Zero Coupon Unsecured Euro Yen Convertible Bonds due 2011	Common Stock	11,156,100	—	—	11,156,100	—
	Share subscription rights as stock option	—	—	—	—	—	52
	Total	—	—	—	—	—	52

(Financial Instruments)

For the year ended March 31, 2010

1. Conditions of Financial Instruments

(1) Policies for Financial Instruments

Regarding fund operation, the Group uses only short-term deposits and financial assets which are relatively safe. Regarding financing, the Group uses mainly bank borrowings from banks and corporate bonds. The Group utilizes derivative financial instruments to manage fluctuations in foreign currency exchange rates. The Group's policies prohibit holding or issuing derivative financial instruments for trading purposes.

(2) Contents and Risks of Financial Instruments and Risk Management

Notes and accounts receivable–trade and accounts receivable-other are exposed to credit risks. Conforming to internal rules for management of account receivable, the Group regularly checks major customers' credit and manages due dates of collection and balances by each customer.

The management policies regarding short-term and long-term investment securities are as follows; regarding short-term financial instruments, the Group deals with banks with high credibility. Securities of the issuing companies, which the Group has relations with on business, are exposed to risks of marketable fluctuations. By regularly checking the fair value of the securities, financial conditions of the issuing companies and considering the relationships on business, the Group reexamines the merit of holding the securities.

The maturities of notes and accounts payable-trade are within one year.

Most of short-term borrowings are from operation. Most of long-term borrowings, bonds with share subscription rights and lease obligations from finance lease transactions are utilized for capital investments. Their repayment terms are within 5 years after the fiscal year-end.

The Group transacts forward exchange contracts in order to hedge the risks from exchange fluctuations of account receivables and account payables denominated in foreign currencies.

The Group's policies for managing derivatives are as follows; the Group conforms to internal rules for the management of derivatives and transacts only with major financial institutions to reduce credit risks.

Because accounts payable and borrowings are exposed to liquidity risks the headquarters and each subsidiary manage them by making financial plan and have short-term commitment lines respectively.

(3) Concentration of Credit Risks

As of March 31, 2010, 48% of accounts receivables were arising from the major customers.

2. Fair Value of Financial Instruments

The fair values of financial instruments presented in consolidated balance sheets as of March 31, 2010 were as follows; the table below didn't include the financial instruments which were extremely difficult for the Group to estimate their fair values. (Note 2)

(In millions of yen)

	Amounts on consolidated balance sheet	Fair value	Difference
(1)Cash and deposits	24,685	24,685	—
(2)Notes and accounts receivable-trade	63,752	63,752	—
(3)Accounts receivable-other	8,860	8,860	—
(4)Short-term, long-term investment securities			
Other securities	66,611	66,611	—
Total assets	163,908	163,908	—
(5)Notes and accounts payable-trade	74,595	74,595	—
(6)Short-term borrowings	2,450	2,450	—
(7)Accounts payable-other	21,525	21,525	—
(8)Accrued income taxes	2,812	2,812	—
(9)Bonds with share subscription rights	110,000	107,176	(2,824)
(10)Long-term borrowings (including current portion)	14,166	14,074	(92)
(11)Lease obligations (including current portion)	14,277	14,343	66
Total liabilities	239,825	236,975	(2,850)
(12)Derivative transactions(*)	(1,047)	(1,047)	—

(*)Net amounts of assets / liabilities arising from derivative transactions were presented by the net amount of offset. If the net amount of offset was negative, it was shown in ( ).

Note 1. Calculation method for fair value of financial instruments and summary of securities and derivative transactions

(1) Cash and deposits, (2) Notes and accounts receivable-trade and (3) Accounts receivable-other

These were measured at its book values because these were settled in short-term and these fair values were nearly equal to their book values.

(4) Short-term and long-term investment securities

The fair value of shares was based on market price. The fair value of bond securities was measured at its book value because it was settled in short-term and its fair value was nearly equal to its book value.

(5) Notes and accounts payable-trade, (6) Short-term borrowings, (7) Accounts payable-other and (8) Accrued income taxes

Their fair values were measured at its book values because these were settled in short-term and these fair values were nearly equal to its book value.

(9) Bonds with share subscription rights

The fair value of bonds with share subscription rights was estimated by the available premise market participant uses in calculating the price.

(10) Long-term borrowings and (11) Lease obligations

The fair values of long-term borrowings and lease obligations were estimated by discounting the future cash flows which includes both principals and interests. The discounts rates were considered both maturities and credit risks.

(12) Derivative transactions

1. Derivatives without hedge accounting

Derivative transactions without hedge accounting were forward exchange contracts. Their fair values were measured at the forward rate such as foreign exchange rate.

2. Derivatives with hedge accounting

None

Note 2. Unlisted shares (132 million yen booked on consolidated balance sheet) weren't included in "(4) Short-term and long-term securities, other securities" since they weren't practical to estimate fair value. They didn't have market value and its future cash flows were difficult to be estimated.

The fair value of long-term accounts receivable-other (5,829 million yen booked on consolidated balance sheet) wasn't presented since it wasn't practical to estimate fair value. It didn't have market value and the collection term of its future cash flows were difficult to be estimated.

(Additional Information)

On March 31, 2010, the Group adopted the "Accounting Standard for Financial Instruments" (ASBJ Statement No.10 issued on March 10, 2008) and "Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No.19 issued on March 10, 2008).

(Segment Information)

a. Business Segment Information

For the years ended March 31, 2009 and 2010

The operating segment of the Group is focused on only the semiconductor business centering on System LSI. The information by business segment is thereby omitted.

b. Geographical Segment Information

For the year ended March 31, 2009

(In millions of yen)

	Japan	Asia	Europe	North America	Total	Eliminates / Corporate	Consolidated
Ⅰ. Sales and operating income (loss)							
Sales							
(1)Sales to third parties	305,826	131,747	74,468	38,638	550,679	—	550,679
(2)Inter-segment sales and transfers	171,012	45,540	445	11,168	228,165	(228,165)	—
Total sales	476,838	177,287	74,913	49,806	778,844	(228,165)	550,679
Operating expenses	431,102	173,812	75,200	54,756	734,870	(117,785)	617,085
Operating income (loss)	45,736	3,475	(287)	(4,950)	43,974	(110,380)	(66,406)
Ⅱ. Assets	297,144	66,241	27,965	30,720	422,070	66,120	488,190

Notes:

1. Countries and regions were segmented based on their geographical proximity.
2. Major countries and regions other than Japan were as follows:
   - (1) Asia: China, Indonesia, Malaysia, Republic of Korea, Republic of Singapore and Taiwan
   - (2) Europe: England, Germany and Ireland
   - (3) North America: The United States of America
3. The amount of unallocable operating expenses included in "Eliminates / Corporate" was 110,380 million yen, which were research and development expenses.
4. The amount of corporate assets included in "Eliminates / Corporate" was 147,221 million yen. The main components of the corporate assets were surplus fund (cash and deposits, and short-term securities) of NEC Electronics, assets for research and development, investment securities and foreign currency translation adjustments.

For the year ended March 31, 2010

(In millions of yen)

	Japan	Asia	Europe	North America	Total	Eliminates / Corporate	Consolidated
Ⅰ. Sales and operating income (loss)							
Sales							
(1)Sales to third parties	254,575	120,405	64,239	31,815	471,034	—	471,034
(2)Inter-segment sales and transfers	152,567	46,577	238	12,915	212,297	(212,297)	—
Total sales	407,142	166,982	64,477	44,730	683,331	(212,297)	471,034
Operating expenses	370,561	160,371	63,829	46,153	640,914	(120,645)	520,269
Operating income (loss)	36,581	6,611	648	(1,423)	42,417	(91,652)	(49,235)
Ⅱ. Assets	294,213	83,358	30,861	31,075	439,507	20,421	459,928

Notes:

1. Countries and regions were segmented based on their geographical proximity.
2. Major countries and regions other than Japan were as follows:
   - (1) Asia: China, Indonesia, Malaysia, Republic of Korea, Republic of Singapore and Taiwan
   - (2) Europe: England, Germany and Ireland
   - (3) North America: The United States of America
3. The amount of unallocable operating expenses included in “Eliminates / Corporate” was 91,652 million yen, which were research and development expenses.
4. The amount of corporate assets included in “Eliminates / Corporate” was 126,311 million yen. The main components of the corporate assets were surplus fund (cash and deposits, and short-term securities) of NEC Electronics, assets for research and development, investment securities and foreign currency translation adjustments.

c. Overseas Sales

For the year ended March 31, 2009

(In millions of yen)

	Asia	Europe	North America	Others	Total
Ⅰ. Overseas sales	144,055	66,351	25,984	1,993	238,383
Ⅱ. Consolidated sales	—	—	—	—	550,679
Ⅲ. Percentages of overseas sales to consolidated sales (%)	26.2	12.0	4.7	0.4	43.3

For the year ended March 31, 2010

(In millions of yen)

	Asia	Europe	North America	Others	Total
Ⅰ. Overseas sales	136,329	54,828	21,849	1,577	214,583
Ⅱ. Consolidated sales	—	—	—	—	471,034
Ⅲ. Percentages of overseas sales to consolidated sales (%)	29.0	11.7	4.6	0.3	45.6

Notes:

1. Countries and regions were segmented based on their geographical proximity.
2. Major countries and regions other than Japan were as follows:
   - (1) Asia: China, Republic of Singapore, Taiwan and others
   - (2) Europe: Germany, England, France and others
   - (3) North America: The United States of America and Canada
3. Overseas sales represent sales outside of Japan of the Group.

(Per Share Information)

The year ended March 31, 2009	The year ended March 31, 2010
Net assets per share 1,539.87 yen Basic net income (loss) per share (688.77) yen Diluted net income per share was not shown because the Group recorded a net loss for the year ended March 31, 2009, although the Group had potential dilutive shares.	Net assets per share 1,070.90 yen Basic net income (loss) per share (456.95) yen Diluted net income per share was not shown because the Groups recorded a net loss for the year ended March 31, 2010, although the Group had potential dilutive shares.

Note: Basis for calculation of net assets or net income (loss) per share was as follows;

	The year ended March 31, 2009	The year ended March 31, 2010
Net assets per share		
Total net assets (Millions of yen)	194,704	136,338
Amounts deducted from total net assets (Millions of yen)	4,534	4,084
(Share subscription rights)	(67)	(52)
(Minority interests)	(4,467)	(4,032)
Net assets attributable to shares of commons stock at the end of the year (Millions of yen)	190,170	132,254
The fiscal year-end number of common stock used for the calculation of net assets per share (Thousand)	123,498	123,498
Net income (loss) per share		
Net income (loss) (Millions of yen)	(85,062)	(56,432)
Amounts not attributable to shares of common stock (Millions of yen)	---	---
Net income (loss) attributable to share of common stock (Millions of yen)	(85,062)	(56,432)
Average number of shares of common stock during the fiscal year (Thousand)	123,498	123,498
Securities excluded from the computation of diluted net income per share, because they do not have dilutive effects	Zero Coupon Unsecured Euro Yen Convertible Bonds due 2011 (book value of bonds with share subscription rights was 110,000 million yen, the number of shares to be issued was 11,156,100) Commons stock arising from stock option plan (the number of share subscription rights was 720, the number of shares to be issued was 72,000)	Zero Coupon Unsecured Euro Yen Convertible Bonds due 2011 (book value of bonds with share subscription rights was 110,000 million yen, the number of shares to be issued was 11,156,100) Commons stock arising from stock option plan (the number of share subscription rights was 560, the number of shares to be issued was 56,000)

(Significant Subsequent Events)

The year ended March 31, 2009	The year ended March 31, 2010
Having been approved by the Board of Directors on April 27, 2009, NEC Electronics Corporation, on the same day, signed a memorandum of understanding with Renesas Technology Corporation ("Renesas") , to enter into negotiations to integrate their business operations. In the semiconductor market, as global competition on performance, architecture, price, and quality grows increasingly severe, manufacturers are faced to keep abreast of these changes. In light of this fierce condition, NEC Electronics Corporation and Renesas have agreed to initiate joint deliberations to integrate their business operations around April 2010, to further strengthen their business foundations and technological assets while increasing corporate value through enhanced customer satisfaction. Both companies also agreed on maintaining public listing for the new company. Terms and conditions of this business integration will be discussed through future negotiations and both companies plan to sign definitive agreement at the end of July 2009. Implementation of the planned business integration is conditional upon approval at the extraordinary general meetings of shareholders and the authorization by the relevant government agencies. Corporate profile of Renesas, as of March 31, 2009 is as follows: Name of Company : Renesas Technology Corporation Major Operations : Development, design, manufacture, sale, and servicing of SoC products, discrete semiconductor products; and memory products Headquarters : 2-6-2, Ootemachi, Chiyoda-ku, Tokyo, Japan Established: April 1, 2003 Capital : 77,000 million yen Stockholders and Ownership Ratios : Hitachi, Ltd. : 55% Mitsubishi Electric Corporation : 45% Influence of the memorandum of understanding cannot be reasonably estimated, and the impact on performance of the Company for future periods cannot be calculated.	1. Business combination with Renesas Having been approved by the extraordinary general meetings of shareholders on February 24, 2010, it was concluded that NEC Electronics merges with Renesas on April 1, 2010 and NEC Electronics was identified as acquirer (surviving entity), Renesas as acquiree (dissolving entity). (1) Summary of Business Combination Name of Acquiree : Renesas Technology Corporation Major Operations of Acquiree : Development, design, manufacture, sale and servicing of microcomputer, logic, analog system LSI, discrete semiconductor products; and memory products such as SRAM Major Reasons for the Business Combination : Both as leading semiconductor companies, NEC Electronics and Renesas provide a wide variety of semiconductor solutions, primarily specializing in microcontroller units (MCUs). In light of fierce global competition and structural changes triggered by the rapid expansion of emerging markets in the semiconductor market, NEC Electronics and Renesas have merged, in order to further strengthen their business foundations and technological assets, while increasing corporate value through enhanced customer satisfaction. Date of Business Combination : April 1, 2010 Legal Form of the Combination : It was absorption-type merger with NEC Electronics as the surviving entity and Renesas as the dissolving entity. The Name after Business Combination : Renesas Electronics Corporation Grounds for Determination of Acquiring Company : Because of issuing stocks for a consideration, NEC Electronics was determined to be the acquirer. In addition, various matters such as ratio of voting rights, formation of the Board of Directors and significant difference in business scale of both companies were considered.

The year ended March 31, 2009	The year ended March 31, 2010
	(2) Calculation of Acquisition Cost Acquisition Cost and its details (In millions of yen) Consideration for acquisition: Fair value of common stocks issued on the date of business combination : 140,527 Expenses directly attributable to the combination : Advisory fees and others 967 Total acquisition cost 141,494 Merger Ratio : Type of issued shares: Common stock Ratio (Renesas / NEC Electronics): 1 / 20.5 Calculation Method of Merger Ratio : In calculating the merger ratio, both companies concluded the merger ratio was appropriate considering financial condition, assets and liabilities conditions of each company, forecast of business, the merits of the combination and capital injection, the appraisals each company's appraisers made and other factors in a comprehensive manner. Number of Issued Stocks : Common stocks 146,841,500 2. Offering of the Shares by Third-party allotment The Integrated Company has issued shares of its common stock to NEC Corporation, Hitachi Ltd., and Mitsubishi Electric Corporation, of which payment date was April 1, 2010. (1) Method of Offering Third-party allotment (2) Type, Number, Issue Price, Total Proceeds of the Issued Shares and Increase in the Amount of Shareholders' Equity : Type of issued share: Common stock Number of issued share: 146,782,990 Issued price: 917.0 yen per share Total proceeds: 134,600 million yen Increase in the amount of shareholders' equity : Common stock: 458.5 yen per share Capital surplus: 458.5 yen per share (3) Schedule of Issue Date of issue: April 1, 2010 (4) The Purpose of the Use of the Fund The fund was planned to be used for the R&D investment to make competitive products in the global markets, the investment for promoting overseas sales, improvement of business structure and repayment of interest-bearing debt.

The year ended March 31, 2009	The year ended March 31, 2010
	(5) Adjustment of Conversion Prices of Zero Coupon Unsecured Euro Yen Convertible Bonds due 2011 In connection with the issuance of new shares through third-party allotments, the conversion price was adjusted as follows; Conversion price before adjustment : 9,860.0 yen Conversion price after adjustment : 9,850.9 yen Adjustment date: April 1, 2010 Reason for the adjustment : This adjustment was due to the issue price of new shares of Renesas Electronics common stock (917.0 yen) issued on April 1, 2010 falling below the current market price per share (919.4 yen, as defined in the terms and conditions of the Zero Coupon Unsecured Euro Yen Convertible Bonds due 2011; the average of closing price for 30 continuing operating days beginning 45 days before standard date (September 16, 2009)).

(Omission of Disclosure in Earning Releases)

Notes regarding “Lease transactions”, “Securities”, “Derivatives”, “Pension plan”, “Stock option plan”, “Tax effect account ting” and “Transaction with related parties” were omitted since the disclosure was not significant in this earning releases.

Reference: Summary of Consolidated Financial Results

Years ended March 31, 2009 and 2010

	Year ended March 31, 2009		Year ended March 31, 2010		Increase (Decrease)	
	Billion Yen	% of Net Sales	Billion Yen	% of Net Sales	Billion Yen	% Change
Net sales	550.7	100.0	471.0	100.0	(79.6)	(14.5)
Sales from semiconductors	525.9		451.9		(74.0)	(14.1)
Operating income (loss)	(66.4)	(12.1)	(49.2)	(10.5)	17.2	---
Ordinary income (loss)	(76.2)	(13.8)	(54.4)	(11.5)	21.8	---
Net income (loss)	(85.1)	(15.4)	(56.4)	(12.0)	28.6	---
	Yen		Yen		Yen	% Change
Net income (loss) per share	(688.77)		(456.95)		231.82	---

	Billion Yen	Billion Yen	Billion Yen	% Change
Capital expenditures	56.6	31.4	(25.1)	(44.4)
Depreciation and others	64.9	58.0	(6.8)	(10.6)
R&D expenses	110.4	91.7	(18.7)	(17.0)
	Yen	Yen		
Exchange rate (USD)	101	93		
Exchange rate (Euro)	146	132		

Three months ended March 31, 2009 and 2010

	Three months ended March 31, 2009		Three months ended March 31, 2010		Increase (Decrease)	
	Billion Yen	% of Net Sales	Billion Yen	% of Net Sales	Billion Yen	% Change
Net sales	85.9	100.0	131.8	100.0	45.9	53.4
Sales from semiconductors	81.1		126.1		45.0	55.5
Operating income (loss)	(53.0)	(61.7)	(3.0)	(2.3)	50.1	---
Ordinary income (loss)	(57.8)	(67.2)	(5.3)	(4.0)	52.5	---
Net income (loss)	(64.0)	(74.5)	(2.4)	(1.8)	61.7	---
Net income (loss) per share	Yen		Yen		Yen	% Change
	(518.41)		(19.10)		499.31	---

	Billion Yen	Billion Yen	Billion Yen	% Change
Capital expenditures	17.1	7.4	(9.8)	(57.0)
Depreciation and others	16.7	15.7	(1.0)	(6.1)
R&D expenses	26.9	22.8	(4.1)	(15.2)
	Yen	Yen		
Exchange rate (USD)	91	90		
Exchange rate (Euro)	120	128		

	As of March 31, 2009	As of March 31, 2010	Increase (Decrease)	
	Billion Yen	Billion Yen	Billion Yen	% Change
Total assets	488.2	459.9	(28.3)	(5.8)
Net assets	194.7	136.3	(58.4)	(30.0)
Equity ratio	39.0%	28.8%	(10.2)	---
Interest-bearing debt	111.3	140.9	29.5	26.5

	Persons	Persons	Persons	% Change
Number of employees	22,476	22,071	(405)	(1.8)

Notes

1. All figures are rounded to the nearest 100 million yen.
2. Capital expenditures refer to the cost of additions to property, plant and equipment (excluding software).
3. Depreciation and others includes depreciation and amortization, and amortization of long-term prepaid expense.

Net Sales by Market Application

Three months ended March 31, 2009 and 2010

	Three months ended March 31, 2009		Three months ended March 31, 2010		Increase (Decrease)	
	Million Yen	% of Total	Million Yen	% of Total	Million Yen	% Change
Communications	12,116	14.2	12,335	9.4	219	1.8
Computing and peripherals	9,719	11.3	18,795	14.3	9,076	93.4
Consumer electronics	23,632	27.5	21,285	16.1	(2,347)	(9.9)
Automotive and industrial	12,730	14.8	27,676	21.0	14,946	117.4
Multi-market ICs	10,519	12.2	19,664	14.9	9,145	86.9
Discrete, optical, and microwave devices	12,377	14.4	26,317	19.9	13,940	112.6
Semiconductor total	81,093	94.4	126,072	95.6	44,979	55.5
Other	4,836	5.6	5,744	4.4	908	18.8
Total	85,929	100.0	131,816	100.0	45,887	53.4

Year ended March 31, 2009 and 2010

	Year ended March 31, 2009		Year ended March 31, 2010		Increase (Decrease)	
	Million Yen	% of Total	Million Yen	% of Total	Million Yen	% Change
Communications	60,467	11.0	51,689	11.0	(8,778)	(14.5)
Computing and peripherals	87,796	16.0	64,930	13.8	(22,866)	(26.0)
Consumer electronics	120,752	21.9	83,889	17.8	(36,863)	(30.5)
Automotive and industrial	92,227	16.7	93,379	19.8	1,152	1.2
Multi-market ICs	70,893	12.9	66,541	14.1	(4,352)	(6.1)
Discrete, optical, and microwave devices	93,809	17.0	91,476	19.4	(2,333)	(2.5)
Semiconductor total	525,944	95.5	451,904	95.9	(74,040)	(14.1)
Other	24,735	4.5	19,130	4.1	(5,605)	(22.7)
Total	550,679	100.0	471,034	100.0	(79,645)	(14.5)

Net Sales by Platform

In addition to reporting sales by market application, NEC Electronics also reports sales by platform.

Three months ended March 31, 2009 and 2010

	Three months ended March 31, 2009		Three months ended March 31, 2010		Increase (Decrease)	
	Million Yen	% of Total	Million Yen	% of Total	Million Yen	% Change
SoC platform	39,273	45.7	43,132	32.7	3,859	9.8
MCU platform	20,910	24.3	43,685	33.1	22,775	108.9
Discrete and IC	20,910	24.4	39,255	29.8	18,345	87.7
Semiconductor total	81,093	94.4	126,072	95.6	44,979	55.5
Other	4,836	5.6	5,744	4.4	908	18.8
Total	85,929	100.0	131,816	100.0	45,887	53.4

Year ended March 31, 2009 and 2010

	Year ended March 31, 2009		Year ended March 31, 2010		Increase (Decrease)	
	Million Yen	% of Total	Million Yen	% of Total	Million Yen	% Change
SoC platform	224,429	40.8	161,432	34.3	(62,997)	(28.1)
MCU platform	142,790	25.9	149,071	31.6	6,281	4.4
Discrete and IC	158,725	28.8	141,401	30.0	(17,324)	(10.9)
Semiconductor total	525,944	95.5	451,904	95.9	(74,040)	(14.1)
Other	24,735	4.5	19,130	4.1	(5,605)	(22.7)
Total	550,679	100.0	471,034	100.0	(79,645)	(14.5)

Notes

System-on-Chip (SoC) Platform: application specific integrated circuits (ASIC), application specific standard products (ASSP), memory

Microcomputer (MCU) Platform: microcontrollers, car audio controllers

Discrete and IC: display drivers, analog ICs, discrete, optical and microwave devices

Forward-Looking Statements

The statements in this press release with respect to the plans, strategies and financial outlook 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 may differ materially from such forward-looking statements due to several important factors including, but 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, products and services in the marketplace; ability to continue to win acceptance of products and services in these highly competitive markets; and fluctuations in currency exchange rates, particularly between the yen and the U.S. dollar. Among other factors, downturn of the world economy; deteriorating financial conditions in world markets, or deterioration in domestic and overseas stock markets, may cause actual results to differ from the projected results forecast.

About Renesas Electronics Corporation

Renesas Electronics Corporation (TSE: 6723), the world’s number one supplier of microcontrollers, is a premiere supplier of advanced semiconductor solutions including microcontrollers, SoC solutions and a broad-range of analog and power devices. Business operations began as Renesas Electronics in April 2010 through the integration of NEC Electronics Corporation (TSE:6723) and Renesas Technology Corp., with operations spanning research, development, design and manufacturing for a wide range of applications. Headquartered in Japan, Renesas Electronics has subsidiaries in 20 countries worldwide. More information can be found at www.renesas.com.

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